

## **Don't Let Mortgage Misconceptions Hold You Back From Homeownership or Real Estate Investing**

The mortgage process can sometimes feel like one of the most intimidating aspects of buying a home. Consider these recent developments if you're thinking of purchasing a home or diversifying your investment portfolio into real estate.

**Mortgage interest rates are trending higher.** The average 30 year fixed mortgage rate on home loans is currently around 4.5%, but is projected to reach close to 5% by the end of the year. Although 5% is higher than what we've seen the past few years, it is still historically low. Mortgage interest rates are influenced by yields on the 10-year Treasury, the benchmark that helps determine other interest rates. As investors move more money in the 10-year Treasury, the yield decreases and 30 year fixed rates go lower. Conversely, as money is pulled out of the bond market and put into other investments, the yield increases and 30 year fixed rates track higher. The 10-year Treasury yield is expected to gradually move higher (it briefly exceeded 3% in May which is the highest seen since 2014) so our current low rate environment is not expected to be around forever.

**Higher interest rates make that home you want to buy more expensive.** As mortgage rates trudge higher, the monthly payment goes up and homes become less affordable for home buyers. However, some lenders, such as Prosperity Home Mortgage, a Long & Foster subsidiary, offer programs to expedite the loan process and allow buyers to lock in lower rates for up to 90 days while they shop.

**Lenders continue to innovate.** Prosperity and other lenders are creating new loan products to address common challenges among buyers. For example, there's a loan just for doctors, who may have large amounts of student loan debt, but generous incomes and a strong ability to repay. Another loan was created for borrowers who might not qualify for a traditional mortgage because of their credit score, but can demonstrate an ability to repay.

**Loan approvals are getting faster and easier.** Technology enables loan officers and banks to obtain fast access to records necessary to evaluate your credit worthiness. It's possible to get approved for a loan in minutes rather than days. If it's been a while since you applied for a mortgage, you might be surprised at how much easier it is to provide the necessary documentation.

If you are thinking about buying a home, consider talking with a professional mortgage consultant about any programs available that might help you. LizLuke Team is your trusted real estate advisor and is connected to many industry professionals who can get you on the road to homeownership. If you already own a home, we can also help you with the strategies and resources to diversify your investment portfolio into real estate. Please contact us any time to talk about your real estate needs - we'd love to help.