

KPL SELECT REPORT

THE MORTGAGE COMPANY DEDICATED TO THE CLIENT

www.kplselect.com

MARCH / APRIL 2013



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**MOTTO FOR 2013:
CHANGE
IS GOOD.**



THE MARKET IS BACK!!! AND MOMENTUM IS BUILDING

BY KELLY LYNCH

How can we confidently declare that the Market is Back? Well, based on the numerous indicators we've been monitoring; we're seeing price gains, homebuilder demands increase, distressed property sales declining, consumer confidence increasing, bidding competitions and inventories rapidly decreasing.

PRICE GAINS

CoreLogic's January 2013 HPI report indicates that home prices nationwide, including distressed sales, rose by 7.9% in a year-over-year basis statistic from January 2012. This is one of the biggest increases since May 2006! And the HPI analysis shows that all but four states are experiencing year-over-year price gains, indicating further recovery, *nationwide*.

HOME BUILDER DEMANDS

The home builder market has suddenly shifted into high gear with the sales of new homes shooting up and some homebuilders reporting an increase in demands as high as 27% in their 2012 4th quarter orders. Those homebuilders who banked development sites and pushed their projects through the entitlement process in the downturn of 2008 are poised and ready for the upcoming Spring Home Sales Season.

DISTRESSED PROPERTY SALES

According to RealtyTrac, an Irvine, California-based data provider, listings for short sales fell in more than 60 percent of 102 major metropolitan areas in 2012 from the previous year, matching the share for bank-owned properties. Distressed listings may increase in 2013 because foreclosure filings began picking up last year, especially in states that require court approval for repossessions. **DID YOU KNOW:** It takes approximately 600 days, on average, from the time a property enters the foreclosure process until a bank sells it. But, the good news is that lenders are streamlining the Short Sale process for quicker approvals.

CONSUMER CONFIDENCE

By the end of 2012, nationally, about 28 percent of home listings went under contract within 14 days: In California, Silicon Valley cities and Los Angeles and surrounding areas; over 40 percent of home listings went under contract. Of California's overall home sales last year, a record 32.4% were cash purchases, still proving the 2011/2012 mantra that "*Cash is King*". The number of homes in California purchased with cash in 2012 hit a record high with a total number of cash properties reaching 145,797, up from the previous record high of 125,812 in 2011. There are a number of different demographics that are buying with cash; the standard wealthy homebuyers, buyers from abroad, retirees and empty nesters. *(Continued on page 2)*

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THE MARKET IS BACK! MOMENTUM IS BUILDING (continued from page 1)**BIDDING COMPETITIONS**

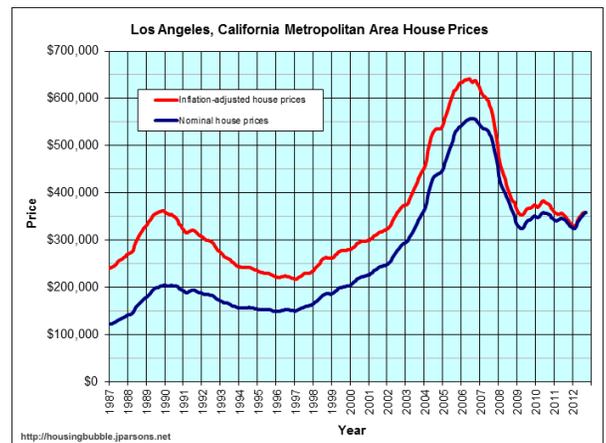
As Builders report their best orders in years and can't increase production fast enough, and buyers seek to take advantage of record-low mortgage rates, the supply and demand imbalance threatens to further limit deals as the spring selling season approaches. A majority of buyers are getting into multiple offer situations due to a plunge in U.S. home listings, which is at a 12-year low. This is also driving up prices and preventing transactions from returning to historically normal levels. A few potential sellers are also holding off until values rise more, creating less inventory, while investors are snatching up distressed properties before they reach the market.

WINDOW OF OPPORTUNITY

As you can see, momentum is building...and home prices are finally starting to recover, *but* they're still low enough to get a great deal before prices start a faster upward march. Add to that, interest rates are still at historic lows, and 2013 may be the time for first-time home buyers to finally get in the game, especially those buyers with good credit and a hefty down payment.

GET PREQUALIFIED AND PRE-APPROVED

1) CREDIT IS KEY: lender guidelines have minimum FICO requirements and pricing is based on FICO scores: The lower the score, the higher the rate. We run your credit report as part of the prequal/pre-approval process so you know your scores upfront and you'll be able to address any incorrect or derogatory issues before you're in escrow with limited time available for credit clean up. **2) INCOME DOCUMENTATION:** Self employed income is treated differently than W2 income. Lenders take 2 year averages and require, K1s & Corporate returns for business owners such as: Schedule A, are there any 2106 expenses? We walk you through the income qualification requirements so you can plan ahead to qualify for the home you want. **3) ASSET DOCUMENTATION:** Gift funds, they're okay in most circumstances but how you document them is very important. 401k & IRA, you can borrow from one and cash out the other, we'll walk you through the options and what the lenders will look for. **4) DTI & DU:** Debt to Income ratios & Desktop Underwriting, there are limits on the DTI (debt to income) ratio depending on the loan program, down payment & FICO scores. We'll run DU so we know your maximum qualifying options. We'll work with you step by step to make your file lender submission ready.



The above chart estimates the market value of today's median-priced Los Angeles, California metropolitan area house from 1987 until present. The red line represents inflation-adjusted house prices. The blue line represents nominal house prices.

RATES CONTINUE TO BE LOW...IS IT TOO LATE TO REFINANCE?

A common question I receive these days is, "How long will rates be this low?" No one can truly predict how long rates will be this low, but if you're a rate shopper, "holding out for better" because the "best" rate levels have been tested many times in the past several months and have held...*better and best* is getting more and more unlikely.

As rates continued to drop, refinancing repeatedly was a common transaction in the past 24 months. Many clients chose no-cost refinances, in which lenders pay all closing costs in exchange for the borrower taking a rate that is one-eighth or one-quarter point higher than the current market rate. Another common *repeat refinancing strategy* has been to do no-cost refinances while rates are dropping, then when rates are at the bottom, doing a normal-cost refinance or even paying points to buy a rate down to capture the true lowest possible low.

But the January 2013 Fed minutes were the first reminder to markets and consumers that rates won't stay this low forever. Which means rates are still near record lows if you're doing a normal-cost refinance or a no-cost refinance, rates will be higher than they were during late 2012, but they are still at historical lows.

If you haven't taken advantage of the historically low rates, *it's not too late* to refinance. Call us today for a complimentary refinance analysis: **818.907.5757** ext. 231 Kelly Lynch or ext. 244 Ron Karp.



KPL WELCOMES NEW GROWTH IN MORTGAGE! BY ANNIE GOTO

KPL Select Mortgage, Inc. prides ourselves on our dedication to client satisfaction and to further help us meet your needs, we'd like to welcome Ron Karp as a *Partner / Loan Specialist*, Candi Reyes, *Senior Loan Processor* and Tina Pellegrino, *Senior Loan Processor*. These three dynamic professionals bring over 90 years of industry knowledge and experience to KPL Select Mortgage, Inc. We've also added three leading Home Loan Officers and Originators who compliment our 13 year veteran, Sherrie Tama Garelick! Our whole team is ready to share their knowledge and resources with you throughout your entire mortgage transaction as we work to make your mortgage experience seamless with consistent and quality service.

KPL TEAM LOAN OFFICERS & SPECIALISTS:

Sherrie Tama Garelick

Senior Loan Consultant

NMLS: #335772 | DRE: #01278430

Les Berman

Home Loan Specialist

NMLS: #227675 | DRE: #00924913

Greg Gooderum

Loan Officer / Associate Broker

NMLS: #873762 | DRE: #01014341

Jeff Harmon

Loan Originator

NMLS: #304100 | DRE: #1402065

Our team is 100% committed to our client's satisfaction. When you call us, you'll be working and talking with us directly: We work for you, not the bank.

NMLS: #238438 | DRE: #01086258



Ron Karp
Partner / Broker
Loan Specialist

Tina Pellegrino
Sr. Loan Processor

Candi Reyes
Sr. Loan Processor

KPL ESCROW BOOMS! BY ANNIE GOTO

KPL Select Escrow, Inc. is an independent escrow company providing traditional escrow services to clients throughout California and we are excited to introduce our growing team! Marlen Videz, *Escrow Manager / Sr. Escrow Officer*, Amber Wagner, *Escrow Officer*, Maria Valencia, Jr. *Escrow Officer* and Jeremiah Waylon, *Lead Escrow Assistant*. All are providing you higher quality service, unparalleled industry knowledge and focus on even better ways to serve you, *our clients*. Our team is providing quicker response and turnaround times on escrow instructions and amendments; complete and accurate documents; And in-house and traveling notary services. With this team in place, we have the capacity to close significant monthly volume: **KPL Select Escrow, Inc.** is staffed and ready to receive your next escrow.

For more information about how **KPL Select Escrow, Inc.** can assist you with your residential purchase, sale or refinance contact our office at **818-907-5757 x223**.

Jeremiah Waylon

Lead Escrow Assistant

Maria Valencia

Jr. Escrow Officer



Marlen Videz

Escrow Manager
Senior Escrow Officer

Amber Wagner
Escrow Officer

PROFESSIONAL ANNOUNCEMENT!

We've been busy!!! We are proud to announce our most recent Federal, National, State and local certifications: We are certified as a **100% Woman Owned Business**, Nationally **LGBT Certified**, Federally **Woman Owned Small Business Certified**, and licensed by the **California Department of Corporation (DOC)** license number: 9632488.



MORTGAGE UPDATES

FHA UPDATES:

- As of April 1st with 3.5% down, monthly mortgage insurance goes to 1.35% & over \$625,500 to 1.55%
- FHA UFMIP (Upfront Mortgage Insurance Premiums) will remain at 1.75%
- With 5% down, the monthly MI will go to 1.30%
- Only 3.5% down payment on 2-4 units owner occupied
- Loan amounts up to \$729,750 with 3.5% down and FICO scores as low as 640

WHY CHOOSE KPL SELECT MORTGAGE?



WE WORK FOR **YOU**, NOT THE BANK.

FANNIE MAE/FREDDIE MAC HIGHLIGHTS:

- FNMA will go up to 97% LTV (loan to value) on SFR & 95% on condos and townhomes with minimum credit score of 680 & under \$417,000 loan amount
- 90% LTV max on loan amounts over \$417,000 up to \$625,500
- FHLMC will go up to 95% LTV with non-occupant co-borrower on loans under \$417,000 and 90% max on loans above \$417,000 up to 625,500

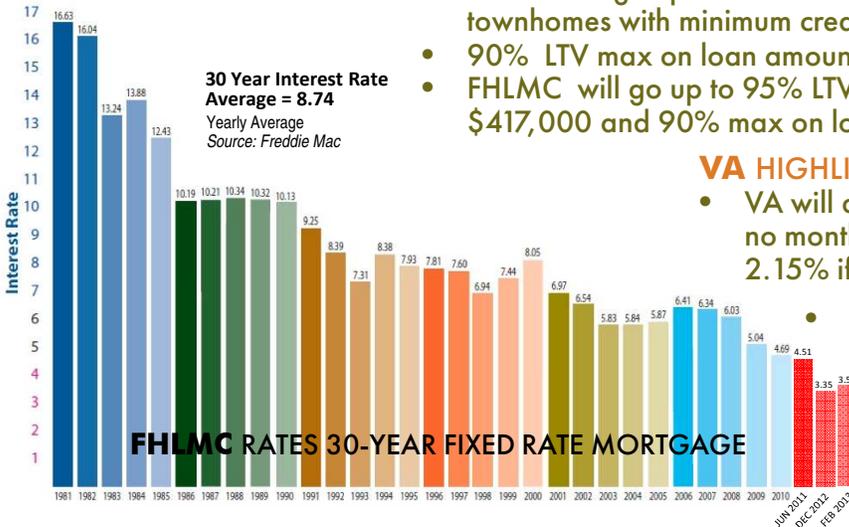
VA HIGHLIGHTS:

- VA will allow veterans to finance 100% of purchases with no monthly mortgage insurance, waive VA funding fee of 2.15% if the veteran receives disability payments

- VA 100% Financing Max loan amounts by County:

Los Angeles: \$668,750 Santa Barbara: \$593,750
 San Diego: \$500,000 Ventura: \$546,250

- Ask about higher VA loan amounts with low down payment options with no mortgage insurance



UPCOMING EVENTS



TALK RADIO FEATURE
KELLY LYNCH & LES BERMAN
 TUESDAY, APRIL 2, 9 AM – 11 AM
 KNX 1070 AM | KFWB 980 AM
<http://kfwbam.com/>



FUNDRAISING EVENT
SIMPLY DIVINE: FOOD & WINE FESTIVAL
 SUNDAY, APRIL 7, 2 PM – 5 PM
www.laglc.org/simplydivine



GENERAL MEETING
BILL SPARKMAN: THE COACH
 THURSDAY, APRIL 18, 3:30 – 7:30 PM
<http://campnola-apr2013.eventbrite.com>



FUNDRAISING EVENT
AN EVENING WITH WOMEN
 SATURDAY, MAY 18, 6 PM – 11 PM
www.aneveningwithwomen.org



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TO RECEIVE A **HARD COPY** OF OUR **SELECT REPORT** EMAIL: agoto@kplselect.com

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