

LIBERTY FINANCIAL

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Mortgage Finance News

"Others just lend money . . . we lend ourselves"



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Homebuyers are back. But they're not finding many for-sale houses to choose from. This lack of for-sale homes isn't imaginary. In fact, the pool of properties actually has shrunk in housing markets across the nation. Only 3.42 million existing homes were available for sale in the U.S. at the end of September 2019, according to the National Association of Realtors. That figure represented a 3.1-month supply of for-sale homes at the September pace of sales. January 2020 brought 5.46 million in home sales annually, a median sales price of \$266,300.

SO, WHAT HAPPENED TO ALL THE HOUSES?

Sellers are on the sidelines. Some homeowners have no reason to move. Others aren't motivated because they would take a loss at current prices or they still owe more than their homes are worth. Rising prices might help those who aren't deeply underwater reach a break-even point.

Investors are buying houses as rental properties instead of fix-and-flip opportunities. Typically investors buy, rehab and flip, and that's not happening much because prices are low and demand for rental units is high. Well-priced homes are selling fast, reducing the for-sale supply. If properties aren't priced right, they do sit, so sellers have to be realistic.

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Even notoriously slow short sales are moving faster due to new rules that are intended to streamline and standardize short sales for homeowners who have mortgages backed by Fannie Mae or Freddie Mac. Home builders have been idle and building at an almost all-time low.

Banks still own hundreds of thousands of homes (shadow inventory), and millions of homeowners are still late or delinquent with their mortgage payments, but those homes aren't on the market. Lenders and government agencies are selling distressed loans to servicing companies that are offering homeowners workouts and loan modifications. They'll be modified or short-sold, so that backlog won't ever hit the market.

Lender owned properties also are being sold in bulk to investors. The Federal Housing Finance Agency recently announced sales of 970 properties in California, Arizona and Nevada; 699 properties in Florida; and 94 properties in Chicago.

So, what does the tight supply mean for current buyers and sellers? Sellers need to be wary of overconfidence and recognize that overpriced properties won't sell soon, if at all. Buyers, need to recognize that markets are competitive and that all-cash offers, preferred by the sellers, aren't all that uncommon.



TOP 10 CITIES WITH RISING CREDIT SCORES



Cities in the U.S.

where residents increased their credit scores the most from 2018 to 2019. The scores and debt averages come from Experian, a credit reporting agency that collects credit score data.

	Credit Score Increase	Average Credit Score	Average Debt
Bakersfield, CA	1.07%	717	\$25,383
Sioux Falls, S.D.	.84%	784	\$24,836
Tyler, TX	.81%	715	\$25,908
Wichita Falls, TX	.78%	728	\$24,774
Ft. Myers, FL	.76%	756	\$24,376
Reno, NV	.72%	746	\$27,320
Dallas, TX	.72%	727	\$26,661
Las Vegas, NV	.71%	714	\$24,911
Greenville, N.C.	.61%	734	\$25,300
Phoenix, AZ	.60%	737	\$25,287

Pay Off Your Mortgage Earlier, Refinance With A Shorter-Term Mortgage

You can refinance into a mortgage for 10, 15 or 20 years, but 15 year mortgages are the most common. Your payments will be higher on a 15-year loan, but perhaps not as high as you think. One advantage of a 15-year loan is that you're committed to the higher payment. There's no question about whether you can afford to pay extra this month. To get the effect of a shorter-term mortgage without the risk, take out a 30-year loan, but make payments as if you had a 15 year loan. You just make increased payments. You're in control, not the lender.



Missing Your W-2? Here's What to Do!

It's a good idea to have all your tax documents together before preparing your 2019 tax return. You will need your W-2, Wage and Tax Statement, which employers should send by the end of January.

If you have not received your W-2, follow these three steps:

1. Contact your employer first.

2. Contact the IRS. After February 14, you may call the IRS at 800-829-1040 if you have not yet received your W-2. Be prepared to provide your name, address, Social Security number and phone number. You should also have the following information when you call:

- Your employer's name, address and phone number.

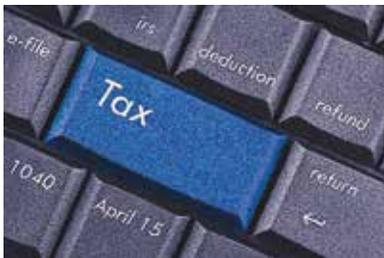
- Your employment dates.

- An estimate of your wages and federal income tax withheld in 2019.

3. File your return on time. You should still file your tax return on or before April 15, 2020, even if you have not yet received your W-2. File Form 4852, Substitute for Form W-2, Wage and Tax Statement, in place of the W-2.

If you need more time to file you can get a six-month extension of time. File Form 4868, Application for Automatic Extension of Time to File US Individual Income Tax Return. If you are requesting an extension, you must file this form on or before April 15, 2020.

If you receive the missing W-2 after filing your tax return and the information on the W-2 is different from what you reported using Form 4852, then you must correct your tax return. File Form 1040X, Amended U.S. Individual Income Tax Return to amend your tax return.



Do you have any mortgage or real estate questions? . . . Just Call Me!

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