

Borrower-Friendly® Mortgage Solutions

Mortgage News for a Changing Economy

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The Time Is Now. Here's Why.

If you have been considering taking advantage of the favorable buying and interest rate conditions, you need to spring into action now for three key reasons:

Interest Rates Will Eventually Rise:

The first reason to spring into action, interest rates, affects homebuyers and homeowners that have yet to refinance their homes. As many of you know, mortgage rates are being held artificially low by Fed action. How long will the Fed continue to pour billions into buying mortgage-backed securities? Speculation is that the Fed will continue to do so through the middle of 2010, however, the declining dollar and other inflationary concerns can change that plan.

Low Down-Payment Options Are Under Pressure:

At present, FHA loans require a 3.5% minimum down payment, allow for seller-paid closing costs and non-occupant co-borrowers can assist with income qualification. If a seller agrees to

cover the buyer's closing costs, homebuyers can acquire a home with an up-front investment of only 3.5% down. However, congress is already having hearings and HUD Secretary Shaun Donovan is recommending an increase to down payment requirements. To illustrate what this could mean, on a purchase price of \$250,000, even a minimal increase to 5% down increases cash to close requirements by an additional \$3,750.

Tax Credit Will Eventually Expire:

Lastly, regarding Tax Credits, many were surprised when the tax credit was extended and even more surprised that it was expanded. Many opponents have questioned the effectiveness of the program stating that those buying now would have bought even if there had not been a tax credit program in place. So while the tax credit was extended, all indications are that it will not to be extended again



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