

Low Rates Keep Real Estate Strong **By Jeff Cooper**

Home buyers continue to benefit from low mortgage rates, and that produces a vibrant real estate market. But you shouldn't take today's great rates for granted. Economists say that at some point the Federal Reserve's rate increases will cause mortgage rates to rise.

Additionally, the dollar is weakening in value against other currencies. While that helps American exporters, a weak dollar also will mean higher rates in the future.

Homeowners with fixed-rate mortgages have few concerns about tomorrow's economic events. Your property will tend to go up in value with time, and yet your payments won't change.

STABLE PAYMENTS

Households with adjustable-rate mortgages should consider moving into a fixed-rate loan soon, if they plan on staying in their current house for at least a few years. Although adjustable loans can help buyers make a purchase, their payments typically rise as time passes.

You also may have a home equity credit line that's based on adjustable rates. Putting your balance into a fixed-rate second mortgage could be a smart move to make now.

Today's low fixed-rate mortgages can help you enjoy stable, affordable payments as long as you live in your home. But act soon, since no one can be sure how long today's great financing opportunities will be available.

Fannie Mae and Freddie Mac recently announced that in 2005 they'll purchase mortgages as large as \$359,650. That's an eight percent increase from last year's \$333,700 loan limit.

Freddie and Fannie are government-chartered firms who purchase home loans from lenders. Their goal is to insure that home financing is always readily available throughout the country.

Because of their implied government backing, Fannie and Freddie can offer attractive financing terms when buying "conforming" loans. Generally buyers must pay higher rates when they need larger "jumbo loans." Here are some ways you can take advantage of today's higher conforming loan limits:

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* You can benefit from low rates when purchasing a home with a mortgage up to the loan limit. A house you looked at last year, which then required a jumbo loan, may qualify for better financing terms now.

* Homeowners with jumbo loans may be able to refinance into a conforming loan now, and reduce their monthly payments. Higher loan limits, combined with a reduction in your loan's balance since you first purchased, may allow you to refinance into a lower-rate mortgage today.

* Many buyers can save even if their dream home apparently requires a jumbo loan. You can take out a first mortgage up to the conforming limit, and fund the remaining amount of your purchase with a smaller second mortgage.

Your total housing payment then may be less than if you had a jumbo first mortgage. When combined with our current low rates, higher conforming loan limits increase the opportunities to do well in today's real estate marketplace.