



November 20th, 2016

Jumbo loans. Cross-collateralize and put as little as 5% down.



Details:

- We use a different property to help secure the loan on the subject property. Alternate property can be in another state.
- Credit Score: 680
- Max LTV: 95%
- Max Loan Amount: Depends on collateral and quality of borrower
- Options for primary, secondary, and investment properties

Who is this for?

- A buyer trying to purchase a new property but hasn't been able to sell their other residence. This method can act as a bridge loan.
- Recently retired borrower not yet ready to sell their primary residence but ready to move to the beach.

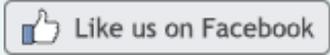
Recent Closings:

- \$1M Purchase in Destin - helped raise credit score by approx 60pts - 58% DTI exception
- \$580k Primary purchase in Buckhead, Atlanta
- \$700k Investment Purchase - Inlet Beach - No tax returns
- \$538k Investment Purchase in Blue Mountain - Closed in 27 Calendar Days
- Cash-out refi in Destin
- \$715K Purchase in Waterhouse Condos, Seacrest - Using Asset Depletion
- \$3.25M Purchase in Watersound Beach
- Jumbo Purchase in Seacrest Beach cleared to close in 20 days
- \$2.1M Purchase in Watercolor - Self Employed w/ 5 LLC's
- \$1.6M Second home purchase in Rosemary Beach financed in under 30 days
- \$485k New construction primary home in Watersound Origins
- \$175k Town home purchase in Santa Rosa Beach FHA loan credit score under 620
- Purchase on future income closed in 20 days
- \$2.9M Second home purchase in Rosemary Beach

Spotlight: Beautiful Home in Regatta Bay

- \$1,233,500 Purchase Price
- Primary Home

If you like to hear about **RECENT CLOSINGS** please follow us on Facebook



Rates this week. Rates are on the move. Time to get buyers off of the fence.

- We have seen a spike in rates over the past week. They may settle back down, but if you have a buyer on the sidelines this could be a good reason to act. Mortgage rates are still historically very low.
- Increases in rates will dramatically affect the buying power your clients currently have.
- Take a look at the attached document which explains buying power and the impact on DTI ratios



COSTS OF WAITING

How an increase in interest rates can affect real estate buying power

In January we wrote about expected rate hikes by the Federal Reserve and what they could mean for mortgage rates. Since then we have seen the Federal Reserve increase rates slowly, yet we are still experiencing our record low mortgage rates. Mortgage supply over the end of the year has caused mortgage rates to increase slightly. With another additional Fed increases, it's quite possible to see a continued trend.

Speculation of further rate hikes, a growing economy, and political uncertainty will likely fuel an increase in rate over the remainder of the year. The real estate market has had an incredible recovery, so there is room to increase rates. Increasing rates would even be prudent. When you look at the 30 year mortgage rate chart below, it really puts into perspective the reality of 3-6% interest rates, which we had just a few years ago. Borrowers and their advisors need to understand the impact these increases could have on their ability to purchase.



Hold to Income				
*Annual income \$200,000				
Interest Rate	Loan Amount	Principal paid Interest	Debt Service Ratio	Debt to Income Ratio
4.00%	\$1,000,000	\$4,774.15	11.50%	17.50%
5.00%	\$1,000,000	\$5,066.00	12.50%	19.25%
6.00%	\$1,000,000	\$5,368.22	13.50%	21.00%
7.00%	\$1,000,000	\$5,672.50	14.50%	22.75%
8.00%	\$1,000,000	\$5,979.25	15.50%	24.50%
9.00%	\$1,000,000	\$6,288.00	16.50%	26.25%

In a second home market, the most advantageous pricing for a mortgage goes to the borrower that can support the property as a true second home, meaning he will not rely on the income of the property. The table above illustrates the monthly cost and debt servicing ratios per million in borrowed funds. Keep in mind, most lenders have a maximum monthly Debt to Income ratio of 43%.



Another way to illustrate the impact of interest rates is to look at the buying power of a set monthly budget of \$5,000. The chart above represents home purchasing ability based on this \$5,000 monthly budget.

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Costs of Waiting - Handout

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