

Having trouble viewing this email?<http://www.montecito-estate.com>

CRISTAL CLARKE



DECEMBER MARKET RECAP

As we say good by to 2013 we start to look forward to 2014 there are some new banking / loan regulations that will be coming on line which may affect the way some people do business and certainly will affect a number of people who will be applying for loans in 2014, and not in a good way.

The new regulations know as ATR (ability to repay) and QM (quality mortgages) are now in effect and are expected to eliminate an estimated 17% of applicants from qualifying for loans, that would have previously done so.

QM's now require a maximum debt-to-income ratio of 43%, down from 45%. In addition to this interest only loans have been eliminated and add-ons such as less than perfect credit scores, carry higher penalties in relation to FICO scores.

805-886-9378

www.Montecito-Estate.com

Cristal@Montecito-Estate.com

Sotheby's
INTERNATIONAL REALTY

If a loan no longer qualifies under the new QM guidelines they may qualify under the ATR guidelines. However, the problem lies in the fact not all bank are now required to offer ATR loans. There is no longer a secondary market for banks to sell their loans meaning ATR loans will have to be portfolio loans and not every bank has the capacity or

resources to do this. Sounds like restrictive practices to me and less choice for the consumer which will, in all likely hood, result in higher loan costs and rates. In the local real estate market property sales were higher by 20.8% compared to last month (November), a sign that people are and were getting ahead of the curve in regards to securing real estate before the new regulations took effect. However, comparative December sales were at their lowest levels in 3 years a result, more than likely, of higher interest rates as mentioned and forecast in earlier newsletters.



In other related news the Medium Sales Price and Average Sales Price were also down in December by 5.4% and 20.6% respectively again a reflection of interest rates continuing to rise but with inventory levels continuing to shrink, down 20.6% from last month and 19.1% from last year and at their lowest levels in 3 years, prices will continue to be supported as buyers chase fewer available properties. As always if you have any questions on Real Estate or require a confidential analysis of your Real Estate please feel free to contact me at 805 886 9378 or at cristal@montecito-estate.com

I invite you to view my [Exclusive Properties](#) as well as [All Properties](#) in Montecito, Santa Barbara, Hope Ranch and the surrounding communities.

For comprehensive Santa Barbara area information and much more, please visit my website, Montecito-Estate.com.

805.886.9378
Montecito-Estate.com
Cristal@Montecito-Estate.com

[Like on Facebook](#) | [Follow on Twitter](#) | [Connect with LinkedIn](#) | [See Videos on YouTube](#) | [View Blog](#)

Copyright © 2012 Cristal Clarke, All rights reserved.

[Forward this email](#)