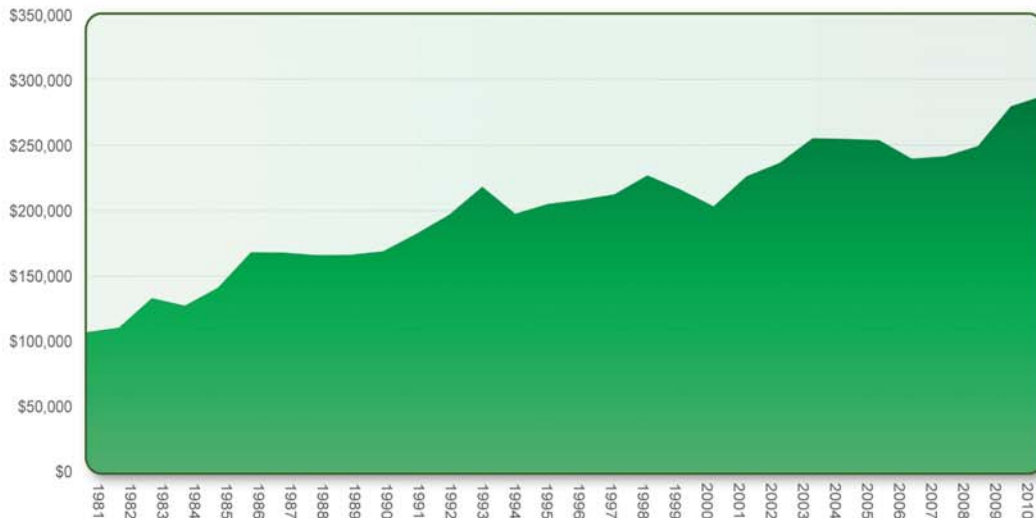


# Payments vs. Price



## The Purchasing Power of \$1500



Back in 1981, mortgage rates peaked at over 18%. Since then, rates have fallen pretty steadily and a home buyer's borrowing power has increased accordingly. Based on average 30 year fixed mortgage rates, the graph above illustrates exactly what \$1500 per month has equaled in loan amount.

In most cases, inflation erodes buying power and a dollar will no longer garner what it once did. Yet it's been different in the case of buying a home through this period as falling rates have actually kept your purchasing power ahead of rising prices.

Further still is that our average incomes haven't risen over time. As a result, that same \$1500 payment represents less of our pay and further bolsters a level of affordability which has just reached record levels.

Unfortunately, this trend will end. Interest rates will rise and so too will prices. The same home you can finance today with a low fixed rate loan will command an ever higher payment from those that wait.

Great opportunity is usually disguised by the uncertainty of the moment. Early in 2009 the Dow fell to 6500. In the media, all we heard was speculation about it falling further. While most panicked, a few wise investors stepped up to buy. They bucked the trend and have now come close to doubling their money.

No one can really say when, yet at some point, we will similarly gaze back and identify this time as one of the greatest home buying opportunities of our time. Whether we look back with regret or great satisfaction, all depends on the actions we take today.

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