

# 2009 Mortgage Forecast

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## Doing Business In South Florida

- Prevalence of “Region Specific Guidelines”
- The “Big Four”
- The Death of “Mom and Pops”
- Tightening of Underwriting Guidelines
- Interest Rate Forecast
- FHA / VA

**“True real estate professionals **lead** their customers through the transaction.”**

# Region Specific Guidelines

- No MI for condominiums
- Max CLTV (combined loan to value) 70%
- Distressed market specific guidelines
- No documentation relief
- The “Downtown” corridor



*“Don’t stick your head in the sand, the days are gone when you could just send your buyer on to the internet to get financing”*

# South Florida Down Payment Requirements

- Conforming 10% down
- Jumbo 20% down
- FHA 3.5% down
- VA 0%\* down



Condominiums 20% down\*

*\*FHA approved condos only require a 3.5% down payment – spot approvals available*

# *The Big Four*

1. Wells Fargo (Wachovia)
2. Bank of America (Countrywide)
3. Chase (Washington Mutual)
4. Citibank



*“3 out of 4 mortgages will be provided by one of the Big Four....you need to have a relationship with a mortgage banker affiliated one of them!”*

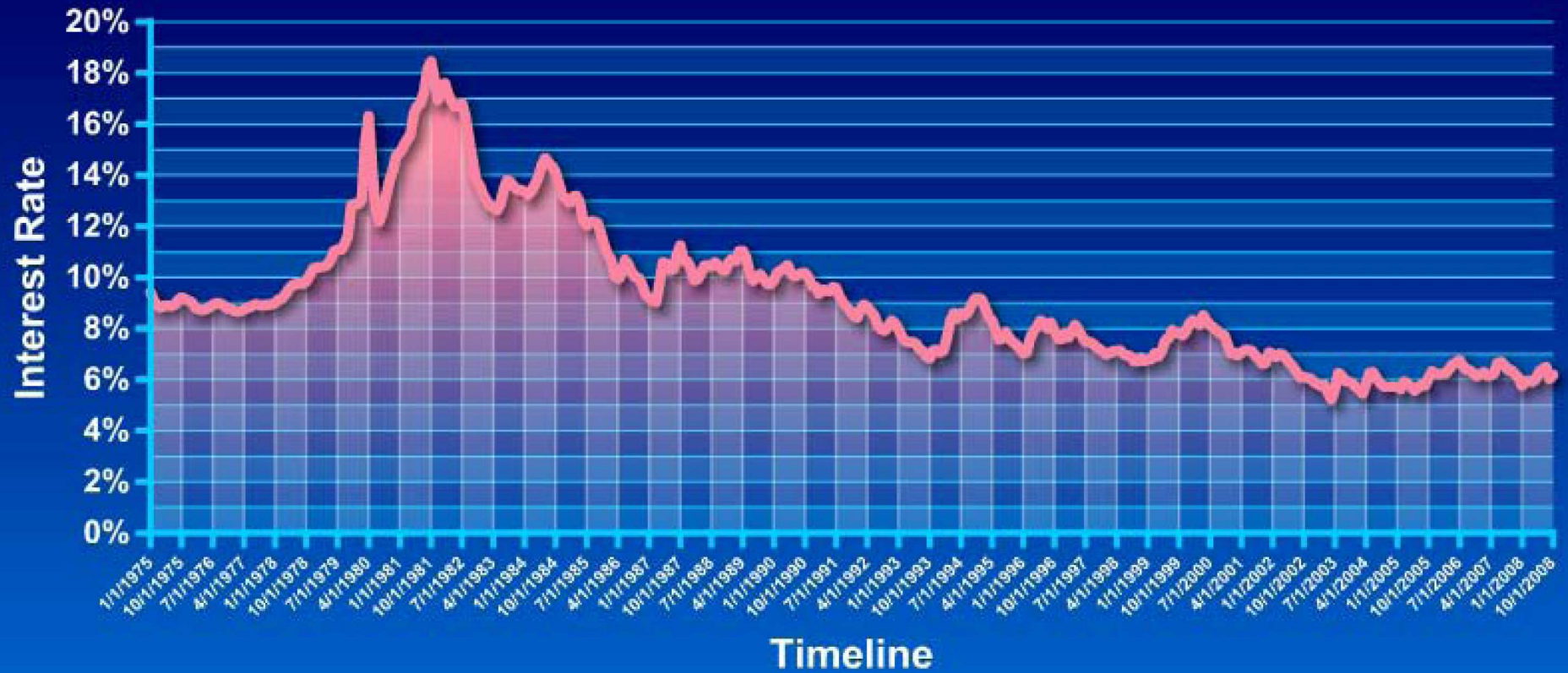
## Death of “Mom and Pops”

- More major lenders to exit “broker or wholesale business”
- **Limited product availability** for brokered loans
- Elimination of yield spread premiums
- **Inability to operate** profitably within new regulatory environment

# Interest Rate Forecast

*“The Good News”*

## 30-Year Fixed Rate Conventional Mortgages Since 1975



Fed started purchasing MBS on Monday Jan 5th 2009



**\$500 Billion earmarked for MBS purchases**

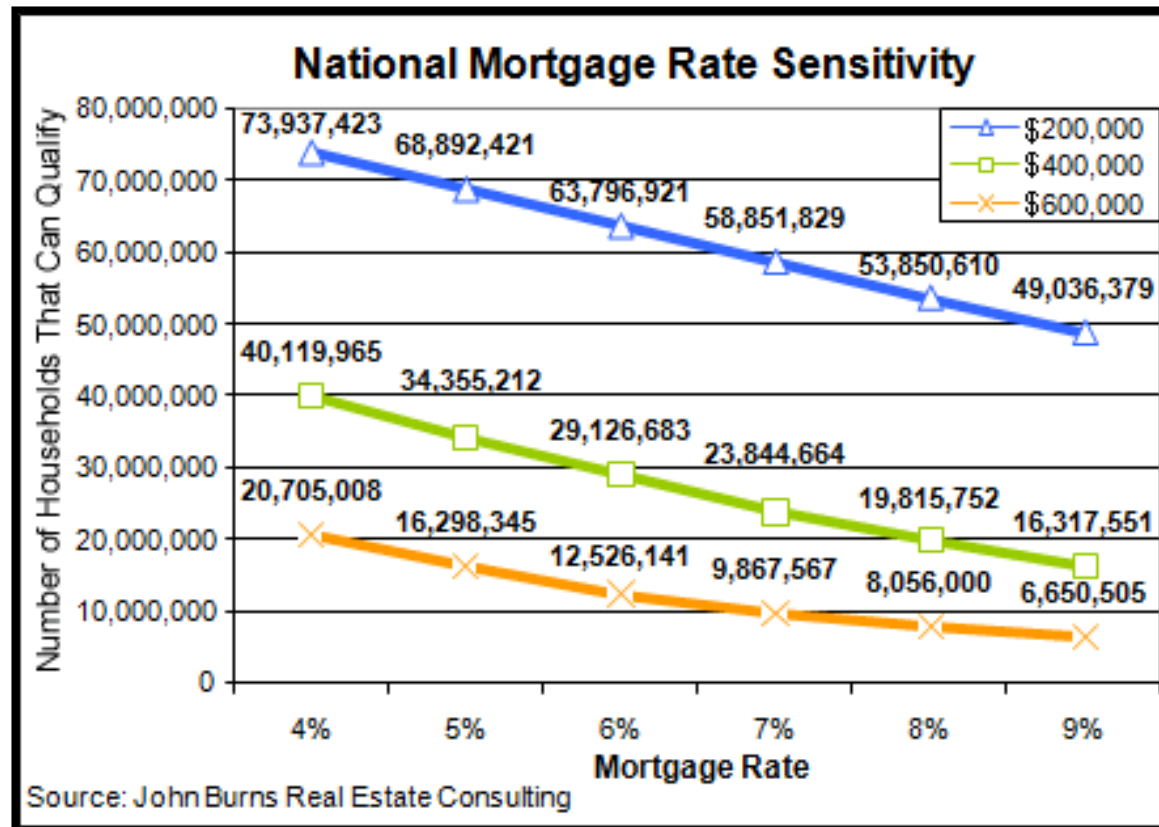
**2007** \$941.1 Billion of Agency Eligible MBS

**2008** \$187.4 Billion of Agency Eligible MBS

**2009** \$?????

*“The Fed is in a position to **purchase every agency eligible mortgage** backed security that hits the market in 2009”*

# Mortgage interest rates should remain low for 2009



## **Warning:**

“When inflation reappears the Fed will tighten monetary policy quickly.”



## 2008 Statistics

33% increase in "cash" transactions

3 out of 4 sales under \$350K

39,275 transactions but 65% of those were leases

How can you turn renters into buyers?

***“Most renters want to buy but **they don’t think they can....*****



***...when in fact all they just need is a Realtor to show them how.”***





Q

What is the minimum down payment required for FHA financing?



A

3.5% as of January 1<sup>st</sup> 2009



Q

What is the FHA loan limit for Miami Dade and Broward Counties?

A

\$345,000 as of January 1<sup>st</sup> 2009

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# FHA Highlights

## **Geared for:**

Borrowers with little to no money

Buyers with less than perfect credit

Non-occupant co-borrowers

## **Great Features**

6% seller concessions

All funds can be gifted

No reserve requirements

No income limits

Very competitive interest rates



Q

What is the required down payment required for VA financing?



A

0% as of January 1<sup>st</sup> 2009



**Q**

What is the VA loan limit for Miami Dade and Broward Counties?

**A**

\$417,000 as of January 1<sup>st</sup> 2009

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# VA Highlights



## Who Qualifies?

- Retired U.S. Veterans
- Active Duty with proof of service
- National Guard/Reservists
- Unmarried surviving spouse

## Great Features

- 100% Financing
- 6% seller concessions
- All funds can be gifted
- No reserve requirements
- No income limits
- Very competitive interest rates

# FHA & VA Resources

FHA Approved Condo's Web Site:

<https://entp.hud.gov/idapp/html/condlook.cfm>

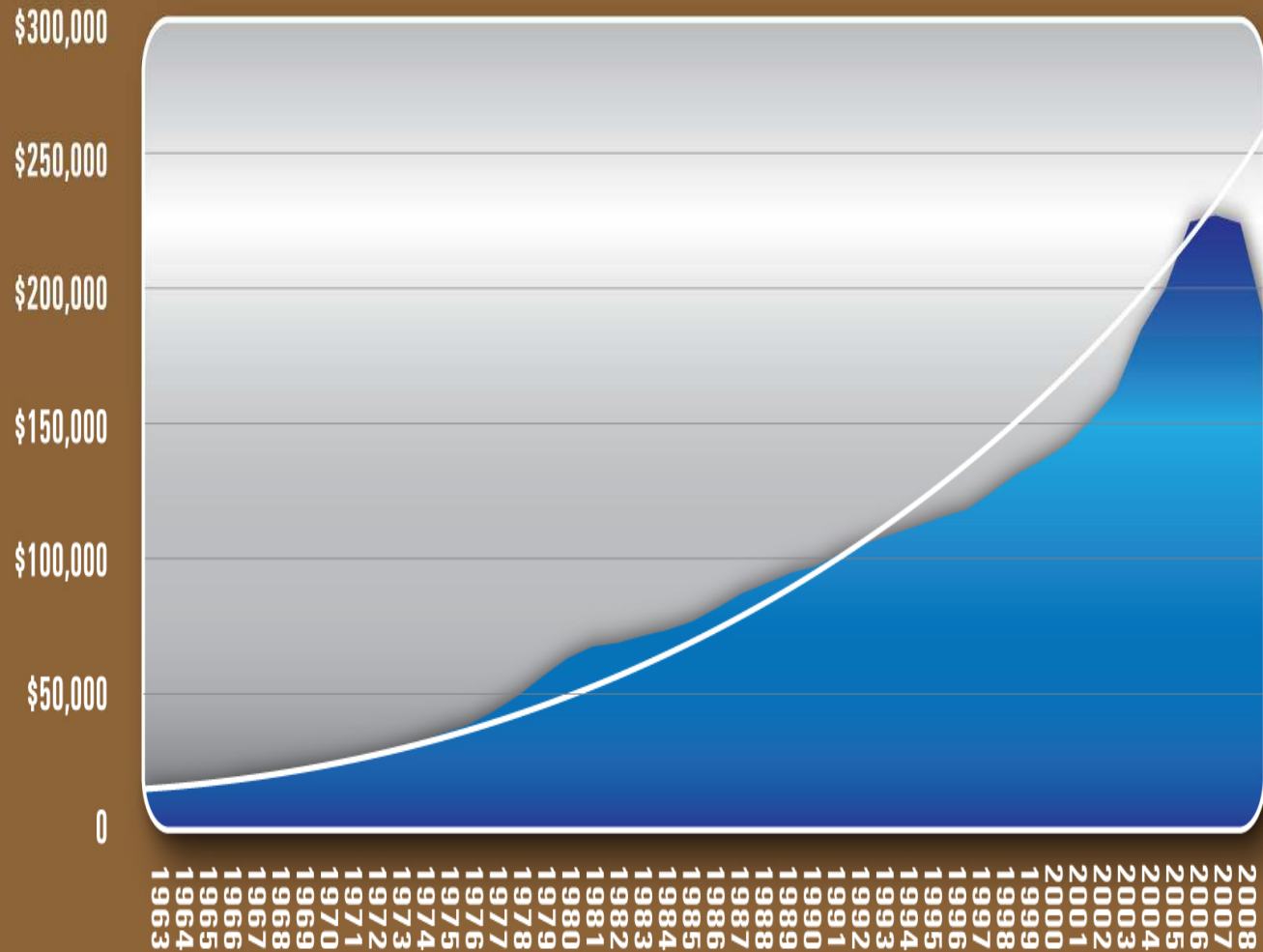
*\*\*This list is not comprehensive\*\**

***spot approvals available***

VA

[www.homeloans.va.gov](http://www.homeloans.va.gov)

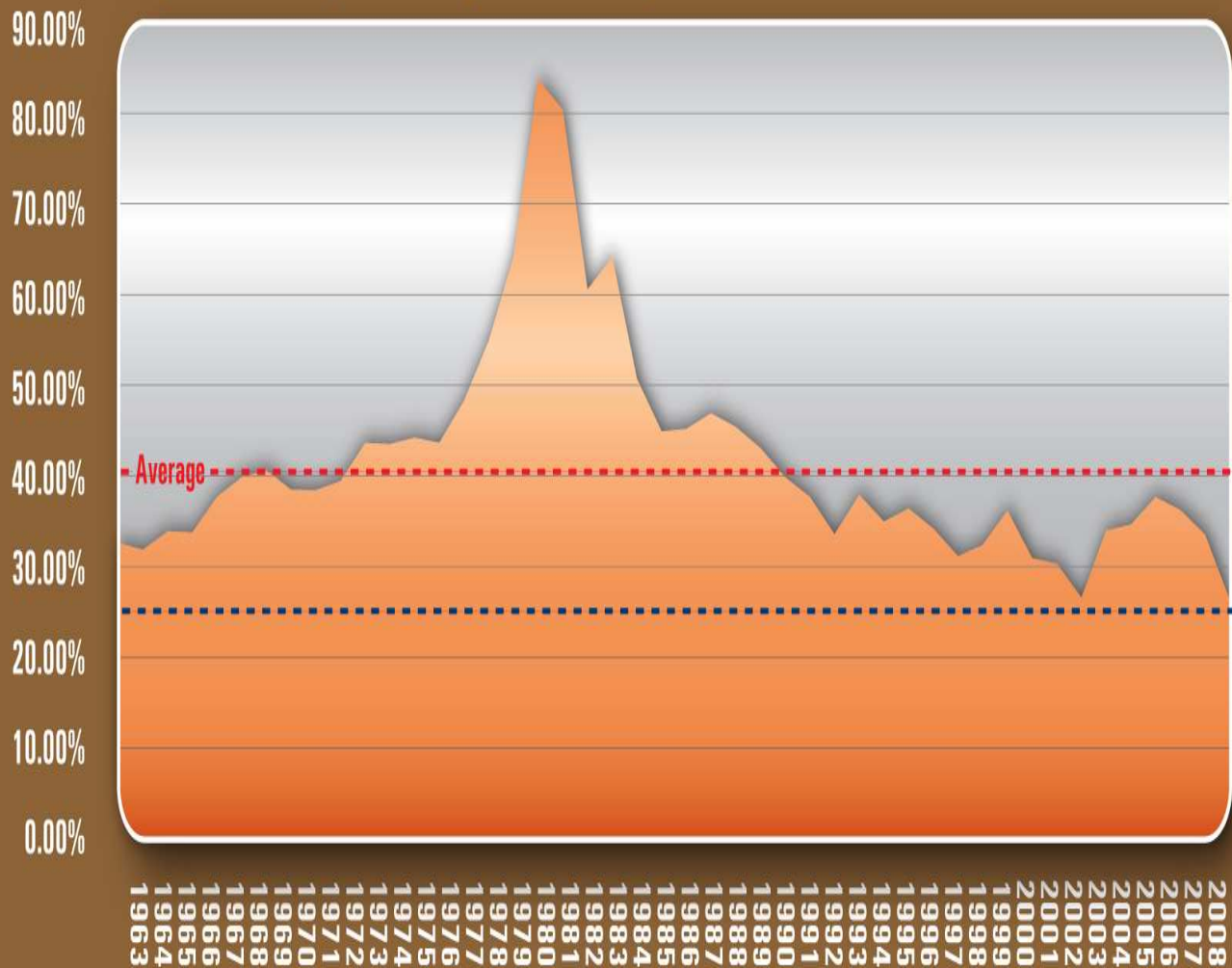
## Median Price Trend



The National Median Sales Price is now at \$183,300. This is significantly below the historical trend line

“Unprecedented events create....”

## Payment as a percentage of Per Capita Income



Using current fixed rates, the percentage of individual monthly income required to finance 80% of a median priced home is now only 25% compared to an average of 41%. Homes are now more affordable than they've been in the last 46 years.

.....an unprecedented time to buy.”

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