

Are you ready to buy a home in the emerging buyer's market?

Buying a home can be an intimidating process, even for experienced homebuyers. Fortunately, proper planning and working with the right people can reduce the fear and clear your path to a new home. "One of the keys to making the home buying process easier and more understandable is planning," says the National Association of Realtors. With proper planning, "you will be able to anticipate requests from lenders, lawyers and a host of other professionals. Furthermore, planning will help you discover valuable shortcuts in the home buying process," NAR says. Here are some important questions NAR says you should ask while planning to buy a home:

Do You Know What You Want?

Whether you are a first time or repeat homebuyer, you need to ask why you want to buy. Are you planning to move to a new community due to a lifestyle change or is buying an option and not a requirement? What would you like in terms of real estate that you do not now have? Do you have a purchasing timeframe? Whatever your answers, the more you know about the real estate marketplace, the more likely you are to effectively define goals that will lead to a successful real estate transaction. A trusted mortgage or real estate professional can provide you with valuable market intelligence that is not available through consumer media.

Do You Have The Money?

Homes and financing are closely intertwined. You will need a down payment and cash for closing costs. Fortunately, the days of the 20% down payment are mostly gone. Innovative loan programs introduced in recent years significantly reduce the financial hurdles of buying a home. Some programs require as little as zero to five percent down payment. "Several newly emerging loan programs not only allow the purchase of a home with no money down, but also underwrite closing costs," NAR says. Not everyone, however, elects to purchase with little or no money down. While a small down payment may reduce the initial cost of getting into a home, a larger down payment can reduce the interest rate and payments on your mortgage, so most

homebuyers choose to buy with some cash up front. As to closing costs, in the emerging buyer's market, a real estate professional may be able to negotiate an offer that requires the owner to pay some of the settlement expenses.

Is Your Financial House in Order?

The loans with the best rates and the easiest settlement terms are not available to everyone. "For at least one year prior to purchasing a home, you should assure that every credit card bill, rent check, car payment and other debt is paid in full and on time," NAR says. An important early step in the home buying process is to connect with a mortgage professional who can help you assess your financial readiness to buy a home. Financing is available even for many borrowers with credit issues, but a mortgage professional can help you develop strategies for identifying the most favorable financing options for your current financial status or develop strategies to improve your qualifying status.

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MORTGAGE NOTES™

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Housing market favorable for homebuyers

The housing market may continue to be in the buyer's column over the next few months, according to the latest forecast by the National Association of Realtors. Sales activity is likely to remain soft during the next six months, in spite of low interest rates and lower prices. However, pent-up demand will likely bring potential buyers off the sidelines to boost home sales in the second half of the year. An economic stimulus package that increases access to conventional and government loans can also have a strong impact on the market.

"Existing-home sales have moved narrowly since last September, but when the full impact of higher loan limits for conventional mortgages begins to impact the market there is likely to be a notable rise in home sales and prices," said NAR Chief Economist Lawrence Yun. "If higher limits are enacted very quickly, we'll see a faster and more meaningful recovery by expanding safe, affordable financing in high-cost areas — that, in turn, would help to stimulate overall economic activity."

Economists also project that mortgage rates will rise later this

year. Meanwhile, high inventory and low house prices are combining with lower rates to boost affordability for homebuyers. "Affordability conditions are anticipated to rise 14.2% this year, permitting more people to become homeowners" Yun said.

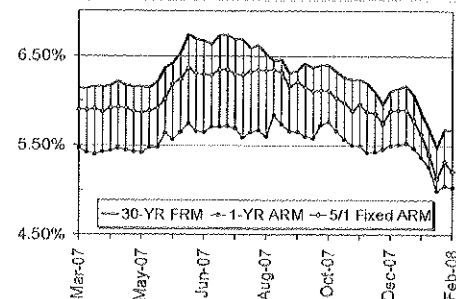
Mortgage rates falling

Freddie Mac reported that the average 30-year Fixed Rate Mortgage (FRM) dropped to 5.67% in early February, down from a January average of 5.76% and continuing a slide from a July peak of 6.73%. During the same time last year, FRMs averaged 6.22%. The average rate for a 5/1 Fixed Adjustable Rate Mortgage (ARM) fell to 5.21% in early February, down from a January average of 5.45%. The 1-year Treasury-Indexed ARM averaged 5.03% in early February, down from an average 5.23% in January. The 30-year FRM remains the value choice in this market; with the 5/1 Fixed ARM providing a balance between increased affordability and long-term security.

Rates approach record lows, Call for a quote!



52-Week Mortgage Rate Performance



Current ARM Indices

02/15/2008	TERM	RATE
1-YR Treasury Sec.	JAN	2.71%
11th Dist COFI	DEC	4.07%
1-MO LIBOR	JAN	3.91%
Prime	1/30/08	6.00%

Sources: FHLMC, Federal Reserve Bank, HSH, bd

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