



How to budget for a home

Source: OC Register

While buying a home can be a sound investment, it can also become a financial burden. Before shopping for a home, it's important to figure out how much house you can comfortably afford, which may be a different number from the maximum mortgage you can get approved for.

It's important to have a strong understanding of your cash flow today — what income is coming in, what expenses are going out and what

amount you are saving. One rule of thumb is that you shouldn't spend more than 28% of your gross monthly income on housing-related costs and 36% on total debts, including your mortgage, credit cards and other loans.

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Slow condo price growth could help first-time buyers

Source: Bankrate

The hot housing market isn't totally even, and some cities and kinds of properties are seeing bigger price gains than others. In particular, condominium prices across the board are rising less than those for single-family homes, according to recent data from Black Knight.

The data firm reports that single-family home prices grew by 12.3 percent on average in 2020 — the highest appreciation rate since 1992 — but condos aren't gaining as quickly. This could be an opportunity, especially for first-time homebuyers, in a market that is starved for inventory and where bidding wars are commonplace in many areas.

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Millennials ready to take over the real estate market

Source: Axios

Millennials who have rented to stay flexible and keep work opportunities open over the past several years are now ready to buy a home. With nearly 4.8 million millennials turning 30 this year, many are expected to enter the home-buying game if they haven't already so they can take advantage of low mortgage rates and start building equity.

They're more open to multi-family options like condos and quadraplexes, so they can start building wealth in light of today's low inventory of single-family homes. And for the oldest millennials who are turning 40 this year, they're looking for more space for their growing families.

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Bidding wars amid hot housing market

Source: Fox Business News

Homebuyers are taking unprecedented measures to make their offers stand out to sellers as the red-hot real estate market booms, including offering over-asking prices, dropping contingencies for inspections and appraisals and closing on the home within 30 days.

Redfin reports that between September 2020 and February 2021, nearly 18% of successful offers waived the appraisal contingency,

while 13% waived home inspection contingencies. Escalation clauses, which allow a seller to increase a suggested purchase price in order to secure the bid, are also being used.

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How to get preapproved for a home mortgage

Source: USA Today

With mortgage interest rates still near historic lows and the spring home-buying season underway, and the real estate market expected to remain competitive, real estate experts say getting preapproved for a mortgage is essential.

To start, check your credit report to clear up any errors by requesting it for free once a year from AnnualCreditReport.com. Private, or nongovernment backed lenders, often require a minimum credit score of 620 for a mortgage, according to Bankrate. The higher your score, the lower the interest rate lenders tend to offer. If your credit score is lower than 620, you may qualify for a guaranteed loan from a government-backed agency like the Federal Housing Authority or Veteran's Administration.

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Mortgage rates fall to two-month low

Source: CNBC

Total mortgage application volume fell 2.5% last week from the previous week, according to the Mortgage Bankers Association.

Applications to refinance a home loan, which are highly sensitive to weekly rate moves, still fell 1% for the week and were 18% lower than one year ago. The rate on the 30-year fixed was 26 basis points higher a year ago, but rates were at record lows last fall, far lower than the current rate.

Mortgage applications to purchase a home fell 5% for the week and were 34% higher than a year ago. The annual comparison, however, means little now because the housing market ground to a halt at this time last year, when the pandemic lockdown was in place. It then rebounded dramatically in the summer and is only now beginning to lose steam again.

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