MYERS CAPITAL HAWAII
Reed Myers
841 Bishop St Ste 1560
Honolulu, HI 96813

IN THIS ISSUE

© Copyright 2017 Blue Rocket Marketing. All rights reserved.
1 . 2702/2703

Reed Myers
841 Bishop St Ste 1560
Honolulu, HI 96813

LOWER YOUR PAYMENT?
SAVE INTEREST?
PAY OFF FASTER?
YOU CAN. JUST CALL.

Our financial reviews are always complimentary, and we know your time is valuable, so the bill is on us. Sharing coffee gives us the opportunity to get to know you and your financial aspirations in greater detail. This allows us to recommend solutions that work for you today, and also five, ten or 30 years from now.

Just mention this newsletter offer and we will find a time to meet.

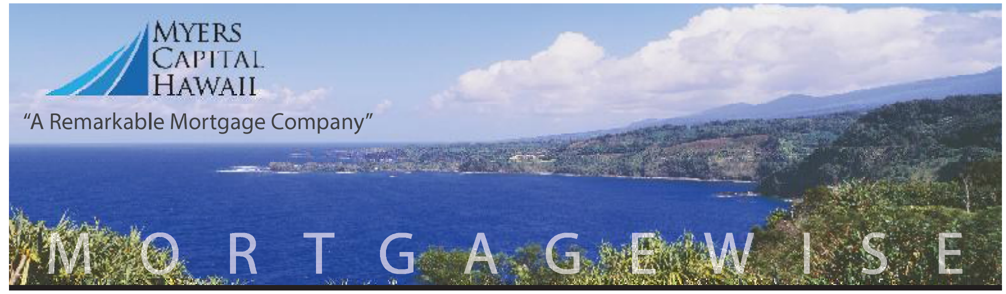
REFI HELP EXTENDED THRU 2018 FOR BORROWERS WITH LITTLE OR NO EQUITY

Eight years ago, in response to the financial crisis, the Federal Housing Authority (FHA) launched the Home Affordability Refinance Program (HARP) to help homeowners with little or no (or even negative) equity in their homes to refinance into mortgages with lower rates. While rates have risen from historic lows, current rates average about 4% for 30-year fixed refinances. This is still much lower than rates on loans taken out a decade ago.

Originally due to expire in 2014, the program has been extended multiple times. This last extension, to December 31, 2018, will probably be the last, as the FHA is working on a replacement program, currently called the High LTV Streamlined Refinance Program. Critically, the new program may only apply to loans closed on or after October 1, 2017. HARP applies to loans taken out before May 31, 2009.

More than 4 million homeowners have refinanced their mortgages under the program since it began, according to the FHA. But an estimated 5 million homeowners are still "underwater," with loans greater than their home's current value. Any such homeowner could qualify for assistance through HARP.

There are eligibility requirements, so if you think HARP could help you, call me, and I can check to see if you meet them. If so, and if we can lower your rate and payment, you should consider applying. Or tell a friend!



QUARTERLY UPDATE

The Fed Continues to Signal Gradual Tightening

As we look forward into 2018, we see strong evidence that we need to plan for a slow, steady rise in interest rates. The key driver that has been keeping mortgage rates near historic lows has been the Federal Reserve's desire to keep credit flowing through the economy. Its goal was to stimulate business activity, particularly in the housing market.

Throughout 2017, though, the Fed has been signaling that they want to reduce their influence in the economy and let interest rates return closer to their natural level. To that end, the Fed plans two moves. It remains poised to raise their key Fed Funds interest rate for the third time this year, in December. And it confirmed that it would begin the slow process of unwinding its massive balance sheet of mortgage-backed bonds, bought during the financial crisis to keep the mortgage market working.

These moves will both put upward pressure on longer-term rates.

Economic and Demographic Trends: Mixed Signals

Beyond the Fed, economic drivers of housing demand show conflicting impacts. This demand is driven by population growth, changes in household size, and pent-up demand. Population growth in the U.S. has slowed in recent years. Last year's increase of 0.7 percent was the lowest percentage gain since 1937. In contrast, in the 20 years prior to the last recession, growth averaged 1.2 percent.

Against that, the Millennial generation, which was slow to enter the housing markets ("living in their parents' basements while struggling with student debt" was the meme), has now started to take a more active role as first-time buyers. We see this in a drop in average household size: In 2006, average was 2.57 people per household; the most recent figure is 2.53, according the U.S. Census. Smaller households imply a greater demand for housing.

Flipping the script again, job growth has been slow, and wages are not rising quickly. This dampens housing demand! In response, we are seeing lenders ease down payment and debt-to-income requirements to allow more borrowers with strong credit histories to obtain financing.

Careful Lenders Monitor Local Housing Dynamics

Remember, lenders look at three pillars of ability when underwriting a loan: Collateral, Capacity and Capability. Collateral is driven by the value of the home being bought or refinanced. Capacity is measured by income and assets. Capability is based on your credit score (how well do you manage credit and cash flow?)

In underwriting, the hangover from the Great Recession continues, so capacity and capability are still being closely scrutinized. Collateral is measured not just through appraisals and home inspections. Local housing demand and price trends also get a close look. In the San Francisco Bay Area or Honolulu, for instance, tight supply of housing units does not allow consumer demand for housing to be fully met. That puts a nice floor under prices. Areas like Detroit provide the counterpoint: Plenty of supply with tepid demand keeps prices from rising. Tip O'Neill used to say "all politics is local." The same is true about real estate.

Let's Review Your Current Goals and Financing

Let's talk through your long-term plans and make sure your financing strategies best fit your needs, so that you don't leave money on the table. That conversation is always free-of-charge, so contact me at your earliest convenience.

Aloha!

For nearly two decades, Myers Capital has established itself as a leading mortgage and financial services company. Located in downtown Honolulu, Hawaii, we take an all-encompassing approach to solving your financing needs. We specialize in providing residential and commercial mortgages, business financing, and real estate advisory services.

Whether you are a first time home buyer, seasoned real estate investor, or business owner who needs capital, we can help. As a team, we recognize that exceptional service is a must and we hope to be your #1 resource in helping you achieve your financial goals.

Reed Myers

Reed Kawai Myers
Myers Capital
841 Bishop St Ste 1560
Honolulu, HI 96813

reed@myerscapital.com
808-566-6611
www.myerscapitalhawaii.com
NMLS# 322195 • 999782

Why Use A Mortgage Professional?

With numerous TV and radio ads touting "pushbutton" online lending, you might think that we've somehow transitioned to a world in which lending has somehow become so simple that a few keystrokes could flawlessly pull together the largest financial transaction you will make in life. Nothing could be further from the truth. In fact, lending is actually far more complex than before. Lenders remain cautious, even a decade after the financial crisis, and to qualify, it still requires an ocean of employment, income and asset documentation. I navigate this difficult passage daily for my clients. I can pilot you through the process more efficiently than you could yourself, and with a lot less stress! I also use my experience to anticipate documentation needs, and help you plan ahead for these. Even picking the right loan product is not like ordering socks online. Not everyone is better off with a 30-year fixed, so I help you make a smart decision about the loan that will benefit you most, and will find the right lender product to make sure you don't leave money on the table.

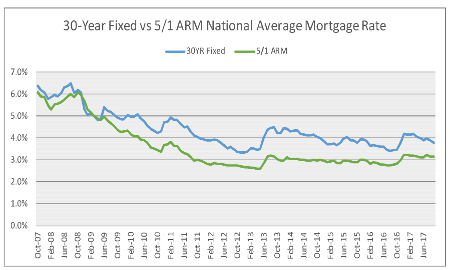
Adjustable Rate Loans

Experiencing Renewed Interest as Rates Edge Up

Many of my clients have been taking a longer look at Adjustable Rate Loans (ARMs) over the last year as fixed rate loan rates have risen from historic lows. The reason? ARMs may better fit the long-term goals of people who plan to sell their home to move up within ten years, or who plan on tapping equity with a refinance after their home has appreciated.

ARMs come with different terms to closely match your plans: Pure ARMs adjust monthly or yearly, for instance. The more popular hybrid ARMs (3/1, 5/1, 7/1, and 10/1) offer a more-traditional fixed interest rate during their initial terms of 3, 5, 7, or 10 years, respectively, after which the rate can adjust annually (that's the "/1" part of their name).

The reason ARMs are now getting a second look is their lower initial cost. Since ARM's can adjust down the road (after the initial fixed period), the borrower is ultimately agreeing to take on some of the risk of rates moving, in exchange for a better rate on the front end of the loan. And the shorter the fixed period on the front end, the better the rate. That means you get a lower monthly payment for the initial fixed term, which allows you to start inexpensively. If your income rises, you're in better shape if rates adjust upward later. Plus ARM's come with caps that limit the amount by which rates and payments can change. Even so, many borrowers refinance out before the rates can adjust.



Source: Freddie Mac

For a $300,000 loan, say, the monthly interest due on a 5/1 hybrid ARM (3.200% APR) could be about $113 less than that of a 30-year fixed-rate loan (3.875% APR) over the first five years of the loan. The ARM borrower would save nearly $7,000 in interest payments in those five years.

So if your time horizon for living in your home is less than 10 years, there's really no reason to pay extra for 30 years of rate protection. And as we've seen in recent years, sometimes rates eventually move down - - those who opted for an ARM in the mid-2000's were rewarded massively -- rates fell and have been low for nearly a decade. What goes up eventually comes down.

Bottom line, a thoughtful and savvy approach to home finance means we always look at all the options in the context of your financial goals and housing plans. Give me a call, and let's review these together (always free!) and make sure you have the best deal possible working for you.

Thinking About Investing in Real Estate?

Here are some potential benefits to consider

At some point, many people consider whether investing in real estate can yield long-term financial benefits for their future. Like all investments, it should be done with careful planning and guidance from professionals. However, for many, real estate investments have been a successful wealth-building strategy, and something worth evaluating.

A Flexible Investment

Depending on your financial aims, there are a few ways to use investment properties to build wealth. You can hold property to accumulate wealth through capital appreciation, deferring taxes until the property is sold. You can rent the property to generate cash

flow. You can add value by making property improvements. You can sell a property to release cash for new investments.

Relatively Predictable Values

Property values generally rise more predictably over time compared to other investments like stocks. Shocks like the 20% drop in value some real estate markets like Florida and Las Vegas experienced in 2007-8 are seen as once-in-a-generation events. And as we've now seen, big drops in value become buying opportunities for investors with a well-managed portfolio and good cash flow..

Tax Benefits

Investing in property provides a variety of tax benefits. As with any owned asset, you can write off many investment expenses, and you can usually apply depreciation and cost segmentation rules to defer or eliminate taxes (talk to your tax advisor.) Uniquely with residential properties, you can also eliminate some capital gains taxes by making an investment property your primary residence for at least 2.5 years within the five years before you plan to sell it.

Retirement Benefits

You can sell or downsize property to release money to fund your retirement. Or property can be passed on to your children, providing them with greater financial security for the years to come. This also comes with a stepped-up tax basis (tax-free if the individual's estate is valued under $5.25 million, or under $10.5 million for a couple; again, consult your tax advisor for specific guidance.)

If adding real estate to your investment portfolio is intriguing, let's talk about how to magnify the gains using financial leverage, especially before interest rates rise too much!

FIXED RATE HOME EQUITY LOAN | TODAY'S MORTGAGE RATES ~ TUESDAY 10-31-17 | PURCHASE | REFINANCE | CASH OUT

15 YEAR FIXED RATE 30 DAY LOCK 2.875% RATE | 3.117% APR | 30 YEAR FIXED RATE 30 DAY LOCK 3.500% RATE | 3.657% APR

"A Remarkable Mortgage Company" Since 1998

MYERS CAPITAL HAWAII
Your Purchase Specialist

808-566-6611 | myerscapitalhawaii.com | Davies Pacific Center | 841 Bishop St. | Honolulu NMLS999782

Rates as of 10/31/17 and can change without notice. Maximum loan amount $636,150. Requires 25% down payment. On a $300,000 30yr fixed rate loan at 3.500%, the monthly principal and interest payment would be $1347.13. On a $300,000 15 yr fixed rate home equity loan at 2.875%, the monthly principal and interest payment would be $2053.76. Your actual payment obligation will be greater. Does not include additional costs such as taxes and insurance premiums. Requirements and restrictions apply.

Thank You!

Thank you for reading this newsletter, and for allowing me to stay in touch. I hope you find this issue thought-provoking. Let me know what ideas the articles spark, and if I can answer questions or expand on those ideas with you.

Thank you, as well, for referrals you have sent me. Referrals from happy clients built my business, so I promise to give you, and your friends and family, the highest possible level of service.

Please contact me whenever I can assist you with real estate or home loan questions!

Reed Myers