

An Informational Newsletter produced and designed solely by
Brian Dixon - Real Estate Loan Consultant
First Security Financial Group

(707) 586-9366 X111 Fax: 707 581-1714

E-Mail: Bri@Jupe.com www.JUPE.com Cell (415) 258-5452

www.NorthBayReverse.com

Market and Economic News

Can you say
..Volatile?
I knew you could...

Well after rates have been pretty flat for some time, we had a very volatile Memorial Day week. On Wednesday the 27th, we saw the mortgage backed securities have one of the worst days seen in some time. Most mortgage rates went up as much as .50%+..Over the next couple days the trend reversed and rates improved a bit.

The reason for this volatility? Probably a few things going on. Markets are starting to get nervous about inflation. There have been some decent economic reports recently and the increasing oil prices do not help.

Another factor has been the spread between mortgage rates and US Treasuries. Treasuries have moved up recently with mortgage rates not really following.

After Wednesday, the mortgage rates retreated some getting back a lot of what they lost. Relatively speaking rates are still great when you are looking at a Conforming 30 year fixed at 5% or a little under..The range in the last couple months for a Conforming (max \$417,000) loan with 1 point (1% of loan amount) has been

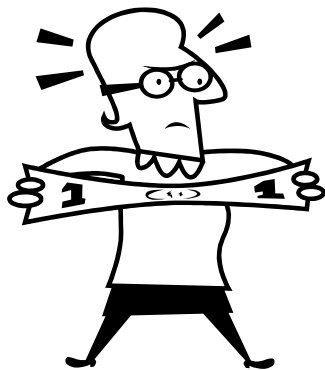
in the 4.5-4.875% area.

Activity has been up for refinances and also for purchases. One "silver lining" to this economy has been that people who would not dream of buying a home a few years ago, can now realistically afford a home. The availability of FHA financing has helped here, as these loans will still go with low down payments and are more lenient on credit scores than the conventional financing.

The Conforming maximum is still \$417,000, but the "High Balance" has been increased to a maximum of \$729,750 depending on your area (Sonoma is \$662,500). If over the "High Balance" the loan is Jumbo...The Jumbo market is still slow in its comeback of aggressive interest rates especially for a 30 year fixed loan. Best priced Jumbos tend to be in the 5 and 7 year options. FHA loans can also go "High Balance" up to \$729,750 with some of the same leniencies of low down and lower credit scores.

The maximum amount on an FHA insured Reverse Mortgage has been increased to \$625,000. This has made a large impact on what some Reverse clients can do. Also, as of the first of the year the FHA reverse mortgages can be used for purchasing a home.

Lots of silver linings out there...



The Reverse Corner

Many people are under the impression that a Reverse Mortgage is all about generating income for the homeowner . That is a large part of it, but there are many different pieces to the Reverse that are used by various homeowners. I will get into a few examples of different uses.

The maximum Reverse is now at \$625,000 which is a significant increase over just a year ago in the mid \$300's. Also, the Reverse Mortgage can now be used as a purchase loan. Prior to that a Reverse was solely for refinancing unless going to a bank that had their own Reverse (the non-FHA Reverse is pretty much non-existent right now). All borrowers must be over 62. There is no income or credit qualifying...Some scenarios:

- The basic scenario is an individual or couple who owe nothing or very little on their property and may be very tight with expenses. A Reverse can be set up to establish payments for "life" (tenure) or for a certain time period (term). This can be supplemented with a line of credit.

**For
Reverse Mortgage Info
Go To:
www.NorthBayReverse.com**

- Homeowner(s) are fine with income for the moment, but have a balance on their mortgage and would like to have less of a payment. They can use a Reverse to payoff the existing mortgage and have a new mortgage with no payments to them (in or out).
- Homeowner(s) own their home free and clear. Their income is limited, but enough. Their home needs some major repairs. They do not have the savings for this and could not qualify for a new mortgage. The Reverse could be used with a lump sum upfront and a line of credit for any additional repairs.
- Homeowner(s) still live at home, but may need some assisted living at an additional cost that insurance or other income may not cover. The Reverse can be used to establish a set amount of income each month that can be applied to the

FHA

Some reasons a Borrower may want to think about an FHA loan:

- Up to a 96.5% loan to value (100%+ may be possible in some circumstances)
- FICO scores as low as 620
- Can be done on recently listed homes
- For loans where a co-borrower not occupying the property is used, the debt ratios are blended (all borrowers combined under one package)
 - "Kiddie Condos" - Child going to college and parents buy a home with student as co-borrower. FHA looks at as if owner occupied and do not care if student does not make a cent of income as long as parents qualify. Most lenders would do as a rental property purchase with higher rates etc.
- Self Employed—1 Year of income—2 years industry experience.
 - Standard lenders want two years of being self employed
- Bankruptcy—Seasoning: Chapter 7, 2 years in general and Chapter 13, 12 months of satisfactory payment history.
 - Standard lending is 4 years since discharge for Chapter 7
- A short refinance—As opposed to a short sale, a homeowner may be able to do an FHA refinance negotiating with the existing lender to take a smaller payoff.

assistance, allowing borrower to stay in the home longer than they may have been able to.

- Homeowner(s) have family members needing assistance buying a house, paying for college etc. Homeowner(s) does not have the savings, but could do a Reverse to assist family member. This does not effect their monthly outflow and they are able to see the future inheritance at work now.

Many other possibilities with the Reverse. These can be done with a lump sum, monthly payments or a line of credit. A combination of all three can be done. It is up to what the needs and goals of the homeowner(s) are...

**Call or E-Mail to discuss
your specific situation.
Market changes on a daily basis.....**

Interest Rate Indexes as of May 29, 2009

11th District Cost of Funds	1.380
Prime(current)	3.250
12 Month MTA	1.340
1 Month LIBOR	0.454
10 Year Treasury(current)	3.470

sense to look at converting it now to today's low rates.

If you have a large line of credit balance, it could make sense to consolidate now before the Prime Rate starts to go up..

Many possibilities, just some less options than there used to be.

“ I hear rates are at very low levels. Should I look at refinancing?”

The 5 and 7 year have made a comeback

As you may have heard, the mortgage market is a little different now than it was 1-2 years ago. The stated income loan is pretty much non-existent. Credit scores generally need to be 700+ for the best pricing. For a standard loan, you do not want to borrow over 80% of the value, and high loan to value seconds are no longer around to make up the difference. FHA is there to make up some of the difference, but having to pay mortgage insurance can take away the advantage of doing these...

Depending on what your plans may be, looking at the 5 and 7 year options may make sense once again, especially with Jumbo loans. The rates right now can be .500-.750 lower than a standard 30 year fixed. If you think you may not be in the home much longer than the 5-7 year period, it could make a lot of sense to look at today...

So, if you still have equity, can document your income, and have credit scores in the 700+ area, it could definitely be a time to look at rates.

With the 30 year fixed loans having rates available under 5%, it can make sense for someone with an existing rate over 5.50-5.75% to look at these.

If a homeowner has a current loan that will be changing in the next couple years, it makes a lot of

Conforming Loan Sizes

- **1-family loans: \$ 417,000**
- **2-family loans: \$ 533,850**
- **3-family loans: \$ 645,300**
- **4-family loans: \$ 801,650**

Note: Conforming "High Balance" limits can go as high as \$729,750 for a one family unit.....Slightly higher rates

Please find built in business cards below. Cut one out for you and the other two for friends whom may be interested in discussing a Conventional or Reverse Mortgage.....Thank You

<p>Brian Dixon Reverse and Conventional Mortgage Consultant (since 1988) First Security Financial Group 101 Golf Course Dr. Ste D Rohnert Park, Ca 94928 (707) 586-9366 X1111 Fax—(707) 581-1714 Cell (415) 258-5452 E-Mail: Bri@Jupe.com WWW.Jupe.Com</p>	<p>Brian Dixon Reverse and Conventional Mortgage Consultant (since 1988) First Security Financial Group 101 Golf Course Dr. Ste D Rohnert Park, Ca 94928 (707) 586-9366 X1111 Fax—(707) 581-1714 Cell (415) 258-5452 E-Mail: Bri@Jupe.com WWW.Jupe.Com</p>	<p>Brian Dixon Reverse and Conventional Mortgage Consultant (since 1988) First Security Financial Group 101 Golf Course Dr. Ste D Rohnert Park, Ca 94928 (707) 586-9366 X1111 Fax—(707) 581-1714 Cell (415) 258-5452 E-Mail: Bri@Jupe.com WWW.Jupe.Com</p>
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Current Sampling of Rates and Loan Programs

A sampling of Fixed Rate Loan Programs

Program	Rate	Max Loan	APR
30 Yr	Market Changing on a daily basis. Please call or e-mail your specific situations and needs...		
15 yr			
7/1			
5/1			
30 yr			
15 yr			
10/1			
7/1			
5/1			
3/1			

All rates quoted above are at 1 point. Loans are available with higher/lower points. Rates effective Please Call.

Adjustable and Other Programs:

- ◆ Reverse Mortgages
- ◆ FHA Programs
- ◆ Interest Only Loans(not many)
- ◆ Stated Income Loans(very few)
- ◆ Rental property loans
- ◆ 5 and 7 year aggressive options
- ◆ “Hard Money” loans available (Tough properties, Poor credit, etc.)
- ◆ Many other programs available.....

- ◆ **Call or E-Mail for your specific needs!**

Many options are available. First Security Financial Group represents various lenders and loan programs. The above is just a sampling of what is available. Please give me a call for your specific case. We can do loans with higher points for a lower interest rate, or loans with a higher rate and lower costs. We can do Excellent credit to Poor credit. We can do loans on your primary residence or your rental. We can do loans on houses, condos, apartments, commercial buildings, etc. **Rates do change daily, call**

Return Service Requested

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