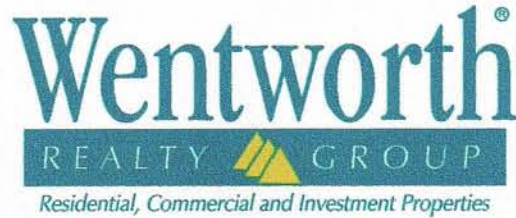




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The American dream is one of success, home ownership, college education for one's children and have a secure job to provide these and other goals. *Leonard Boswell*

Full Housing Recovery?

The 4 positive indicators that indicate full recovery:

1. A healthy job market with stable unemployment
2. Mortgage delinquencies that have returned to historical averages.
3. Home prices with an affordable mortgage payment-to-income ratio.
4. Home sales in the range of historical norms.

Freddie Mac says unemployment rate is still high, and although mortgage delinquencies have fallen they are still higher than the national average. Home prices can still grow without outpacing income growth. Although home sales have risen, they remain below levels from nearly a decade ago.

Freddie Mac chief economist Frank Nothaft says "The key indicators continue to trend in the right direction although in some markets we are seeing the sales recovery strengthen while many others remain weak."

The Florida market is on the upswing but still very affordable.

Where there is love, there is life.

Mahatma Gandhi

Love is a better teacher than duty.

Albert Einstein



New Mortgage Rules

New rules for mortgage lenders define a consumer's "ability to repay" and "qualified mortgage." ATR rules will require additional documentation, which may slow down the process. QM rules limit the kind of mortgage a lender can issue if it is selling your loan on the secondary market.

QM rules:

- Interest only periods and negative amortization are prohibited.
- Loan period cannot exceed 30 years.
- Balloon payments are prohibited in most cases.
- Generally, consumers' monthly debt-to-income ratio may not exceed 43%.
- Points and fees are limited to 3% of the total loan amount for loans of \$100,000 and more.
- Lenders receive protections from lawsuits related to qualified mortgages, even if the loans default.

The rules are meant to protect the consumer. It remains to be seen how much compliance will affect the application process. The US Consumer Financial Protection Bureau (CFPB) has released resources to help consumers understand the new QM process.

Part of the QM process provides new appraisal disclosure rules. Some of the key points provide that consumers must receive a free copy of any valuation prepared as part of their mortgage application and reports must be provided promptly even if for some reason the loan does not close.

Baby Boomer Expectations for Housing

According to research garnered by prominent developer Del Webb, many baby boomers plan to continue to work, albeit at a somewhat reduced intensity. They embrace an active lifestyle leaning toward hiking or working out rather than playing golf. Although they want to be close to their families, baby boomers are seeking some space to themselves.

They do not want to live in multi-generational communities rather than retirement communities, and they care about their living space. According to Deborah Blake of Del Webb "Baby Boomer buyers want a lot more from their house — master bed and baths, lots of storage, large open living area and the best designs." Baby boomer philosophy is that "this is the best time of our lives." Life is good! Do what you like, and like what you!

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