

1.10.24

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**Mortgage loan limit rises above
\$1.1M as home prices surge**

Source: Fox Business

Home buyers can now get larger mortgage backed by Fannie Mae and Freddie Mac, thanks to the U.S. Federal Housing Finance Agency's (FHFA) new, higher conforming loan limits for 2024. The new mortgage limit for conventional loans backed by Fannie Mae and Freddie Mac will rise by \$40,350, to \$766,550, and in high-cost areas where 115 percent of the local median home value is larger than \$766,550, home buyers will be allowed to use the high-cost area loan limit that is 150% of typical loan limits. That raises the new limit for high-cost areas to \$1,149,825, up from \$1,089,300 the prior year. The new loan limits are meant to keep lending limits in line with home price appreciation across the country.

Buyers who currently have a jumbo loan that they wish to move to a conventional mortgage loan, or whose home price has appreciated and is now covered under the new limits, could consider refinancing to save on their monthly payment. The Federal Housing Authority (FHA) also raised its loan limits for 2024 for Single Family Title II forward and Home Equity Conversion Mortgage (HECM) insurance programs. FHA loans are insured by the Department of Housing and Urban Development (HUD) and offer down payments as low as 3.5 percent, to borrowers with credit scores as low as 580, and flexible debt-to-income ratios to help more home buyers qualify.

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Low inventory drives U.S. home prices up 5.5 percent year over year in Q3

Source: HousingWire

The U.S. Federal Housing Finance Agency (FHFA) announced that U.S. home prices rose in the third quarter of 2023 by 2.1 percent since the second quarter, and 5.5 percent in the last year. U.S. house prices continued to accelerate each quarter. However, home price growth is expected to slow in the fourth quarter, due to both high mortgage rates and the usual seasonal slowdown over the holiday season.

California's prices increased at a lower rate than the national average, or about 2.45 percent since Q3 of last year, showing slower price growth than 40 other states.

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Existing home sales likely to rise in 2024

Source: HousingWire

Higher mortgage rates and high home prices reduced the number of sales of existing homes down 4.1 percent in October compared to September, and down 14.6 percent compared to a year ago, according to the NATIONAL ASSOCIATION OF REALTORS®. These conditions proved difficult for prospective home buyers, especially for first-time

buyers. However, conditions were good for home sellers.

Experts expect interest rates to decline somewhat in 2024 and home builders to have more homes ready for purchase. Inventory rose 1.8 percent in September, with 1.15 million units on the market, and after the holiday season, experts expect the market to pick back up.

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Consumer confidence rose in November after three months of decline

Source: The Hill

After three straight months of decline, consumers are growing more confident in the U.S. economy. The Consumer Confidence Index rose from 99.1 in October to 102.0 in November based on short-term expectations related to income, business and the labor market. The Index is released monthly by the nonprofit The Conference Board.

“November’s increase in consumer confidence was concentrated primarily among householders aged 55 and up; by contrast, confidence among householders aged 35-54 declined slightly,” said Dana Peterson, chief economist at The Conference Board.

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Mortgage demand from home buyers continues to rise as interest rates continue to fall

Source: CNBC

The average rate on the 30-year fixed-rate mortgage for a home purchase decreased from 7.41 percent to 7.37 percent last week, and accordingly, mortgage applications to purchase a home rose 5 percent last week compared to the previous week though were 19 percent lower than the same time last year, according to the Mortgage Bankers Association's seasonally adjusted index. "Rates have declined more than 50 basis points over the past six weeks, which has helped to spur a small increase in purchase applications," said Joel Kan, an MBA economist.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances lowered to 7.37 percent, with points decreasing to 0.62 (including origination fees), for loans with a 20 percent down payment. Applications to refinance a home fell 9 percent for the week and were just 1 percent higher than the same week one year ago.

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