



From the Broker's Desk Nancy C. Rowe

As 2013 moves toward its conclusion, what can we expect from 2014? Forecasts indicate more of the same. The economy in 2014 is projected

to grow but less than 1% over 2013 growth. Job growth continues to be weak as many employers have taken a "wait and see" attitude on hiring. For those fortunate enough to be employed, the average wage increase of 2% has been offset by a 2% increase in inflation and with the higher payroll taxes which took effect earlier this year the employee is experiencing less buying power. The housing market continues to slowly grow with the 2014 forecast by the National Association of Realtors predicting that existing home sales will remain flat, prices will rise by 6% and interest rates will jump to 5.4% by year end. One area of encouragement is the demand for new constructions and the increased sales of available inventory. Unfortunately, there is no relief for consumers from the stringent mortgage lending guidelines. Two new rules will become applicable on January 10, 2014 as a result of the 2010 Dodd-Frank Act which was created to address the errors in lending that lead to the housing crisis. They are the Qualified Mortgage (QM) rule and Ability-to-Pay (ATR) rule. These rules require lenders to prove a borrower's ability to repay a loan by meeting several guidelines, including a maximum debt-to-income ratio of 43% and will not allow any compensating factors such as significant cash reserves or larger down payment to offset a higher debt ratio. Borrowers will be qualified on a monthly payment based on a fully indexed interest rate (not the floor of an adjustable rate), payments on any other loans associated with the property must be included (2nd mortgage, equity line, etc), payments of property taxes, homeowners insurance and HOA fees are to be considered and the borrower's credit history will be reviewed for a pattern of responsible credit usage. Interest only, negative amortization or 40 year term loans are no longer available. Origination fees charged by the Lender will be capped at 3% which could impact the availability of smaller loans as these loans don't allow the Lender to recoup costs and make a profit so may become unavailable. The consumers most impacted will be the self-employed because the ATR rule requires all borrowers to prove they have the cash flow to make monthly payments and the fluctuating income of the self-employed may eliminate the opportunity for them to secure a mortgage. Loan limits for Fannie Mae and Freddie Mac loans are scheduled to be reduced sometime in 2014 from \$417,000 (\$625,000 in high cost areas) to a lower cap. FHA guidelines remain the same with 3.5% down payment required on a credit score of 580+ and 10% down payment on a credit score below 580. Lenders are permitted to set even higher qualifying guidelines and many in 2014 will require FHA borrowers to have credit scores of 620 or higher. Debt ratios continue to be 29 (housing ratio)/41 (debt to income). In 2014, FHA borrowers who put down less than 10% will probably have to pay Mortgage Insurance for the entire term of the loan unlike the 78% rule which has been in effect. On a positive note, borrowers who have defaulted on a mortgage due to an economic event, may qualify for a new FHA loan within twelve months of the default. With both rising house prices and interest rates, some consumers will not qualify for a mortgage under these additional rules of lending. If you are considering the purchase of a new house, I would advise speaking with a loan officer to be pre-qualified. WILLOW Realty Agents are always ready to assist in the navigation of the buying and selling of real estate.



Season's Greetings from
the Agents and Staff of
WILLOW Realty

Egg Nog Cheesecake

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| 1 c graham cracker crumbs | 3 tbs all-purpose flour |
| 2 tbs white sugar | 3/4 c eggnog |
| 3 tbs melted butter | 2 eggs |
| 3 (8 oz) packages cream cheese, softened | 2 tbs rum |
| 1 c white sugar | 1 pinch ground nutmeg |



Preheat oven to 325 degrees F (165 degrees C). In a medium bowl combine graham cracker crumbs, 2 tablespoons sugar and butter. Press into the bottom of a 9 inch spring form pan. Bake in preheated oven for 10 minutes. Place on a wire rack to cool. Preheat oven to 425 degrees F (220 degrees C). In a food processor combine cream cheese, 1 cup sugar, flour and eggnog; process until smooth. Blend in eggs, rum and nutmeg. Pour mixture into cooled crust. Bake in preheated oven for 10 minutes. Reduce heat to 250 and bake for 45 minutes, or until center of cake is barely firm to the touch. Remove from the oven and immediately loosen cake from rim. Let cake cool completely before removing the rim.

Give Virtual This Holiday Season.

While it is fun to rip into paper and ribbons to reveal your gift, many people would appreciate clutter-free gifting and presents that don't need physical storage space. For those folks consider giving virtual gifts.

Options to consider:

<http://> *Register their name as an internet domain. Many sites that register domain names also do basic email with that domain so the giftee will not only have their name reserved for a possible personal or professional website, but they can have a highly personalized email address.

*Many retailers have options on their websites for purchasing "gift cards" that can be emailed directly to the giftee and they can use them online or sometimes even in stores.

*If the giftee use devices, give them access to downloads of music or e-books, or set them up with a subscription to sites like Pandora or Netflix.



The manner of giving is worth more than the gift.
~Pierre Corneille

Get more use out of old holiday greenery and tinsel. There are a vast variety of clear containers and ornaments available these days. Fill them with outdated tinsel or greenery.

When packed into a container, the wear and tear on the decorations is not really noticeable and the overall presentation gives a festive flair.

