



New Regulations for Conforming Jumbo Rates

The new guidelines for the **Jumbo FNMA and FHLMC mortgages over \$417,000** have been released and the **good news** is that we now have the pricing and we can process fixed rate loan applications right away. However, there are some surprises in the guidelines which limit the types of loans that can be done. Also, the lenders are quite busy now and these loans are manually underwritten until the Automated Underwriting Systems are updated, so please be aware that the time frame to close is a little longer than normal.

Today the **30 year fixed rate is 6.625% with Zero Points and a 6.67% APR** (excellent when compared to a 7.25% rate for a Jumbo non-FNMA rate) on a 30 day lock basis and **6.375% on the 15 year fixed rate** with zero points (APR is 6.45%). However, there are some adjustments for Loan to Value and Credit Score, so please call or email us for a specific and very detailed Good Faith Estimate. We expect that as more lenders make these programs available and more investor funding is available that the relative pricing will improve. The new 5 Year ARM rates and program information is expected to be released soon.

In **King, Pierce, and Snohomish Counties** the new limit is **\$562,500**. Kitsap County is \$475,000 and San Juan County is \$593,750. Other counties in Washington state have very little or no change in the \$417,000 limit. **Purchases** are limited to 90% Loan to Value with a 700+ middle credit score, and an 80% LTV and below requires a 660+ middle credit score. **FNMA Refinances** are limited to covering closing costs and a maximum of \$2,000 in cash to the borrower at 75% maximum Loan to Value and it cannot include paying off an existing second mortgage (it can be subordinated but please allow some extra time and it cannot exceed a maximum 95% combined Loan to Value). **FHLMC** allows for a 75% LTV cash out refinance on primary residences if the borrower has a 720+ credit score. For a **second home or an investment property (single family only)** the limit is 60% for both purchases and refinances with a 660+ credit score. All of these loans are with **fully documented income**, a full interior appraisal, and the Debt to Income Ratio has a **45%** maximum. The new loan limits and underwriting guidelines will remain in effect until December 31, 2008.

Rates for **conforming FNMA and FHLMC loans of \$417,000 and less** are still quite good with the 30 year fixed rate at 5.875% today with zero points (the APR is 5.93%), and the 15 year fixed rate of 5.50% with zero points and has an APR of 5.58%. Call us on 206-325-8400 or email Conrad@fedmtg.com for details on any loan scenario.

New FNMA and FHLMC Guidelines provide much better Jumbo rates however they limit cash out and increase the credit score requirements

Mortgage Rates & Index History

