



Formerly Cobalt Financial Corp.

4811 Telegraph Ave., #511
Oakland, CA 94609



Viral (Vic) Joshi

Branch Manager/
Loan Consultant

Cell: (510) 853-2407

DRE Lic. #01242935
NMLS #244388

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with the .5% rate increase we are experiencing this year in fixed rate mortgages. In some cases, the 5/1 ARM and the 7/1 ARM are offering almost identical rates. The 5/1 ARM is a 30-year mortgage with fixed interest for the first five years, which adjusts once per year after the initial fixed rate period. The 7/1 ARM follows the same terms with the fixed rate period for seven years instead of for five years. With the average home owner of a primary residence moving every 7 years or so, the 7/1 ARM could be an attractive option with interest rates typically .5% lower than 30-year fixed mortgages.

As many of you know, a large part of my practice specializes in land lease properties, also called leaseholds. Since the mortgage markets collapsed on 8/2/2007, there has been a lack of product for some leasehold properties. That has started loosening up in the last year or so. Fannie Mae tended to be the only institutional investor for leasehold properties where there is a resale restriction. I now have options for Fannie Mae, Freddie Mac, and FHA (Federal Housing Administration). This means on loan amounts over \$417,000, the standard Fannie/Freddie/FHA conforming loan limit, I can now offer cash-out first trust deed mortgages up to 75% loan-to-value, LTV. Previously, with Fannie as the only investor in these deed restricted leasehold properties, loan amounts over \$417,000 for cash-out were capped at 60% LTV, which basically capped the

cash out loan amount at \$417,000 for many of my clients in these types of properties. Now there are better cash-out options with Freddie Mac allowing cash-out up to 75% on these higher loan amount transactions. I also now have a 3.5% down payment option in these types of leaseholds using FHA as the investor. FHA will also allow cash-out up to 96.5% LTV on a cash-out refinance. Loan amounts for all of these products are typically capped at \$625,500 in most metropolitan areas in California.

More product options in the market are a good sign of the overall recovery in mortgage financing and in real estate in general. Pre-foreclosure filings are down to 2.6% from 5.5% in 2014, which is significant and speaks to the health of the real estate market. Look for more product updates in future newsletters as more products come to market.

Feel free to contact me for a *free* consultation if you want to see what types of products are available to you in the current market.

As always, your loan guy,
Viral (Vic) Joshi

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, **viral@vicjoshi.com**, so that I can put you on the mailing list.

Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

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Loan Consultant



Hello Friends,
July 16th saw
Greece come
to terms on
new austerity
measures that
would allow
for a third

EU bail out for this debt ridden nation. Stocks continued to hit higher and higher levels on the good news out of the EU regarding Greece, which reduced the amount of demand for bonds and helped to keep interest rates on the higher side for this year.

Janet Yellen in her testimony on July 16th indicated that she thinks the Federal Reserve is likely to increase their target Fed Funds rate of interest sometime in 2015, even though some voting committee members are still advising for an increase in 2016. The International Monetary Fund is still urging the Fed to wait until 2016 to increase the Fed Funds rate of interest, but it looks likely that the increase could come as soon as September of 2015.

There is more demand again for Adjustable Rate Mortgages, ARMs,
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Office: (510) 655-2868

Cell: (510) 853-2407

Fax: (510) 291-2824

viral@vicjoshi.com

www.vicjoshi.com