

Compliments of  
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## Mortgage Rates Improve

Since the Fed meeting on Wednesday of last week, mortgage rates have improved a little each day. There was no major economic data released during the week, and even a weak 30-yr Treasury auction on Thursday failed to stall the rally in mortgage markets. As a result, mortgage rates ended the week moderately lower.

At their last meeting, the Fed indicated that monetary policy would remain on hold for quite a while. While the Fed acknowledged that it will eventually have to raise the fed funds rate, the message was clear that rate hikes are still a long way off. A series of Fed speakers this week elaborated upon their current thinking. A solid majority of Fed officials feel that the economy is still too fragile and the labor market is too weak to begin to raise rates. Confirmation that rate hikes are a long way off encouraged investors to purchase stocks and mortgage-backed securities (MBS), and both equity markets and mortgage markets have performed very well since the Fed's announcement.

## Home Buyer Tax Credit

On Friday of last week, President Obama signed into law an expanded Homebuyer Tax Credit bill, which extended the deadlines and added a new \$6,500 credit. Several provisions in the bill became effective immediately. Homebuyers who owned their primary residence for five out of the last eight years can claim the \$6,500 tax credit for purchases made after November 6th. In addition, the extended income limits in the bill are now applicable for both first-time homebuyers and repeat homebuyers. The extended income limit for couples filing jointly is now \$225,000, with the credit phased out over the next \$20,000 in income. These new limits cannot be applied retroactively to deals completed before November 7th.

## 125% Refinance & Loans With MI – Now Available Through HARP

Months after the announcement of the 125% HARP loan, no lenders were offering this program until now. If you have a refinance situation in which you need either a 125% refinance or have a loan that currently has MI coverage. As with all the new government loan programs, how the specific criteria will or will not meet your needs, requires a specialist. To see if you qualify for these two programs, please give me a call for a confidential assessment of your individual situation.

## Property Issues – Avoiding Problems

In my ongoing effort to help consumers through this newsletter, this week I focus on property issues. This week we focus on property related issues. Many consumers now attempting to refinance have no idea that they have issues with their property that will prevent them from obtaining a low-rate Fannie/Freddie loan. Many have no idea because they are refinancing out of an old sub-prime loan, in which many issues were ignored or not relevant to those types of loans. In all instances, your knowledge of these issues should be brought forward to the lender right away. Keeping it mum will only end up costing you money for a worthless appraisal, as the appraiser will note them on the appraisal report.

Do you have un-permitted improvements to your home? Fannie & Freddie will not allow the value of un-permitted improvements as a part of the appraised value. Obvious necessity of repairs is another big hurdle. The appraiser is not there to do a home inspection, but obvious defects such as leaky roofs, holes in floors, missing doors and windows, and obvious termite infestation will kill your loan. Extra kitchens are the most frequent problem I encounter. Either due to a wish to maximize one's home through renting a portion, or the need for multi-generational living, many home throughout the state have an additional kitchen. If you own a single family home (one unit) you are allowed to have only one kitchen. Enclosed interior areas with no internal connection between them are also a huge problem. If you have enclosed a lower or upper level portion of your home, and there is no INTERIOR stairway between that level and the main living are, you will not get the loan you want.

Next week we will focus on condominium issues.

### Events This Week:

Jobless Claims Fell

Import Prices Rose

Sentiment Dropped

Trade Deficit Grew

### Events Next Week:

Mon 11/16  
Retail Sales

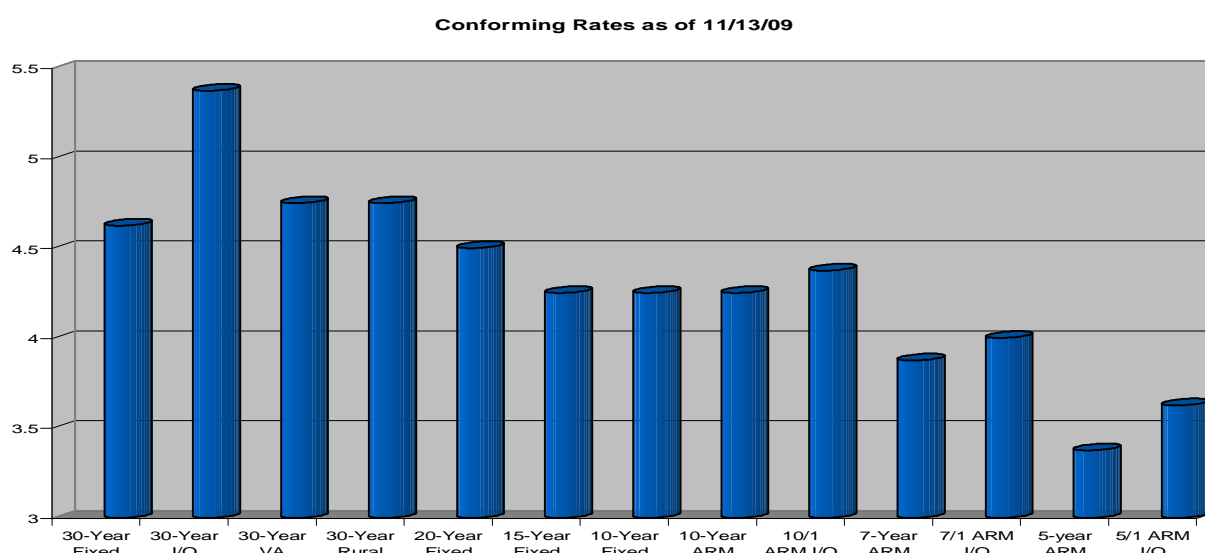
Tues 11/17  
PPI  
Industrial Prod.

Wed 11/18  
CPI  
Housing Starts

Thur 11/19  
Philly Fed  
Leading Indicators

### Also Notable:

- Weekly Jobless Claims fell to the lowest level since early January
- FHA capital reserves fell below the required minimum 2% level
- The Dow stock index reached a new high for the year
- The Fed purchased \$13.5 billion in agency MBS during the week ending 11/11



Average 30 yr fixed rate:	
Last week:	-0.02%
This week:	-0.15%

Stocks (weekly):	
Dow:	10,300 +300
NASDAQ:	2,160 +60

## Week Ahead

The most significant economic data next week will be the monthly inflation reports. The Producer Price Index (PPI) focuses on the increase in prices of "intermediate" goods used by companies to produce finished products and will come out on Tuesday. The Consumer Price Index (CPI), the most closely watched monthly inflation report, will come out on Wednesday. CPI looks at the price change for those finished goods which are sold to consumers. In addition, Retail Sales will be released on Monday. Retail Sales account for about 70% of economic activity. Industrial Production, another important indicator of economic activity, will be released on Tuesday. Housing Starts is scheduled for Wednesday. Also notable, the Treasury will announce the size of upcoming Treasury auctions on Thursday.

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