



Mortgage Rates Breach 50-Year Average

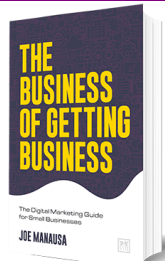


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Changes In Mortgage Interest Rates Impacts Buyers' Payment and/or Loan Amount

	\$400,000 Borrowed @ 30 Years		
	Rate	P&I	Vs. Low
All-Time Low	2.68%	\$1,618	-
Current	7.76%	\$2,868	77%
Current + 1%	8.26%	\$3,008	86%
	8.76%	\$3,150	95%
Current + 2%	9.26%	\$3,294	104%
	10.26%	\$3,587	122%
Current + 3%	10.76%	\$3,737	131%
	11.26%	\$3,888	140%
50 yr Avg	7.74%	\$2,863	77%

	\$2,868	P&I	Payment	Results
	Rate	Loan Amount	Vs. Today	
Today	7.76%	\$400,000	-	
	8.26%	\$381,453	-5%	
	8.76%	\$364,282	-9%	
	9.26%	\$348,362	-13%	
	9.76%	\$333,580	-17%	
	10.26%	\$319,834	-20%	
	10.76%	\$307,034	-23%	
	11.26%	\$295,098	-26%	
50 yr Avg	11.76%	\$283,952	-29%	
	7.74%	\$400,894	0%	

For the first time since November of 2000, mortgage interest rates pushed higher than the 50-year average. Last week's average rate (Freddie Mac's 30-year fixed rate weekly survey) reached 7.76%, slightly surpassing the 7.74% average recorded over the past 600 months.

The tables above demonstrate the impact of changing mortgage interest rates, which posted a market-low of 2.68% in December of 2020.

Back then, I strongly advised clients to buy as much house as they could handle, as future move-ups and move-downs would be very difficult when rates moved higher.

Somebody who chose to purchase in December of 2020 is sitting on a loan

that will make it very difficult to move.

For example, \$400,000 borrowed in December of 2020 to purchase a \$420,000 home yielded a monthly mortgage payment (P&I) of \$1,618 per month. Had that buyer chosen to wait until today, home values have appreciated 41% and interest rates have moved significantly higher (more than double).

The \$420K house would now cost \$592,000, and the same loan program would result in a loan of \$562K with a monthly payment of \$4,033!!

Thus waiting three years resulted in a payment that is 2.5 times what was required just three years ago! When you hear that home affordability is now a crisis, you can understand why.

