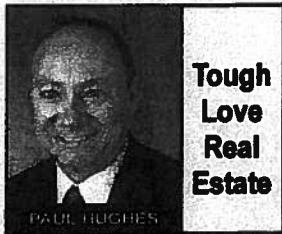


# REAL ESTATE SOURCE

## Home Financing Available Amidst Wall Street Woes



impossible to borrow money to buy a home. Fortunately, that's not the case.

The good news for those home sellers and buyers is that mortgage money is still available. And, it will likely remain so with some form of government intervention to prevent further deterioration of the credit markets.

The impact of the federal stimulus package has actually enabled Fannie Mae and Freddie Mac to purchase larger mortgages than previously allowed, and many of the local savings banks are playing a more important role than ever before.

Penn Johnson, president of Stamford Mortgage Company, reports that "clients with a good down payment, good credit, and verified income are still getting their loans approved."

All the news of bank failures, the collapse of Wall Street investment banks, and the government takeovers of Fannie Mae and Freddie Mac has created the perception that it is nearly

"Seventy per cent of our clients," he continued, "are unaffected by the recent changes. What is harder," he continued, "are loans with smaller down payments, weaker credit, and/or loans without income verification. To these potential home buyers, things are clearly more difficult."

Surprisingly, Johnson reports "most ninety per cent financing programs are still available for houses and condos for loans of up to \$708,750. And there are situations where financing up to 97% is still offered by certain lenders."

"For those borrowers who require adjustable rate mortgages and/or mortgages over \$708,750 " says Johnson "the major lenders are priced out of the market because of an inability to sell into the secondary market. But we represent a number of local banks that lend from their own portfolio and have very competitive rates."

Another piece of good news is the increased availability of FHA (Federal Housing Administration) insured loans in Fairfield County. "The FHA," explains Johnson, "insures mortgages up to 97% on loans up to \$417,000 and up to 95% on loans up to \$708,750."

"But," he adds "the maximum loan of \$708,750 under the temporary stimulus package - and for FHA insured loans - will be reduced at year end." So buyers looking to take advantage of lower payment mortgages on larger loans need to close their purchases by year end.'

Johnson also strongly advises buyers to obtain letters of pre-approval for financing before making any offers to purchase. "And," he adds "anyone pre-approved more than a month ago should check back with their lender because approval guidelines are constantly changing."

Finally, Johnson notes that all the lenders and private mortgage insurance companies have different guidelines. So if a buyer's lender can't provide financing, they should check with a reputable mortgage broker before giving up.

"A lot of purchases," he said, "can be saved by picking the right lender who can handle a particular lending situation."

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