

As we transition into 2012...

Dear Clients, Associates & Friends of CenTek Capital Group:

Our mortgage market remains volatile. That said, with rates sticking at the historical lows we started seeing in September, we are seeing a lot of excellent financing opportunities for both potential buyers and current homeowners.

On the purchase side, as we have been emphasizing throughout the year, this is an excellent time for qualified buyers to “get off the sidelines” and take advantage of the very attractive purchase opportunities in the marketplace, for properties across the price spectrum.

Depending on your time horizon for various life circumstances (children, career advancement, a “for sure” relocation, retirement) the extremely low rates available for shorter term fixed-rate-to-adjustable products can be particularly compelling, and can be an important component of a broader-arching financial strategy.

As an example, for a buyer in the early stages of a career who anticipates significant earnings increases within a 5-10 year timeframe, a 30 Year ARM fixed at a low rate for the first 5, 7 or 10 years can open the door to a higher quality home today by keeping monthly payments affordable. The concept, of course, is to transition into a longer-term fixed vehicle before the end of the 5, 7 or 10 year fixed rate period, when the loan will roll to an adjustable rate.

Though market conditions may be conducive to new buyers entering the market, there are less desirable results for current homeowners. Indeed, declining property values across the board have had an all-encompassing effect on the financial plans of many borrowers. Many have been forced to forestall plans to upgrade into higher priced properties or, alternately, convert existing equity into cash in preparation for retirement, etc.

On the refinance side, if you’re contemplating selling your property within the next five to ten years, this might be the optimum time to take advantage of one of our 5, 7 or 10 year fixed Interest Only Option ARM vehicles. With property values under unprecedented pressure in most regions of the United States, funneling significant cash flow into principal reduction may no longer be the most economically viable mode for many homeowners.

An Interest Only Option loan can function as an effective and versatile cash management tool; borrowers can elect to reduce principal, at their discretion, on a month to month basis, with any such reduction amortized and reflected in the following month’s mortgage statement.

Naturally, if your property is a long-term hold, and ideally within the new conforming loan limit of \$625,500, this is an ideal time to reduce the rate (and monthly payment!) on your current 30, 20 or 15 year fixed. Alternately, many of our clients are shaving multiple years off of their existing financing by moving from a 30 year fixed into a 20 or 15 year at a rate comparable to their current.

Please feel free to contact us anytime; we’re always happy to review various “what if” scenarios, formulate specific numbers, and generate pre-approval confirmation letters when necessary.

We wish you and yours all the best this coming New Year...

Regards,

Gloria Shulman, Curtis Cohen, Nathan Jensen, Ted Kachadorian, Bashar Hamad & All of Us at CenTek Capital Group (NMLS #275995 / #313796)



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