



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

PRESORTED
STANDARD
U.S. POSTAGE
PAID
MONUMENT, CO
80132
PERMIT #57



Compliments of: Viral (Vic) Joshi

C2 Financial Corporation is licensed by the CA Dept. of RE, License #01821025 • NMLS #135622

(Continued from page 1)

it has been important to have a loan application in process, so that the lender will allow the market to be locked before it runs higher again. This is the normal process during every refinance-heavy period, identifying at what rate it would make sense to refinance and getting those loans set up to be able to capture the rate drops when they happen. Since there is no application fee with me nor any monetary commitment, it is a no-cost opportunity to be in line to capture the best rate.

The majority of mortgage refinances I am closing now and during any refinance run are where the rate drops .5% or more, compared to the current rate, with the lender paying all of the closing costs (one-time, third-party fees). With the recent property appreciation of the past few years, many of the refinances I am closing also have no appraisal requirement. The investor/lender underwriting system can agree with the valuation I input into the system by accessing various automated valuation applications and then allow for no appraisal. When doing a “rate and term” refinance where we are simply reducing the interest rate and not taking any cash out of the property’s equity, we have a very high probability of avoiding an appraisal. In addition to reducing the rate, many borrowers are taking advantage of the low rate environment to take cash out of their equity to fund home improvement projects, pay off other debts, and fund their portfolio, including their retirement. Paying for kids’ college tuition is another area that can benefit from a “cash-out” refinance.

Prior to the recent rate drop, many borrowers who wanted to access the equity in their homes were more inclined to take out a Home Equity Line of Credit (HELOC) in second position behind their existing first mortgage. There are a few major differences with using a HELOC to access equity versus doing a first mortgage, cash-out refinance. The interest rate on a HELOC is adjustable and can go up and down with the Prime Rate. Also, the monthly interest paid on a HELOC in second position is no longer tax deductible, while the

interest paid on mortgages in first position may be tax deductible. I am not a tax specialist and not allowed to give tax advice, so please check with a tax professional to better understand the tax ramifications of your mortgages. Having a HELOC with a credit limit that can be borrowed against can be beneficial if the borrower simply wants access to their equity without having an immediate need for the cash. The monthly interest owed on a HELOC is paid on any balance that is on the HELOC each month, like a credit card. As the balance goes up and down, the amount of interest owed also fluctuates. A HELOC with a \$0 balance would not have any payment. Another difference is that a HELOC in second position to an existing first mortgage is more difficult to qualify for than a cash-out refinance in first position. Investors/lenders perceive the HELOC in second position to be of higher risk because in a foreclosure situation, the lender in first position gets paid first when the property is sold. From a rate perspective there are major differences between a fixed rate, first mortgage and a HELOC. The Prime Rate is directly affected by the rate decisions made by the Federal Reserve. While first mortgage and fixed-rate mortgages tend to follow the Fed eventually, the Prime Rate is affected immediately by the Fed’s rate decision for their target rate, The Fed Funds. Prime is always 3% higher than the Fed Funds and was at 5.5% before the Fed’s rate decision on July 31, 2019. At the time I am writing this update, the Fed’s rate decision hasn’t yet been made, but the market is anticipating a .25% rate cut, which is part of what is fueling the drop in mortgage rates. With 30-year fixed rates falling to below 3.875% APR in many cases, taking cash out in a first mortgage refinance is getting more and more attractive when compared to doing it via a HELOC.

Please feel free to contact me directly for a *free* credit check and mortgage consultation.

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

Vic’s

Mortgage Report

“Home of Free Mortgage Consultation”

Viral (Vic) Joshi

*Branch Manager/
Loan Consultant*



Hello Friends,
Mortgage applications are up significantly with the bulk of them being for refinances. Month over year, the market is 80%+ higher in refinance applica-

tions. Naturally, this increase in mortgage activity is interest-rate driven with the entire months of June and July having seen mortgage rates down as much as 1% from the same time last year. I have been inundated with new loan requests, but this hasn’t stopped me from being able to reach out pro-actively to my existing client base on an individual level to help people reduce their mortgage liability. If I haven’t reached out to you personally, it most likely means your current rate is still too good to change through a refinance or that I just haven’t gotten down the list far enough yet. Feel free to reach out to me for a *free checkup* to see if you can benefit from the rate drop now or in the future.

Rates are likely to continue on a downward trend heading into 2020. A recession in 2020 could see rates fall even further with some industry pundits suggesting we could get back to the lowest levels last seen for four months in 2016, post the Brexit announcement. In this most recent run on rates, the market has hit bottom a handful of times and each time it seems to stay there for a day or even a few hours, before rates start increasing again. In order to capture the market once rates touch a low level,

(Continued on back page)

Office: (510) 655-2868

Cell: (510) 853-2407

Fax: (510) 291-2824

viral@vicjoshi.com

www.vicjoshi.com