

The Mortgage Exchange, Inc.

MONEY MATTERSCathy Leamy
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www.themortgageexchangeinc.com**From the Editor: Take time to do an annual mortgage review**

It's that time of year again: tax time, Christmas bill time, annual mortgage review time. In these semiquiet days after the holidays, please take time to look at your mortgage with these questions in mind:

- Will we need money for cars or college?
- Do we have mortgage insurance that could be dropped?
- Do we have a loan on which the interest rate will start adjusting?
- Is it time to move up in housing or move from a rental?



Call today for an appointment to go over your loans to make sure we save you the most possible. Housing appreciation continues here in the valley, and interest rates continue to change on adjustable rate loans.

Reverse mortgages offer options to older owners

Last fall, The Mortgage Exchange began a partnership with Wells Fargo to offer its reverse-mortgage program. This program allows homeowners who are at least 62 years of age and occupying the home as their primary residence to pull equity out of that home, either as a lump sum or as a line of credit as needed.



This income is tax free, and receiving it does not affect Social Security, SSI, Medicare, or Medicaid benefits. No repayment of the loan is required until the home is no longer the borrower's primary residence. And, Wells Fargo is working to reduce the fees associated with these loans.

Carrie here at The Mortgage Exchange processes these loans. So give her a call; she's happy to answer all your questions.

Idaho Housing loans benefit first-time buyers

We are now able to provide Idaho Housing loans to our clients. These loans, available as part of a program with the Idaho Housing and Finance Association, exist to help first-time buyers with a certain income level realize the dream of owning their own home.

This program, which is based on a 30-year term, currently carries an interest rate of 5.32%, with the buyer paying mortgage insurance monthly. If the buyer wants to finance the mortgage insurance as part of the loan, the interest rate would be 5.82%. Both of these situations assume the buyer doesn't have 20% down.

Buyers can take also advantage of these options:

- Buy downs to lower the interest rate.
- IHFA assistance with down payments.
- Loans with 100% financing.

For more information and qualification guidelines, call today.

Changes to FNMA loans make entering housing market easier

To help more homebuyers get into the housing market, the Federal National Mortgage Association (FNMA), has loosened some restrictions on its 0 Down programs. Changes include:

- Alternative credit is OK. We can now build a credit file based on utility bills, rent, and other credit items that don't appear on a credit report.
- Credit scores below 620 are acceptable, with some restrictions.
- 30-year, 40-year, and Interest Only loans are available.
- Income limits may be waived.
- No homebuyer education is required.
- The first-time homebuyer requirement has been dropped. The FNMA will allow people who have owned a home before to apply for the program.

With these changes, we can now get a better interest rate for more homebuyers. If you, your family, or friends have questions, call Carrie or Cathy.

Helping you through the mortgage maze...

Mortgage insurance to be tax deductible for 2007

Starting with loans originating as of January 1, 2007, mortgage insurance will be tax deductible, with some restrictions. While this doesn't help you with your taxes this year, it will help you if you plan to take out a new or different home loan in 2007.

Mortgage insurance is the premium paid by borrowers who do not have at least a 20 percent down payment. Borrowers must continue to pay this premium until they have 20 percent equity.

With this change to the tax laws, borrowers with adjusted gross incomes of \$100,000 or less can now deduct 100 percent of all mortgage insurance premiums.

For borrowers with adjusted gross incomes of \$101,000 to \$110,000, the deductions are phased out at 10 percent increments.



This change is important for people buying a home without the 20 percent down payment. Often, these buyers consider taking out a first and second mortgage combination to avoid paying mortgage insurance. These borrowers can now consider taking out one loan with mortgage insurance.

Whether you consider only one loan with tax-deductible mortgage insurance or a first and second mortgage combination depends on your situation. As a rule of thumb, if a second would carry an interest rate of 2 percent or more above the rate of the first, then having just one loan with mortgage insurance might result in a better payment.

Should it stay or should it go? When to shred old documents

Still have credit-card statements from 1996? Wonder when you can finally say goodbye to bank records? Here are some guidelines.

- **Bills and receipts.** After one year, shred paid bills and receipts except those for big purchases. Keep the bills for big-ticket items to prove their value in case they are lost or damaged.
- **Bank records.** After one year, shred checks except those related to mortgage payments, home improvements, taxes, and business expenses.
- **Tax records.** Keep for seven years.
- **Credit card receipts.** Keep until you get your statement to make sure your purchases match up. Then, you can shred all except those for big-ticket items or possible returns.

- **Credit card statements.** Keep for seven years if tax-related expenses are listed.
- **Paycheck stubs.** Keep until you receive your W-2 form in January of the following year so you can verify the income listed on your stubs against the W-2 form.

Source: January TrueCredit newsletter

Free Tax Advice

If you're looking for help with your taxes, free new tools are available at:
www.nationaltaxadvice.com

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