



October 24th, 2016

## That's right. Walton Funding is hiring... and we want your help.

We are in the process of identifying and interviewing candidates to fill two open positions.

- If you know any experienced loan officers that may be interested in joining a quickly growing team please send them our way.
  - [Click here](#) to find out job requirements and application details.
- We also need a skilled loan processor. Attention to detail and the ability to properly manage customer expectations will be very important.
  - [Click here](#) for details and requirements.



## Let's talk rates. How to discuss potential rate hikes with your clients.

- Mortgage rates are still extremely low.
- An increase in rates will dramatically affect the buying power your clients currently have.
- Take a look at the attached document which explains buying power and the impact on DTI ratios

### [Costs of Waiting - Handout](#)

- Check out this [Washington Post Article](#) to read more about recent rate movement.



#### COSTS OF WAITING

How an increase in interest rates can affect real estate buying power.

In January we were about expected rate hikes by the Federal Reserve and what they could mean for mortgage rates. Since then we have seen the Federal Reserve increase rates slowly, yet we are still experiencing near record low mortgage rates. Mortgage supply near the end of the year has caused mortgage rates to increase slightly. With minimum additional Fed increases, it's quite possible to see a continued trend.

Speculation of further rate hikes, a growing economy, and political uncertainty will likely lead to an increase in rates over the remainder of 2016. The real estate market has had an incredible recovery, so there is room to increase rates. Increasing rates would even be prudent. When you look at the 10 year mortgage rate short term, it really puts into perspective the reality of 3-6% interest rates, which we had just a few years ago. Borrowers and their advisors need to understand the impact these increases could have on their ability to purchase.



Debt to Income			
*Annual Income \$100,000			
Interest Rate	Loan Amount	Principal and Interest	Debt to Income Ratio
4.00%	\$1,000,000	\$4,774.15	47.74%
4.50%	\$1,000,000	\$5,268.00	52.68%
5.00%	\$1,000,000	\$5,762.22	57.62%
5.50%	\$1,000,000	\$6,257.01	62.57%
6.00%	\$1,000,000	\$6,752.18	67.52%
6.50%	\$1,000,000	\$7,247.80	72.48%

In a second home market, the most advantageous pricing for a mortgage goes to the borrower that can support the property as a true second home, meaning he will not rely on the income of the property. The table above illustrates the monthly cost and debt servicing ratios per million in borrowed funds. Keep in mind, most lenders have a maximum monthly Debt to Income ratio of 90%.



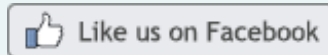
Another way to illustrate the impact of interest rates is to look at the buying power of a set monthly budget of \$1,000. The chart above represents home purchasing ability based on this \$1,000 monthly budget.

Kavanaugh Tucker - 510 605 5029 - ktucker@waltonfunding.com - www.waltonfunding.com

# Recent Case Study: Purchase in Blue Mountain Beach



- What happened?
  - Loan closed in **27 CALENDAR DAYS**
  - 30 year fixed - Investment property
  - If you like to hear about **RECENT CLOSINGS** please follow us on Facebook



## A brief reminder This is what we do:



- **We have access to a broad range of products and programs.** This means we find unique solutions to help your borrower when necessary.
- **We close loans fast.** We are available around the clock to make sure we get loans to close faster than anyone else.
- **We are local.** We have knowledge of this market. We are a part of this community. This factor can often be overlooked by out-of-town borrowers, but it can be invaluable in such a unique marketplace.
- **We give borrowers the white-gloves treatment.** All of our clients receive the customer service they deserve and are often already accustomed to.

Kav Tucker  
850.608.3029

Thank you for trusting Walton Funding.

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