

# Va Jumbo Loans

Contributed by admin  
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There has been much hoopla about the changes that have been made for the past year in regards to Fannie Mae, Freddie Mac and FHA. Freddie and Fannie have created Agency Jumbos along with FHA creating it's own FHA Jumbo loan program. Loan limits have been raised to help struggling borrowers refinance out their adjustable loan programs into 30 year fixed. But even though the stimulus package signed back in March of this year was passed to help current and first time home buyers, it missed the mark in helping out one of the most important citizens of our country. The men and women of the armed forces.

Our men and women who train and serve to protect our country were left out in the cold due to the VA loan program not being included in the stimulus package modifications. But now with the new Housing and Economic Recovery Act of 2008 passed and signed by the Congress, Senate and President, the loan limits with which the VA will guaranty up to 100% LTV have now been raised. This change also includes VA Jumbo Loans. What, you didn't know the VA had a jumbo loan program? Well, yes it does.

Previously to the Housing Recovery Act. VA loans were guaranteed up to \$417,000, which meant a veteran could purchase a home with a zero down payment or 100% LTV up to \$417,000. However, if that same veteran wanted to purchase a home above the \$417,000, it would be considered a VA Jumbo loan. VA Jumbo loans are calculated much different than a standard conforming VA loan. On top of that there is a requirement of a 25% down payment. I can just here some of you now, "If I had a 25% down payment I wouldn't need a VA loan." As I mentioned, a VA loan is calculated differently. Here is an example.

Prior to the Recovery Housing Act signed on July 30th 2008.

Veteran wishes to purchase a home for \$600,000:

1. The 100% LTV/no money down policy still applies for the first \$417,000.
2. You then take the difference between the purchase price of \$600,000 and the \$417,000, which is \$183,000.
3. The veterans 25% down payment is now based on the \$183,000 difference. You then take 25% of \$183,000 which is \$45,750. On a \$600,000, that is a down payment of \$45,750 which is an 8% down payment.

Now let's take a look at the same example with the changes made in the Recovery Housing Act of 2008. One of the most important changes is that the VA will now guaranty a loan up to 100%LTV to 25% of the current Fannie/Freddie stimulus package loan limits. For example the current Fannie/Freddie limit for Sonoma County is \$662,500. 25% of that is \$469,875, Let's look at how that affects the previous example.

1. Veteran wishes to purchase a home for \$600,000.
2. With the new limits, the no money down policy now applies to the first \$496,875.
3. You then take the difference between the purchase price and \$469,875 which is \$103,725.
4. The veterans down payment is now based on the \$103,725 difference. Again you take 25% of \$103,725 or a down payment of \$25,931.25. That is a down payment of 4%.

Of course once you begin moving into the jumbo loan arena there are restrictions. Loans above the \$417,000 watermark usually come with credit score restrictions. On average the credit score minimum is 660 at the moment. The veteran must also have at least 2 months of reserves equal to their monthly payment. However, the current maximum loan amount is \$1,000,000.

Compared to the current jumbo rates, the VA Jumbo loans are running about 1.00 - 1.50 points below standard jumbo rates, and the borrower does not have to put down 20 -25% down payment as in standard jumbos. Remember, there is no monthly private mortgage insurance, although there is a one time funding fee that can range from 1.25% to 3.3% of the purchase price.

As a Regional VP of Operations and National Director of Operations, Scott has had the opportunity to manage and train Loan Officers, Processors, Underwriters, Closers, Post Closers and Pricing/Secondary Market departments. It is there in the "back room" where one learns the intricacies of the loan process and gains the expertise in processing and working closely with the underwriters who make the final decision on a loan.

Now a Branch Manager, Scott utilizes his 10 years of experience to tailor each and every loan to both his client's current and future needs. But more importantly, Scott delivers the quality customer service he not only demanded from his former staff, but would expect if he himself were applying for a loan. Both borrowers and Realtors realize quickly the commitment Scott makes to each and every one of his clients.