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The Legends Letter

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Conforming Loan Update

It seems like everyday we are flooded with nothing but negative news regarding our local real estate market, the mortgage crisis, job losses at some of the areas biggest employers, slumping home sales and of course the rising foreclosure inventory.

However, with all of the negative news there exists A Silver Lining to those present dark clouds.

The recently agreed upon Economic Stimulus package will benefit homeowners in literally every local Real Estate market. There are a number of provisions in this package but one in particular would temporarily lift the Conforming loan limits to as high as \$729,000. The current Conforming loan limit is \$ 417,000. Nationally 2 million homeowners are scheduled to have their mortgage interest rate reset this year. California certainly has its representative amount of homeowners waiting for their respective interest rate reset. As soon as the Economic Stimulus package becomes law, homeowners who have felt the effects of the recent mortgage crisis could benefit immediately.

Mortgage interest rates are currently at 5-year lows and with the recent action taken by the Federal Reserve Board; two rate cuts in 9 days, the likelihood of mortgage rates rising in the near future are remote.

The homeowner looking to refinance and or those looking to purchase a home will benefit greatly from this temporary increase of the Conforming loan limits. Those applying for loans will not only be able to take advantage of the Conforming underwriting guidelines but also receive the benefit of the current low Conforming loan interest rate environment. The current 30-year fixed rate loan for a Conforming loan is 5.5%. Compare that to 6.75% which is the going non-conforming interest rate for the exact same mortgage. That is a savings of more than \$500 a month on a \$500,000 mortgage.

Take advantage of this opportunity now. We anticipate a surge in mortgage applications once the conforming loan limits are increased. There is no cost or obligation to start the process.



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With over 25 years in the mortgage industry, Legends Financial offers the highest quality of customer service along with the most up to date technology in the Industry.

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