



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



**CERTIFIED
 MORTGAGE
 PLANNING
 SPECIALIST**



RTC Mortgage Corporation

Fannie Mae/Freddie Mac Loan Level Price Adjustments

Effective April 1, 2009, all loans purchased by Fannie Mae and Freddie Mac must contain price adjustments for certain risk-factors according to the chart below. Depending upon the borrowers Down Payment or Equity and FICO Score, these additional fees will have a major impact on the cost of a loan.

Purchase & Refinance Loans w/o Cash-Out up to \$417,000:

Step 2: Find Your Loan-To-Value Range								
Step 1: Find Your Credit Score	Credit Score	≤ 60%	> 60% & ≤ 70%	> 70% & ≤ 75%	> 75% & ≤ 80%	> 80% & ≤ 85%	> 85% & ≤ 90%	> 90% & ≤ 95%
	≥ 740	-0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	≥ 720 & < 740	-0.25%	0.00%	0.00%	0.25%	0.00%	0.00%	0.00%
	≥ 700 & < 720	-0.25%	0.50%	0.50%	0.75%	0.50%	0.50%	0.50%
	≥ 680 & < 700	0.00%	0.50%	1.00%	1.50%	1.00%	0.75%	0.75%
	≥ 660 & < 680	0.00%	1.00%	2.00%	2.50%	2.25%	1.75%	1.75%
	≥ 640 & < 660	0.50%	1.25%	2.50%	3.00%	2.75%	2.25%	2.25%
	≥ 620 & < 640	0.50%	1.50%	3.00%	3.00%	3.00%	2.75%	2.75%
	< 620	0.50%	1.50%	3.00%	3.00%	3.00%	3.00%	3.00%

Step 3: Find The Intersection of Your Mortgage Price Adjustment

Step 4: Add Additional Adjustments:

Condominiums	0%	0%	0%	.75%	.75%	.75%	.75%
Investment Property	1.75%	1.75%	1.75%	3.00%	3.75%	3.75%	n/a

Step 5: Multiply the LLPA by the Loan Amount:

Total Adjustments: _____ x Loan Amount: \$ _____ = Cost: \$ _____

Ex: Total Adjustments: 3.00% x Loan Amount: \$400,000 = Cost: \$12,000

Other adjustments apply for Cash-Out refinance loans, interest-only loans and High-Balance loans between \$417,001 & \$625,000

Your Trusted Mortgage Advisor with 33 years of Mortgage Experience

Get Used to Paying Points

Until recently, borrowers could obtain loans with no points and in some circumstances could avoid paying Closing Costs too (Escrow, Title, Appraisal, etc). This was possible because lenders would allow borrowers to accept a slightly higher interest rate and in return would pay the loan originator a fee called a Yield Spread Premium that the originator could then use to pay the borrowers closing costs. This was the basis for the "No-Cost Refinance". A point, or 1% of the loan amount, would equate to approximately a .25% change in the interest rate.

Recently, lenders have reduced the Yield Spread Premiums (YSP) offered to originators. In order to obtain the best rates, borrowers now have to pay points or some fraction of a point. This eliminates the possibility of a No-Cost Refinance and even a No-Closing Cost Purchase transaction. At the same time they have reduced the YSP, they have widened the interest rate spread between a loan with no points vs. a loan with points. For example, if a borrower wanted a no-point loan the rate may be as high as 6.0%. But, if he was willing to pay a point, the rate may be only 5.0%. Faced with that large of an interest rate spread between buying a point or not, most borrowers will opt for paying the point. The savings in the form of a lower rate and payment will pay for itself in about a year.

Fannie Mae/Freddie Mac Appraisal Policy:

Effective with all loans originated on or after May 1, 2009:

A lender will not accept any appraisal report completed by an appraiser selected, retained, or compensated in any manner by any other third party (including mortgage brokers and real estate agents).

All members of the lender's loan production staff, as well as any person who is compensated on a commission basis upon the successful completion of a loan or who reports, ultimately, to any officer of the lender not independent of the loan production staff and process, shall be forbidden from: selecting, retaining, recommending, or influencing the selection of any appraiser for a particular appraisal assignment ...

Higher Fannie/Freddie Limits Go in Stimulus Bill

The \$825 billion economic stimulus package drafted by House Democratic leaders will restore the \$729,750 GSE loan limit in high cost areas until year-end 2009. The package also includes a provision that increases the loan limit on Federal Housing Administration-insured reverse mortgages to \$625,500 from \$417,000 nationwide. Congress originally raised the maximum loan limit on Fannie Mae, Freddie Mac and FHA loans to \$729,750 in February 2008 as part of the first stimulus bill. But that provision expired Dec. 31 and the loan limit adjusted downward to \$625,500 where it stands today. In addition to raising the maximum loan limit, the House bill expands the definition of high cost areas by allowing regulators to designate wealthy residential communities as "sub-areas" within a metropolitan statistical area. If the maximum loan limit in an MSA is \$650,000, for example, the loan limit in the sub-area could be \$729,750.

About RTC Mortgage Corporation:

RTC Mortgage Corporation, located in Laguna Beach, is a full-service mortgage company specializing in Residential and Commercial loans. RTC obtains the best rates and terms available in today's financial markets.

Richard T. Cirelli, owner and operator of RTC Mortgage Corporation, is an industry veteran and a Certified Mortgage Planner, with 33 years of mortgage and financial experience. Before locating to Laguna Beach, Rick's background includes holding executive positions at some of the nation's largest and most respected mortgage banking firms.

His goal is to obtain the best rate and terms for his clients and work with their Tax and Financial Advisors to integrate their mortgage into their overall long and short-term financial plans. He helps his clients obtain wealth by managing their home equity to increase Liquidity, Safety and Rate of Return while minimizing income taxes.

Rick Cirelli is a 3-time Chairman of the Laguna Board of Realtors Affiliate Committee and is active in several Laguna Beach organizations including the Laguna Beach Chamber of Commerce, the Laguna Beach Business Club and the Rotary Club of Laguna Beach.