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Get the facts here: Local lenders have loans A “new era” of lending and a variety of financing programs

Patti McKerricher Boyd, President, Spokane Association of REALTORS®

Don't confuse the headlines. While limited institutional bank-to-bank lending is a component of the current banking crisis, consumer home loan programs in this region are plentiful. Spokane REALTORS® are talking daily with local lending institutions in an ongoing dialogue, and we want you to know the local news is good news. Funding for the purchase of a home is readily available, right now. Established local lenders have a strong desire to reach Spokane home buyers and sellers with the news that money is available and attractive funding programs are in place for buyers in all price ranges.

If you are a potential home buyer, or have been pre-qualified in the past, we hope you are engaged in current discussions about your financing opportunities. If you are a seller in today's market, it is also wise to know what programs are available for buyers. By placing yourself in the buyer's shoes, savvy sellers can perhaps participate in incentives such as an interest rate buy-down, or increase seller-paid fees, to help an interested buyer qualify and successfully purchase your home.

With a cycle of transactions in various stages of negotiation and execution, members of the Spokane Association of REALTORS® regularly speak with lenders to keep current on loan programs that help all buyers and sellers.

Below is a sampling of who we spoke with last week, and what they have to say:

“For customers with very little down payment, just 3% can mean an FHA loan is the way to go,” says **Aaron Reilly**, AVP, Home Loan Manager at the Spokane Valley branch of Countrywide Home Loans. “Government loans (FHA/VA) are excellent long term loans with low interest rates that are fixed. There are still excellent first time home buyer loans available. For those who qualify, down payment assistance can be obtained from the Washington State Housing Finance Commission for 100% financing,” according to Reilly. “The zero-down days are not over.”

Bill Tierney, branch manager of Acceptance Capital Mortgage in Spokane Valley agrees. He explains in more depth, how time is of the essence. According to Tierney, “Until January 1, 2009 qualifying borrowers can get an FHA loan with as little as a 3% down payment. After January 1, that minimum goes to 3.5%. Sellers are still allowed to contribute up to 6% toward buyer closing costs, prepaid taxes, prepaid interest and prepaid homeowners insurance.” Tierney suggests that, “a borrower could get financing for a \$200,000 home with as little as \$6000 out of pocket, and immediate family members are allowed to provide these funds by making a gift to the home buyer.”

“Also offered,” says Tierney, “are conventional loans (Fannie Mae and Freddie Mac), requiring a minimum of only 3% down as well, with preferred interest rates beginning at 5% down. VA loans for active duty and veterans are still available with zero down payment. Rural Housing loans also are available to qualified borrowers with no down payment on homes located in target rural areas.”

Ken Hunt, Vice President of the mortgage and construction lending division of AmericanWest Bank has this to say, “This is an unprecedented time in our industry and we are surely working harder for each loan. There are always positive aspects of a down market, and the silver lining today continues to be historically low interest rates.” Hunt reports that AmericanWest Bank, headquartered in Spokane, has funded more mortgage loans year-to-date than last year. “We are optimistic that this will continue through the remainder of 2008 and into the new year,” he says.

According to **Kay Keyser**, Sales Manager at U.S. Bank Home Mortgage, “We continue to offer a variety of loan programs specifically designed for first time home buyers that require minimum or no down payment options. We also have investor programs, and good refinance products.” One specific program Keyser highlights is their vacant land lot loan. “This product allows qualified borrowers to purchase vacant land now with a minimal down payment, and build their dream home on the land in the future,” she explains.

Who will be the winner in today’s economic times? According to **Don Walker**, CEO of

Horizon Northwest Mortgage, “The first time home buyer wins in a big way.” Walker explains that first time buyers are buying homes today that don't have inflated equity. They are in the first ‘buyers market’ in nearly eight years, and they don't have to wait for their home to sell. They have sellers willing to pay their closing costs and buy-down already good interest rates. The current softening in pricing will allow them to buy homes in neighborhoods that were out of reach two years ago. They can get that extra bedroom or bath or garage. They can still buy a home with 3% down, a job, and reasonable (not perfect) credit through FHA. If they buy before July 2009, they are eligible for a \$7,500 tax credit. If they buy before December 31, 2008 they will get that back with their 2008 return. “This is a life changing opportunity for these buyers,” says Walker.

The final word comes from **Rob Higgins**, executive officer at the Spokane Association of REALTORS® for the past 23 years. He advises that asking “How’s the real estate market?” is similar to asking “How’s the weather?” We don't say that it's “sunny across America today.” Just as the weather is local (rain in Seattle, snow in Denver, sunny in Spokane) the real estate market is different in cities, towns and neighborhoods. “Local residents should test the national news headlines with local market facts,” Higgins advises.

For more detail about this dynamic market, or referral to established, reputable, local lenders, contact any Spokane REALTOR® today.

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