

It's Time For A Mortgage Checkup

By J. Lennox Scott

The financial markets are wreaking havoc on many areas of the economy, causing some people who are thinking about buying a home or refinancing an existing home to question their options. The truth of the matter is that there are still plenty of options for both and contrary to what you're seem in the media, it doesn't require perfect credit. I'll start with refinancing.

The media has done a bang-up job of scaring homeowners into thinking that there are very few options available to those looking to refinance. Yes, with the recent turmoil in the financial markets, credit standards have tightened, but there are still plenty of refinancing options available. And while interest rates have bounced around a bit, they're still at historically low levels and offer great opportunities for those looking to refinance.

If you're thinking about refinancing, here are some things to consider: Are you in a Fixed Rate or an Adjustable Rate Mortgage (ARM)? If you have a fixed rate loan, it may make sense to refinance to a lower rate. If you have an ARM, it may make sense for you to refinance into a fixed rate or into another ARM to extend the fixed payment period. Do you currently have a 1st/2nd mortgage? If you currently have a 1st/2nd mortgage it may make sense for you to refinance into one loan to lower your monthly housing payment. Do you currently have a great deal of debt in addition to your home loan? Even if you have a low interest rate on your home mortgage, it may make sense to consolidate your debt into one loan to reduce your total expenses.

Now onto the adjusting conforming loan limits. If you are a homebuyer, something to keep in mind is that the temporary loan limits that were set earlier this year are due to expire soon. The passage of HR 3221 has resulted in a permanent increase to the conforming loan limits. While this is a positive move for the market overall, the new permanent limits are lower than the current temporary limits which are set to expire at the end of 2008.

Because of the wide spread between conforming and jumbo interest rates and product availability, certain price ranges will be negatively impacted by the expiration of the temporary loan limits. What this means is that if you're a buyer looking to purchase a home between \$570,000 and \$630,000, I recommend talking to your real estate agent and/or lender as soon as possible. Although the limits expire at year end, we are already beginning to see lenders pull back on these programs with most requiring that that loans under the temporary loan limits close by early December.

The key is to get in touch with your real estate agent or loan officer and ask them for a preliminary mortgage checkup to ensure that you are aware of the opportunities that exist within the current market conditions.

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