



**OBSERVATIONS FROM THE DESK OF
ALICE OLDFORD**
(908) 310-1335 aoldford@yahoo.com
www.alice.oldford.com



Need a referral? Please give me a call.



**Owning a home is a keystone of wealth — both
financial affluence and emotional security.**

Suze Orman

A Pay Raise

Although there has been much press about the economy in recovery, many Americans have not seen it in their paychecks. Job growth must continue for a couple more years to make up for the plunge in incomes related to the recession. Good news is growth seems to be on track, which increases the number of paychecks, which promotes spending, which in the end leads to more hiring and higher wages. Finally!



Rental or Home Ownership

According to research by the National Association of Realtors, the gap between rental costs and household income is widening to unsustainable levels. Lawrence Yun, NAR chief economist notes “In the past five years, a typical rent rose 15% while the income of renters grew by only 11%.” Rentals are harder to find. Now that the market is on the upswing, investors who owned rental properties are putting them on the market for sale. Lawrence Yun adds “It’s critical to increase housing starts for entry-level buyers.”

Financing

Financing is more available with loans requiring as little as 3% down.

How about rates? Federal Reserve Chair Janet Yellen takes an upbeat view of the labor market and notes the Fed will raise rates as inflation picks up. Projected time frame for an increase is mid year. Yellen notes “There is reason, I think, to feel good about the economic outlook.”
Hi Debbie,



Time to Act

Jonathan Smoke, chief economist at Realtor.com, points out “Delayed purchases will only result in higher monthly mortgage payments as prices and rates rise.” He forecasts affordability may decline as much as 10% over the year.

Advice for House Hunting

Gary Singer, Florida attorney certified as an expert in real estate law, offers some advice.

- Find a good Realtor
- Educate yourself.

What is most important to you — now and in 5 years.

Look at neighborhoods first.

When you look at a home, focus on things that are difficult to change.

Don't get caught up in decorating.

Drive through an area day and night, weekday and weekend.



Great advice for making the best decision, which impacts you and your family.

New Rules for Mortgages

Coming Aug. 1, lenders will use a new TILA-RESPA disclosure form. Under the new rule, consumers must be given the new closing disclosure 3 days prior to closing. The three-day requirement is locked, so if a change must be made, the change resets the three-day requirement, which could postpone a potential closing.

From the consumer's perspective, it is nice to know the numbers 3 days prior to the closing. From the lender's perspective, it adds an obligation. No longer and title insurers and closing agents in control.



When Baby Boomers Move . . .

The question is will the housing left by baby boomers be desirable to the younger generations? Not so much — too expensive, wrong location, not energy efficient. However, the land is important. Some may be torn down and a more modern home built.

New construction will be needed between now and 2030 to meet the housing demand.

What are Builders Building?

Although there may be demand for starter homes, many homebuilders have not interest in building them. Why — high cost of land, higher fees, “entry level” obsolescence.

Today's young buyers have waited to purchase a home, and they are seeking a place where they can stay.

In the end, it's a balancing act — ability to afford a home vs. the home of their choice.

