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First Time Home Buyer - Buy Now with \$8000 Government Assistance - RealEstateMarketingThisWeek.com



<http://realestatemarketingthisweek.com/first-time-home-buyer/the-median-income-first-time-home-buyer-can-afford-twice-the-median-priced-home/> - The median income family can afford twice the median priced home -

Part 2 - And now I mentioned Dan Havey is back in the studio with us, Dan has done a lot of great things in the mortgage industry. He left us about a year and a half ago, is that right Dan?

Yes, I left the mortgage industry in October of 2007. Tell us a little bit more about yourself.

As you know I came originally from Wisconsin, where I got a degree in Business Finance and I came out here in 1989 and started working with my brother selling real estate owned-REO, bank owned properties for Fannie Mae, Countrywide, and the Resolution Trust Corporation-RTC which was the government entity that was put in charge of disposing of all the real estate owned by the 1800 S&Ls that had failed. I did that until about 1995 when I moved into the mortgage industry and there for 12 years I worked predominately with bankruptcy attorneys helping their clients get out of bankruptcy and foreclosure. I left the mortgage industry in October of 2007. Now I am working predominately in the arena of marketing for real estate and mortgage companies, helping out companies, just like I'm here helping out Michael today, to get people to realize that right now actually is a really good time to buy.

There are a couple of points I want to make and it was something that Michael had said earlier. The first one was that 4% interest rate. Originally Obama said a couple of weeks ago, when he rolled out the mortgage plan, that they were going to take the \$200 billion and use it to buy mortgage backed securities, well the article I was reading today said it appears that plan may have changed. Instead of buying the mortgage backs they were actually buying the stock of Fannie and Freddie to help support the company and keep these companies going under. I don't quite understand why being how they own them now.

Well you've got to hand it to the government they have really done a heck of a job helping Fannie Mae out, for instance today the stock is up to \$0.41. Wow, doing so well, I remember when it was \$150 or so, where it was at the top of the market.

Today, right now is definitely the best time even if rates don't get down to the 4% point. The beauty of it and we're going to talk more about this in a later segment, is that we have seen a 51% decline in home values from the peak of the market. So you don't have to have the absolute greatest interest rate in order to be able to buy a house today. The median home price right now is \$130,000 in Maricopa County, it was \$264,000 just two years ago.

So the median home price is \$130,000? We are going to talk a little bit about what a person has to make to actually qualify for that. Well it is definitely well within the means of a median income family. Right now a median income family makes about \$64,000 in the state of Arizona according to the US Census Bureau and HUD. I ran some numbers today, I think at 6% interest and at that rate they can buy a \$280,000 house. So you can buy twice the median home price if you are making just what the median income family would be in the state of Arizona. So the median household income buys double the median priced house in Maricopa County. That is correct, at 6% interest.

And the reality of it is interest rates are not even that high right now. So for people to be waiting for that perfect interest rate of 4% it doesn't really matter if it gets here or not because right now is such an incredibly fabulous time to be buying a house. There are so many foreclosures out there on the market right now, there are so many short sales out there on the market right now, and the point you made earlier is very important, that people have to get in and get prequalified, know exactly what they can buy. Now in many cases you are going to need a down payment, so get with your mortgage broker, get with Velocity Financial and start working on that program of getting those funds together for the down payment as well.

Dan Havey we talked in the past about whats available for financing these days, interesting to give little pat on the back for Velocity Financial is one of less than 15% of all of the lenders in the state of Arizona that are qualified to do FHA financed homes. Now FHA financing, people used to think it was only for first time home buyers, thats no longer the case. The FHA loan which only requires 3.5% down payment it doesnt matter if you have owned a home before and in many cases you can own another home now so long as your new purchase is going to be your primary residence you can utilize FHA financing and put only 3.5% down...
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