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the borrower puts down a 5% down payment. The benefit of this product is that the borrower can put only 5% down and still avoid PMI, Private Mortgage Insurance. The rule of PMI is that any time there is a mortgage where the loan amount is greater than 80% of the purchase price/property value, the lender requires the borrower to pay for a PMI premium that is paid monthly with the regular monthly principal and interest mortgage payments. PMI can add hundreds of dollars to the monthly mortgage payments and does not benefit the borrower. If the borrower misses a payment, the insurance company providing the PMI will pay part of the monthly payment to the lender. PMI does nothing to benefit the borrower, so avoiding it is in the borrower's best interest. The piggyback second mortgage at 15% of the purchase price/property value will come at a higher interest rate than that of the first mortgage, but the overall payment will be less by avoiding PMI, and there may be better options to write off the interest compared to writing off PMI. I am not a tax professional, so I cannot give tax advice so check with your tax person regarding write-offs as part of the process of looking into a combination loan option to avoid paying PMI.

Until recently, the only other combo loan option that was available was the 80/10/10 where the first mortgage loan amount is 80% of the purchase price/property value with a 10% LTV simultaneous second mortgage and a 10% down payment. The new 80/15/5 will work with borrowers that have credit scores as low as 680 and where the loan amount exceeds the standard Fannie Mae/Freddie Mac loan limits.

Now we have stated income options that can help self-employed borrowers qualify for mortgages and we have more combo loan options to help borrowers avoid PMI. As the national foreclosure rate continues to sit at record low levels following the tightening of mortgage products, we are going to see even more new products come back and become available. Now all we need is more inventory to put these new products to work for home buyers, which will in turn further help the economy. Feel free to contact me for a free consultation to go over the recent changes in mortgage options that may benefit you.

I am hoping that all of you are safe and sound after the natural and unnatural events that have been in the news recently. Best wishes to you all.

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.

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Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

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Hello Friends,

Mortgage rates continue to be flat, but are still near the lowest levels of this year.

Somehow the stock market keeps hitting record highs despite the tragic events occurring in our country and abroad. Usually, when there is uncertainty we see investors go to the safe haven of U.S. Bonds at the expense of the stock market, which in turn suppresses mortgage interest rates. Instead, the stock market keeps booming and mortgage rates have stayed relatively flat, but still in a good spot for borrowers. We are still anticipating a Fed rate hike in December of this year.

Mortgage credit continues to loosen with more products and options becoming available. Nine years after the mortgage markets collapsed, we are seeing investors increase their appetite for products that were prevalent prior to the recession. One such product is the 80/15/5. 80/15/5 refers to a combination loan where there is a first mortgage at 80% loan-to-value, LTV, combined with a second mortgage that closes simultaneously at 15% LTV and

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