

“How to avoid paying Jumbo Rates on a Jumbo Sized Mortgage”

I have never written a letter like this before, and I likely will not write one like this again. But, with the current develops in the mortgage market, it is very important that any home owner with a jumbo sized mortgage read this information.

The term "jumbo mortgage" was created for a Wall Street-bound loan. Loans are categorized into “buckets” based on the characteristics of the loan. These buckets include conforming mortgages, jumbo mortgages, and FHA mortgages among others. Your mortgage goes into the jumbo mortgage bucket if the loan amount is greater than \$417,000.

Each loan type must meet the restrictions required by Wall Street. Rates for each “bucket” or loan type are based on Wall Street’s appetite for that particular type of mortgage. Right now, Wall Street does not have an appetite for jumbo mortgages. When there is less appetite from Wall Street, rates increase.

Wall Street’s appetite for jumbo mortgages started declining in the Fall of 2007 with the meltdown of subprime loans. Since that time, rates on jumbo mortgages have dramatically increased compared to conforming mortgages (loans that are under \$417,000).

When applying for a jumbo mortgage, don’t be surprised if you are quoted a rate of 8% or higher, even if you have excellent credit. You can also expect to pay significantly higher loan fees on a jumbo mortgage.

Here’s the good news... just because your loan size exceeds \$417,000 doesn't mean that you have to pay these high rates and fees. Avoiding the high rates and loan fees of a jumbo mortgage is actually easy -- all you have to do is keep your loan *away* from Wall Street.

How can that be? It’s simple, a *non*-Wall Street loan isn't subject to the same restrictions as a loan headed for Wall Street. This is why bypassing your neighborhood Big Bank in favor of a smaller, niche mortgage lender could save you tens of thousands of dollars in interest in a short period of time. Examples of these Big Banks include Wells Fargo, Citi Bank, Bank of the West, US Bank, etc.

Unlike Big Banks, niche mortgage lenders don't package their mortgages for Wall Street and this allows them to make their own mortgage lending rules. And, on *top* of that, mortgage rates from niche mortgage lenders *are dramatically less than* what Wall Street has to offer.

Let’s take a quick look at some Wall Street loans from the Big Banks based on a \$650,000 home located in Douglas County, NE with a \$520,000 loan amount for a borrower with excellent credit.

Big Bank Name	Loan Type	Interest Rate	Points	Your Cost Over 5 Years
Wells Fargo	30 Year Fixed	9.875%	\$5,200.00	\$257,890.87
US Bank	30 Year Fixed	8.625%	\$5,200.00	\$224,941.20
American National Bank	30 Year Fixed	8.500%	\$0.00	\$216,450.39
Bank of the West	30 Year Fixed	7.875%	\$6,500.00	\$206,512.66
Chase	7 Year ARM	8.625%	\$7,150.00	\$226,891.20
Bank of the West	7 Year ARM	7.500%	\$7,800.00	\$197,965.60
Wells Fargo	5 Year ARM	7.875%	\$5,200.00	\$205,212.66
Bank of the West	5 Year ARM	7.125%	\$7,800.00	\$188,132.73
Chase	5 Year ARM	7.125%	\$5,200.00	\$185,532.73

Competitor rates as of October 30, 2008. Comparison based on loan amount of \$520,000, property value of \$650,000, 60-day lock, no escrows, excellent credit, property located in Omaha, NE. Extra loan fees include loan origination and discount points and are in addition to normal closing costs.

Surprised by these rates? Most homeowners are. Wall Street's lack of appetite has significant negative impact on Big Bank jumbo mortgage rates. In a normal mortgage market the Big Bank rates above would all be between 6% and 7%. Unfortunately, we are not in a normal mortgage market.

Now let's take the same loan, and look at the rates on a jumbo mortgage that will not be headed to Wall Street.

Loan Provider	Loan Type	Interest Rate	Extra Loan Fees	Your Cost Over 5 Years
The Private Mortgage Group Diamond Preferred Mortgage	5 Year ARM	5.750% (5.796% APR)	\$0.00	\$144,438.10
The Private Mortgage Group Diamond Preferred Mortgage	7 Year ARM	6.000% (6.047% APR)	\$0.00	\$150,942.42

Annual Percentage Rate based on a 30 year loan of \$520,000, property value of \$650,000, 60-day lock, no escrows, excellent credit, property located in Omaha, NE. All Annual Percentage Rates include the cost of expenses paid at closing. All the rates you see here are effective November 4, 2008 and can change without notice until you lock in your rate. Please remember, all loan applications are subject to credit and property approval as well as maximum loan limits.

Are you starting to get an idea of the dramatic difference in rates between Wall Street and non Wall Street loans? Just imagine saving \$40,000 or more on your mortgage in the next five years. The Diamond Preferred Mortgage from The Private Mortgage Group can save you that much or more.

In addition to much lower rates, the Diamond Preferred Mortgage loan has some great features that are not allowed on Wall Street loans including:

- No escrows for taxes and insurance
- Interest-only option
- No disclosure of assets
- Credit scores down to 650

If you're having trouble finding a bank to service your jumbo mortgage, call me at (402) 392-5805 to discuss your options.

Sincerely,



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P.S. You are invited to an exclusive preview our Diamond Preferred Mortgage. This exclusive preview is by invitation only and is not available to the general public. To preview the Diamond Preferred Mortgage visit www.theprivatemortgagegroup.com/diamond.html.