

RTC Mortgage Corporation



Richard T. Cirelli
President
RTC MORTGAGE CORPORATION
Phone: (949) 494-4701
Fax: (949) 494-6703
rick@RTCmortgage.com



CERTIFIED
MORTGAGE
PLANNING
SPECIALIST



NMLS: 288267 DRE: 01117142

JUMBO LOANS

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Yes! JUMBO Financing is available. Judging by the inquiries that I receive; there is confusion regarding the availability of Jumbo financing. Hopefully I can answer some of your basic questions.

Definition: A jumbo loan is one that is larger than the "conforming" loans offered through various lenders by Fannie Mae and Freddie Mac. In Orange & L.A counties, a Jumbo loan would be any residential loan larger than \$625,500.

Guidelines: Unlike Fannie Mae/Freddie Mac loans, each lender is free to establish their own guidelines. Consequently, there is some variation and flexibility among different lenders as opposed to Fannie/Freddie where the guidelines are exactly the same for everyone. Since the mortgage meltdown a couple of years ago there is no organized secondary market in which jumbo lenders can sell their loans. Therefore, lenders that offer jumbo loans need to hold them in their own portfolio, at least until sometime in the future when there are buyers for Mortgage-Backed Securities comprised of jumbo loans.

Loan Programs: Some lenders offer just ARMS's fixed for 3, 5, 7, and 10 years and some offer 15 and 30-Year fixed rate loans. Interest Only payments are offered by most lenders, particularly on the ARM's.

Loan Amounts: There a big difference among lenders here. Some cap out at \$1M, some at \$2.M and some at \$5M. I do have some Private banking relationships that will go beyond \$5M too.

Interest Rates: Again, lots of variation but in general, ARM rates range from about 3% to 5% depending on the length of the fixed term. Fixed rates presently range around 4.50% - 5.50% up to \$2M and a little higher for larger loans. Interest rates can fluctuate daily so call for an up-to-the minute quote.

Loan-To-Value: Again, lots of variation among lenders but in general: 80% to \$1M; 75% to \$1.5M; 70% to \$2.5M; 65% to \$3,5M and 60% to \$5M. Exceptions are possible for strong files.

Occupancy: Primary and Second Homes only right now. I'm not aware of any Jumbo lenders offering financing on Investment properties yet.

Other Restrictions: Minimum FICO scores vary from about 680 to 720. Some will not lend on condos. Full Documentation of Income and Assets with all lenders, good cash reserves after closing is important; 2-4 units can be difficult to finance.

Regarding 2-4 units, keep in mind that the Fannie Mae/Freddie Mac loans allow Non-Owner occupied financing and the limits are much higher: 2 units = \$800,775; 3 units = \$967,950; 4 units = \$1,202,925.

The Bottom Line on Jumbo's

- Refer to an experienced mortgage broker that has several options, such as RTC Mortgage. Direct lenders don't have alternative options if your transaction does not meet their guidelines. You also want your client to have the opportunity to get the best rate and too and there is a vast difference among the few jumbo lenders out there.
- Always get Pre-Qualified in advance. There are too many potential pitfalls if you wait until they find a house before meeting with a qualified mortgage professional.

Please give me a call for more information about this or any other type of Residential or Commercial mortgage financing.

Your Trusted Mortgage Advisor with over 35 years of Experience