KPL SELECT REPORT

THE MORTGAGE COMPANY DEDICATED TO THE CLIENT

www.kplselect.com

FIRST QUARTER 2014

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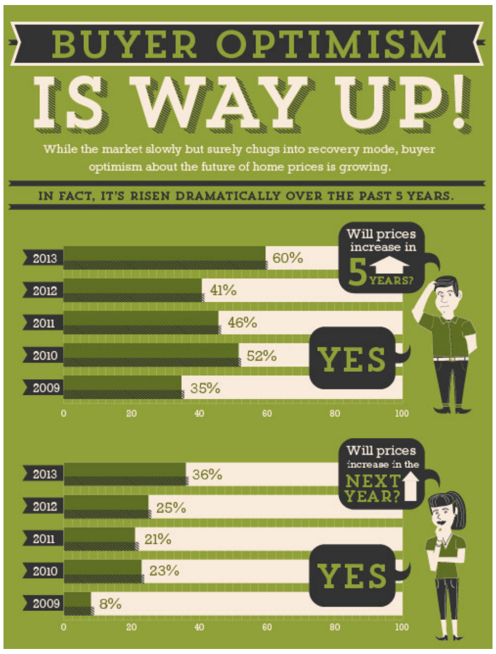

**Resource: CALIFORNIA ASSOCIATION OF REALTORS Homebuyers Poll 2013*

IN THIS ***ISSUE:***

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HOUSING FORECAST

NATIONAL & CALIFORNIA 2014

BY KELLY LYNCH

2013 NATIONAL MARKET ACTIVITY

Nationally, in 2012 we were at historically low 30 Year Fixed mortgage rates: 3.35%; at the end of December 2013, rates hit 4.58%. The unpredictability of the mortgage spike rates affected refinancing applications earlier and harder than any other measure of the housing market activity in 2013. The steady rise in home prices since January 2012 has helped thousands of previously underwater homeowners shift to a positive equity status allowing them to refinance or sell their homes. Nationally, almost 3.5 million homeowners were lifted out of negative equity between the end of 2012 and mid 2013. In 2014, these owners, previously underwater, will emerge from the sidelines and start selling and buying homes.

In the past year, sales of existing homes and condos rose by 11%, to 5.29 million — almost the highest level in four years. The National Association of Realtors expects sales to remain about the same in 2014. Sales nationally have increased across all regions and in all but one price category, signaling a broad-based recovery. More equity sellers are heading into the mix. Delinquency and foreclosure rates are improved. The pool of international buyers is growing. On the other side of the equation, First-time buyers are being squeezed out of the market, but as homes continue to be affordable, despite run-ups, on average, prices are still 31.5% below their 2006 peak. New home construction could be a game-changer in 2014.

CALIFORNIA MARKET ACTIVITY

The total number of California single-family homes and condominium sales fell by 14.3% from 2012 to 2013. Short Sales are down 57.6% from 2012 to 2013 and Bank REO resales are down 56% year-over-year. Median home sale prices increased 22% up to $408,600 from 2012 to 2013. In Nov 2012, distressed property sales decreased from 44.3% of the market to 23.4% in Nov 2013. Between Jan 2012 to Jan 2013 Cash Sales dropped to about 25% of total sales in recent months, but cash sales remain high and are predicted to be an important part of the 2014 real estate marketplace. Flipping of Houses (reselling a property within 6 months) market was at a low level in 2012 of 2.9% of the housing market and reached an interim trend of 4.1% by 2013 with a curious peak of 5.5% in February to June of 2013. Investor (LLC and LP) Purchases have declined over 48.3% since December of 2012 to 2013. And foreclosures are down 54% in the last 12 months.

The nature of California real estate seems to be euphoria, mania, and panic. Modest and calm could be absent again in 2014, ***BUT*** stronger economic growth makes home buying more attractive, as people are more confident in their jobs and incomes. History also shows us a pattern that higher inflation makes home buying more desirable. So as long as home prices remain below the level where affordability is out of reach, and mortgage rates are rising because the economy is on the mend, the housing market should be able to withstand another year of unpredictable rate turbulence in 2014. KPL SELECT MORTGAGE, INC. is here for your 2014 refinancing or purchase opportunities with competitive mortgage programs. We also offer a complimentary FIRST TIME HOME BUYER SEMINAR, sign up via our facebook page or join our mailing list to get upcoming seminar dates! (https://www.facebook.com/KPLSelectMortgage)

KPL SELECT MORTGAGE, INC.
Committed to Excellence Since 1992

**Resources include: Corelogic / Nat'l Assoc. Realtors / RealtyTrac / WSJ / Forbes / ULI / Bloomberg*

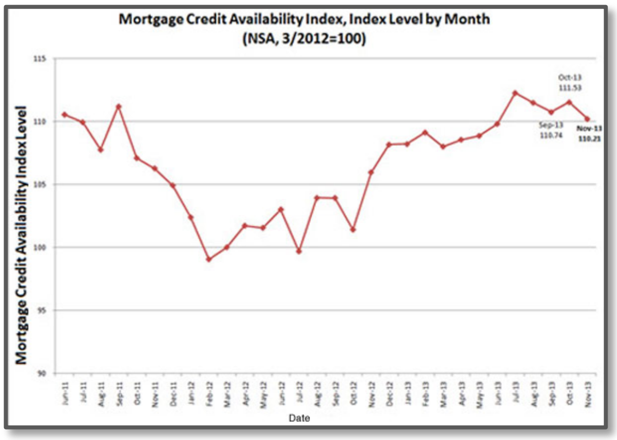
NEW MORTGAGE LENDING RULES YOU NEED TO KNOW ABOUT

BY: ANNIE GOTO

Dodd-Frank QM rules went into effect as of January 1, 2014 which were created to avoid a repeat of the housing and credit crisis that nearly brought the economy to its knees five years ago. But the regulations also could have the unintended effect of making it more difficult for many working-class families to qualify for mortgage loans offered by major banks. Financial institutions in the business of originating mortgages who plan to resell on the secondary market to government-sponsored mortgage buyers, Fannie Mae and Freddie Mac, will raise their standards even further for approving loans. Newly implemented regulations will require banks to limit DTI (Debt to Income) ratios to meet tougher Dodd-Frank ability to repay rules. The Dodd-Frank rules will prohibit banks from approving mortgages for anyone whose debt-to-income ratio is higher than 43%. Banks will also limit the fees for originating mortgages to no more than 3 % of the loan amount, which could discourage many institutions from pursuing loans for lower-priced houses.

The Ability-to-Repay rules will apply to most mortgage loans. However, they exclude certain types of loans such as home equity lines of credit, timeshare plans and reverse mortgages. HUD has also proposed a Qualified Mortgage standard for FHA loans that will have no debt-to-income limits. HUD said it was making the proposal in order to remain consistent with the housing department's mission to serve underserved borrowers. HUD announced reduced RHA max loans in high cost markets from $729,750 to $625,500 starting January 1st.

On the whole, the rules won't make a huge difference for most families—simply because lenders have already tightened lending standards drastically. The best evidence for this is the Mortgage Credit Availability Index published by the Mortgage Bankers Association. According to the association, the index would have hovered around 800 in 2007 if it had existed at the time. November 2013, it stood around 110, meaning it's much harder to get a mortgage than before the housing crash.



Your experts from KPL are closely monitoring the implementations of the New Mortgage Lending Rules and how banks and lenders adjust their mortgage loans effective January 2014. We work to maintain our Commitment to Excellence in Client Service and are looking out for your best interests. We are the mortgage company dedicated to the client.

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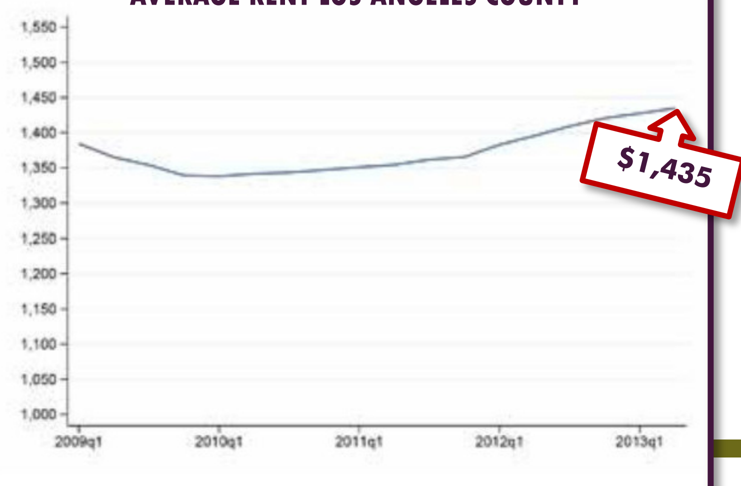
SOUTHERN CALIFORNIA **VACANCY RATES GET TIGHT!**

BY: ANNIE GOTO

USC Casden has released its annual report on Southern California rents (in LA, OC, SD Counties, and the Inland Empire) and these markets are TIGHT! USC Casden has seen the specter of rapidly declining vacancies, and declared two more years of rent increases. Across the four markets, nearly 6,700 new multifamily units were completed from spring 2012 to spring 2013, but nearly 11,900 units were absorbed during that time. Los Angeles County had the biggest rent increase in SoCal: Rents went up 2.86 % to an average of **$1,435** (Orange County is still the most expensive though, at **$1,572**). LA added 3,100 new apartments over the year (a **120% increase** in new units), but absorbed nearly 5,800. The vacancy rate dropped to **3.2%**. The report also predicts LA rents will increase by 1.8% between Spring 2013 and Spring 2014, and up to 3.8% by Spring 2015 with the greatest rent increases predicted to be in:
San Fernando | Pacoima | Mar Vista | Palms | Culver City areas.

Vacancy rates will most likely drop to 2.9% by 2014 and 2.6% by 2015. Venice | Santa Monica | Marina Del Rey will have the biggest vacancy decreases. 2014 is the time to invest in a rental property or call us to learn more about how KPL PROPERTY MANAGEMENT, INC. can help you maximize your existing rental property: **818-907-5757**

AVERAGE RENT LOS ANGELES COUNTY



Source: REIS & USC Casden Forecast

ADDITIONAL RENT STATISTICS FOR LOS ANGELES COUNTY

SANTA MONICA: Highest rent average = $2,328
CARSON/E. TORRANCE/LOMITA: Greatest vacancies (+33.3%)
BEVERLY HILLS/WEHO/PARK LA BREA: Highest rent increases (+7.6%)
INGLEWOOD/CRENSHAW: Highest rent decreases (-.39%)
CHATSWORTH/CANOGA PARK: Most new units in the market

KPL SELECT ESCROW IS NOW **MADISON CAPITAL ESCROW, INC.**

To better serve our client's needs and independent escrow services, we have officially changed our company name to MADISON CAPITAL ESCROW, INC. We continue to enjoy a reputation for excellence and provide high quality service with unparalleled industry knowledge throughout your escrow transactions. MADISON CAPITAL ESCROW, INC. works to be the preferred escrow company of the Southern California top real estate professionals and we concentrate on ways to better serve our clients, including quick response and turnaround times on escrow instructions and amendments, complete and accurate documents, providing in-house and traveling notary services, and we have the capacity to close significant monthly volume.

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We are 100% Woman Owned, LGBT certified and a certified Minority Business. We are an independent escrow company licensed by the California Department of Corporations (DOC).

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KPL SELECT PROPERTY MANAGEMENT, INC. FOR HIRE!

BY: ANNIE GOTO

If you're a part-time landlord managing your own rental property, you either already know or will soon discover just how easy it is to get blindsided by the unpleasant aspects of property management. The classic example is a late night call from a frantic tenant whose toilet is spewing sewage like an active volcano. But surprises come in other forms too: There's the tenant who calls with a long-winded sob story, conveniently ending with a desperate plea for some type of rent abatement. How do you muster the courage to say "No"? Won't this destroy your amicable relations?

Well, here's the solution: Hire KPL SELECT PROPERTY MANAGEMENT, INC. and insert some distance between yourself and the tenant. Our experienced and professional property managers are prepared to tackle the detailed aspects of your real estate leasing and administration property needs and bring even more value to your rental properties. Let us do the heavy lifting of listing and showing your property, screening tenants, collecting rents, managing tenant communications, maintenance requests, executing evictions, maintaining records, paying bills on your behalf, and overseeing required projects to maintain the property and save you headaches and your personal time. Among other assets, KPL Property Management, Inc. has: A rolodex of prequalified, insured, bonded and approved licensed contractors and vendors; Familiarity with local laws; And financial reporting software to show you how your property is doing. We have the knowledge, experience and resources to make your life easier! Call us today for a complimentary analysis of your property: **818-907-5757 x224**

LEEZA PIANO
SENIOR PROPERTY MANAGER
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CHECK US OUT!

WE'VE GOT A NEW LOOK!

KPL SELECT MORTGAGE, INC.
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THE MORTGAGE COMPANY DEDICATED TO THE CLIENT

www.kplselect.com WINTER 2014

KPL SELECT TEAM PHOTO **HIGHLIGHTS FROM 2013!**

Happy Hour ~ CHEERS!

Happy Halloween!

KPL Select Co-Chairs LAGLC:
An Evening with Women fundraiser

Holiday Toy Drive and Celebration 2012

KPL Select Mortgage, Inc. ON AIR KNX 1070 | KFWB 980AM

KPL Select Escrow at NAHREP Mixer

DODGER NIGHT ~ GO DODGERS!