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PRESS RELEASE

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Historically Low Interest Rates Good News for Homebuyers

Florence, KY – August 18, 2011- Long, hot days of July did not deter Northern Kentucky home buyers from obtaining their “American Dream” home. In July, home sales (394) were up for the region over the previous year’s reported sales (318) by nearly 24%. While the monthly comparison (July 11-10) showed a 5.5% dip in the average selling price for those months, average prices year to date (\$150,680) were 4% higher than the same period of 2010 (\$144,808). “We’ve now reached a point where the First Time Homebuyer Tax Credit incentive is no longer reflected in the region’s sales stats,” said Mike Becker, President of the Northern Kentucky Association of REALTORS®.

Mortgage interest rates have fallen to unprecedented levels. “Whether they will remain this low over time is still to be seen” said President Becker, “but for now, first time homebuyers and those moving up can benefit by great values in home prices and unheard of mortgages rates.” Rates on 30-year fixed-rate mortgage hit a low for the week of August 11, averaging 4.32 percent. The 15-year fixed fell to 3.50 percent on average, reported Freddie Mac. An example of how lower rates increase the buying power of homebuyers is shown below:

Loan Amount	Term	Rate	Monthly Pmt	Balance after 5 YRS
\$150,000	30	4.32	\$ 744.07	\$135,360.00
\$150,000	30	5.00	\$ 805.23	\$137,743.00
\$150,000	15	3.50	\$1,072.32	\$108,440.00
\$150,000	15	4.25	\$1,128.42	\$110,156.00

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"We are at a fragile point in the housing recovery," says Becker. "Average prices have stabilized but active inventories and consumer confidence remain low. To regain consumer confidence, the focus must be on jobs. Creating new employment opportunities and sustaining employment in the region will boost consumer confidence in the housing market" he added. Area REALTORS® are working hard to keep the American Dream of homeownership alive. They actively lobby congressional leaders to keep interest rates low and urge them to enact legislation that will keep the dream of owning a home alive for all Americans. Currently, an issue is before Congress that, if enacted, will put many credit worthy homebuyers out of contention for affordable mortgages. The QRM Rule or Qualified Residential Mortgage Rule being proposed by Congressional Leaders could impose a minimum 20 percent down payment, stringent debt-to-income ratio requirements and rigid credit standards will deny millions of Americans access to safe, low-cost mortgages. Recent data on income, home prices and savings rates indicates that it would take 16 years for an average family with a median household income and normal expenses to save enough for a 20 percent down payment. A 10 percent down payment would take a family more than eight years to save. The impact on minority and first-time home buyers would be almost insurmountable.

Recently, the Coalition for Sensible Housing Policy submitted a white paper to Federal Reserve Chairman Ben Bernanke and other Federal regulators outlining many of the concerns that have been raised over the QRM Rule. The Coalition for Sensible Housing Policy is a diverse coalition of 46 consumer organizations, civil rights groups, lenders, real estate professionals, insurers and local governments who are concerned that the proposed QRM legislation would further impede economic recovery, the housing market, and become an unreasonable burden for all consumers. There is broad opposition to the regulator's QRM rule proposal among banking, housing and consumer advocacy groups who are focused on bringing attention to this important issue.

The 900 member Northern Kentucky Association of REALTORS® and the 1200 users of the Northern Kentucky MLS (NKMLS), Northern Kentucky's leader in the real estate information and services business, operates with a professional staff from 7660 Turfway Road, Suite 100 in Florence, KY. Both NKAR and the NKMLS work to protect the public's right to transfer real property and promote better public understanding of the profession and the real estate transaction process.

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