

Homeownership and Consumer Outlook

At UW Credit Union, we're here to ensure that those who want to achieve their homeownership dreams can do so confidently and successfully. Here's a synopsis of market conditions, along with steps buyers can take to reach their goals.

Falling rates and their implications

We continue to see a favorable borrowing environment for homebuyers. Already low mortgage rates have largely continued to remain low or drop even further. Fannie Mae reports that a majority of Americans feel it's a good time to both sell and buy a home, thanks to low rates and favorable views on job security and personal financial expectations.¹

Fannie Mae's Home Purchase Sentiment Index reported:

- 59% of Americans say it's a good time to buy
- 65% of Americans say it's a good time to sell
- 7% of Americans think mortgage rates will decrease in the next 12 months; 33% think rates will increase
- 86% of Americans are not concerned about losing their job
- 27% of Americans say their household income is significantly higher than 12 months ago

These trends may have numerous implications for homebuyers and homeowners alike.

Renters-turned-homebuyers. In Wisconsin, rent keeps rising. Madison and Verona have some of the highest monthly rent averages in the state, at \$1,253 and \$1,242 respectively.² Spurred by low borrowing rates, more renters may consider buying instead.

Refinance boom continues. With still-low rates, homeowners looking to pay off their homes sooner and save on interest over the loan term may opt for shorter-term refinances. Cash-out refinances may also prove a popular way to free up cash for responsible borrowers.

Home equity rises. The falling-rate trend will benefit homeowners who want to use their home equity with a loan or line of credit. U.S. homeowners are sitting on \$6.2 trillion in untapped home equity.³ The forecast looks favorable for those who want to use their equity.

Tight housing supply, higher home prices

Housing inventory levels throughout Wisconsin also have remained low. Here's a snapshot of potential impacts.

Rising home prices. Low housing stock and high demand are pushing home prices higher. This is great for sellers, but less than stellar for homebuyers, especially first-time homebuyers entering the market.

Selling vs. staying put. While the "mover-uppers" may benefit by getting their asking price—or above—they may also have to pay a premium for their next house. Consequently, some may decide to upgrade their existing home with a HELOC.

Tips for a successful home search

From a lender's perspective, here are some actions prospective homebuyers can take to increase their chances of securing their dream home.

- Get preapproved and get a preapproval letter before you go shopping. Given the competition for homes, sellers are less willing to deal with buyers who make an offer but subsequently may not qualify for a mortgage.
- When writing offers, allow reasonable time frames. No buyer wants to go back to the seller and ask for deadline extensions, especially as that can open the offer up and allow the seller to back out.
- Be mindful of how you write inspection provisions with the offer. Unless it's required by a certain type of loan program, lenders do not want to see or know what is in an inspection. It can lead to delays or additional underwriting conditions.

Why choose UW Credit Union?

We are a top Wisconsin lender with decades of experience helping people become homeowners.⁴

We offer:

- Local Mortgage Loan Officers in branches
- Online applications and easy rate quotes
- Wide variety of home loan products and competitive rates
- Free monthly first-time homebuyer seminars
- Low closing costs, including up to \$1,000 off closing costs for first-time homebuyers⁵
- \$250 closing cost credit with Premium Checking⁶

Call 800-533-6773, ext. 2810, to reach the UW Credit Union Mortgage Loan Department.

¹"Housing Sentiment Nears Survey High as More Consumers Expect Mortgage Rates to Remain Favorable," Economic & Strategic Research, 2020, Fannie Mae. ²"Wisconsin Rent Report-Year End 2019," Sanziana Bona, Jan 15, 2020, rentcafe.com. ³"What will happen to home equity rates in 2020?" Libby Wells, Jan 2, 2020, bankrate.com ⁴UW Credit Union is ranked among the top ten home loan lenders in the state based on information from county Register of Deeds Offices; CoreLogic. ⁵UW Credit Union closing cost credit is variable and may be up to \$1,000. Credit will be calculated on actual cost, excluding owner's title and transfer tax fees, and will be reflected on the Closing Disclosure (CD). Offer valid for purchase transactions only; refinances do not qualify. Offer valid for first-time buyers only. An individual is to be considered a first-time home buyer who (1) is purchasing a property; (2) will reside in the property as a principal residence; and (3) has had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the property. The discount will be applied at closing as a lender credit and reflected on the CD. This offer excludes VA, FHA, WHEDA, lot, construction and Rapid Refinance loans. Offer valid for first mortgages only. Offer is subject to credit approval and underwriting and is subject to change without notice. Mortgage insurance is required for transactions over 80% LTV. This offer requires an established UW Credit Union checking account. No other discounts apply; cannot be combined with any other offers. Contact us for details. ⁶Membership requirements apply. Member must have a UW Credit Union Premium checking account opened at least 20 days prior to closing date to receive \$250 closing credit, which will appear as a credit on the final Closing Disclosure. Offer subject to change and without notice. \$250 closing credit is not available to borrowers who receive our first-time homebuyer closing credit and is not available for the following loan types: lot, construction, WHEDA, FHA, VA, and Rapid Refinance. Contact us for details.

