

What Can We Do For You?

- ◆ We can guide you through the maze of the current lending market place.
- ◆ The GFE (Good Faith Estimate) has gone from two to four pages and is even more confusing! We can explain it.
- ◆ We fight it out with the underwriters (lenders) for you.
- ◆ We shop for the lowest pricing on your behalf.
- ◆ We have portfolio lenders who will make common sense loans to meet "out of the box" needs.

What Do We Do?

- ◆ Single-family and 2-4 unit residential mortgages
- ◆ HELOC's and 2nds
- ◆ Commercial mortgages
- ◆ Construction
- ◆ Consulting: RE, O & M, sustainability

Typical 30 yr fixed today (6/25):

4.375 % rate

1% loan fee

4.508% APR

The PLETTER

Residential Lending in 2010

The "NEW" Market...

Residential lending is pretty much back to 1990. That is because almost all (95%) of loans made are being sold to FNMA (Fannie Mae) and FHLMC (Freddie Mac). These two conduits are now owned and operated by the Federal Gov't. So; it is kind of like getting your loan at the post office. Common sense is out and the "rule book" is in. However, frustrating this may be, it does allow for some predictability. The downside is that if your situation falls outside of the box of what the "rules" indicate, you are in for a rocky ride. This also means that lenders are pretty much contained

to conforming loan limits:

\$417,000 in most areas and \$715,000 in "high cost" areas (HI and CA). Above these amounts, loans (Jumbo) are harder to obtain. Jumbo loans have required lower LTV (loan to value) and higher pricing. This; combined with the federal tax break for first time borrowers as well as the availability of low cost foreclosures and short sales have factored into the upswing in the low end of the market. As the low end of the market continues to stabilize, the "move-up" market should start to recover.



Please visit our website for more information
www.paladin-financial.com

Broker #'s LO MB-134073 and-
 MLO-116613

"Pricing"— How much will this cost me?

Pricing is not as simple as it was five to eight years ago. We are now in the world of "risk based" rates. This means that "bait and switch" is alive and well. When you hear or see advertised that a mortgage rate is 4.875% or that it just nudged above 5%; forget it. The actual interest rate is determined by the applicants credit score, how much they put down on a purchase or the LTV (loan-

to-value) of a refinance, owner occupancy vs. investment or 2nd home, loan amount and the list goes on. So; if the applicants have only 5-10% down or equity and they have less than a 720 credit score, they are likely to see an additional .25 or .75 addition to the baseline rate. Additionally, the adage "there is no such thing as a free lunch" still applies when lenders advertise "no cost" or "no

fee". Closing costs such as appraisal, escrow services, etc. and fees still and always will exist. If someone is advertising "no cost/no fee" this simply means that it has been built into your interest rate, thus making the loan more expensive. The question then becomes pay now or pay later. On a positive note, the Fed as kept short term rates low which have helped to keep mortgage rates low as we climb out of the recession.

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