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(Continued from page 1)

is imposing their own rate adjustments and they are not uniform. The worst ones I have seen show a 1% increase in rate for loans in these categories!

Jumbo Lending, loan amounts greater than those that conform to Fannie Mae/Freddie Mac loan limits, is coming back to market at an increased pace as we move towards Covid-19 herd immunity. I even have a Jumbo lender who can write loans up to 89.99% Loan-to-Value, LTV, with no Private Mortgage Insurance, PMI, and offering this product for a cash-out refinance up to 89.99% LTV! That means a borrower can take cash out of the equity in their home on their primary residence, single-unit residential property, with only 10.01% equity in the home! We have not had products like this since before the Great Recession, specifically since before 8/2/2007.

One of the advantages of working through an agent like myself, who is aligned with the largest mortgage broker in the country, C2 Financial Corp, is that I have access to almost every lender who is lending through the broker channel. Currently C2 is approved with over 100 lenders. That means I can shop aggressively for rates and loan products. I have access to products that the institutional banks do not offer and that other smaller mortgage lenders/brokers can't provide. C2 pools over 1,000 agents under their umbrella, which means

we deliver loans in volume to the lenders we work with. This allows us to have preferential rates and service levels. I personally have 26 years of experience in the industry, so my relationships with many of the prime lenders we work with goes back 15+ years. As the #6 producer (out of 1,000+) at C2 for 2020, these lenders greatly value the relationship with me, which allows me to get things done more efficiently as well as negotiate special rates for my borrowers. I have the confidence to allow my buyers to write offers with no loan and no appraisal contingencies while closing purchase loans in 15-21 days. That can make all the difference in getting into contract to purchase a home in the currently impacted market.

*As always, your mortgage guy,
Viral (Vic) Joshi
Home of Real Mortgage Advice*

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Vic's Mortgage Report

"Home of REAL Mortgage Advice"



My mission is to help buyers qualify for the best loan available for their circumstance. I spend a generous amount of time with each client to educate them about how the mortgage industry works, through free "Mortgage 101" consultations, so they can make good decisions and get the best loan possible. I've revamped my website to give clients the best resources to supplement my consultations.

When I'm not doing loans, I'm an avid scuba diver and certified Rescue Diver. Eventually I'd like to become a dive instructor, so I can share the joys of this ocean sport with others.

I give back to the Monterey Bay Aquarium, Divers Alert Network (DAN), and the National Outdoor Leadership School (NOLS). I'm also a longtime Warriors fan with season tickets that I frequently share with associates and clients.



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Inflation on the Rise

Hi Friends,

Mortgage interest rates have continued to rise since my last update. Many of you, who are watching the ten-year treasury bond yield, already know that the party is over. After 12 months of being at or near historic lows, the party had to end, eventually. This move higher in mortgage rates, roughly .5% - .75% from the bottom last touched at the end of January 2021, may increase further as we head into May and June of 2021. The rising inflation data, confirmed by the Federal Reserve at their recent March 2021 meeting, is pointing to inflation heading over 2% and as high as 2.5% in the coming months. Whenever inflation goes above the Fed's 2% target, mortgage interest rates will rise. There is a potential for rates to fall back down again in the fall of 2021 when inflation readings look to fall back below the Fed's 2% target.

This rise in rates is slowing down mortgage refinances and is also putting pressure on potential home buyers to get into a home now, before rates increase further. Unfortunately, a severe lack of inventory nationwide, especially in California, is not helping buyers as they scramble to capture the low rate environment. Listings in the Bay Area, where I am located, are getting upwards of 30 offers and going for several hundreds of thousands of dollars above list price. Every offer written is expected to have no loan and no appraisal contingency, which is stressful for buyers. See last month's newsletter where I explained loan contingencies.



Another factor causing mortgage rates to rise is a recent rule change from the Federal Housing Finance Agency, FHFA, that governs Fannie Mae and Freddie Mac, which limits the amount of second home and rental property loans sold to those two investors. The FHFA has limited the percentage of loans sold to them in those categories to 7% of each lenders' overall portfolio. Currently, that percentage is around 9%. This new rule change will go into effect starting in April 2021, and lenders have already imposed varying rate increases to limit the amount of second home and rental property loans written. Each lender

(Continued on back page)

Contents...

• From the Inside...

"How does being 'self-employed' affect my mortgage application?"

- 6 Things That May Be Hurting Your Credit Score!
- 7 Easy Tips for Boosting Your Home's Value!

...And More Stuff Every Homeowner Should Know