



# Money matters

May 2008

*Good News for Homebuyers and Homeowners!*

## Now You May Qualify for a Larger Loan at a Lower Rate

In response to tightening credit in the mortgage industry, the federal government has passed measures that temporarily increase the “conforming loan limit” in high-cost areas to help make more mortgage money available.



Up until now, conventional conforming loans were mortgage loans of less than \$417,000.\* Conforming loans are eligible to be purchased by secondary lenders such as Fannie Mae and Freddie Mac. These government-sponsored enterprises help make sure there is money available to lend by buying mortgage loans from primary lenders (such as Sacramento Credit Union) and bundling them to sell as securities. Loans that don't conform to the limit – so-called jumbo loans – generally have a higher rate of interest because they pose more risk to the primary lender.

### HOW DOES IT WORK?

The plan is to make it easier for individuals in high-priced housing markets to obtain or refinance to more affordable mortgages in 2008. For example, California's home prices are generally higher than average prices nationwide. The median home price in San Francisco in 2007 was \$805,400, compared with \$119,300 in Akron, Ohio.\*\* Yet the conforming loan limit in California has been the same as that in a lower-priced state.

The result? Someone purchasing a median-priced home in the Bay Area couldn't get a conforming mortgage loan without putting down close to half the purchase price.

Under the new rules, the secondary lenders have agreed to purchase “jumbo-conforming” mortgages on single-family residences up to 125% of the area's median home price, not to exceed \$729,750. So in the example of San Francisco above, a homebuyer might qualify for a jumbo-conforming loan by putting down just \$80,540 (although the new median price rule would be satisfied with a down payment of \$75,650, the minimum down payment is 10%).\*\*\*

The new rules are in effect for fixed-rate mortgages purchased on or after April 1, 2008, and for adjustable-rate mortgages purchased on or after May 1, 2008.

In addition:

- The loan must be a conventional first-mortgage lien.
- The loan must be originated no later than Dec. 31, 2008.
- The minimum loan-to-value is 75% to 90% on primary residences, depending on the type of loan and the borrower's FICO credit score, and 60% on second homes and investment properties.

### WHAT DOES THIS MEAN TO ME?

According to estimates by the National Association of Realtors®, the temporary jumbo-conforming loan limit for the Sacramento area is expected to be \$580,000.\*\* If you're buying a home and need a mortgage for greater than the previous conforming limit of \$417,000, you may be eligible for a lower interest rate than you were before the temporary rule. If you currently have a jumbo mortgage loan at a higher rate, you may be able to refinance to a lower rate under the new rules. Under the refinancing guidelines, the new loan amount can include the principal balance of the first mortgage being refinanced, plus points and closing fees.

This is a limited-time opportunity to buy a home or refinance your current mortgage and possibly save hundreds and even thousands of dollars on interest. Call us today at **(916) 441-LOAN** or visit [www.scuhome.com](http://www.scuhome.com).

\* Except in Alaska, Guam, Hawaii and the U.S. Virgin Islands.

\*\* Source: National Association of Realtors®, [www.realtor.org](http://www.realtor.org). Note that all home values and mortgage limits are estimates and subject to change.

\*\*\* If 125% of the area's median home price is less than \$417,000, then the limit remains at \$417,000.

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### Calendar of Events

Memorial Day – May 26  
SCU Offices Closed

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 Mari Lynn Shimamoto, Member  
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**President & CEO**

Jerrold A. Kinlock

**Branch Hours**

Mon. - Thurs. • 9 a.m. to 5 p.m.  
 Friday • 9 a.m. to 6 p.m.

**All Offices**

Phone: (916) 444-6070  
 Toll Free: 1(888) SACTO-01  
 24-Hour LoanAccess Line  
 Toll Free: 1(877) 444-LEND  
 E-Z Access: (916) 441-2255  
 Toll Free: 1(800) 397-2255

**Elk Grove**

9160 E. Stockton Blvd., Ste. 120

**Fair Oaks**

8100 Madison Avenue

**Sacramento**

3660 Bradshaw Road  
 800 H Street  
 3045 Arden Way, Ste. 200  
 6121 Franklin Blvd.  
 Kaiser Hospital\*  
 6600 Bruceville Road  
 \* Limited hours of operation.

[www.sactocu.org](http://www.sactocu.org)

**Home Loans**

[www.SCUhome.com](http://www.SCUhome.com)  
 (916) 441-LOAN

**SCU Investment Services**

(916) 444-8599, ext. 3112

**Personal Auto Shopper  
 Autoland**

(916) 449-2763



## ID Theft Prevention Tips from BALANCE<sup>sm</sup>



Identity (ID) theft is one of the fastest-growing crimes in the U.S. Victims of identity theft can spend years and hundreds of dollars trying to correct their records, remove fraudulent accounts from their credit reports and restore their good names.

Don't let ID theft throw you off-balance. Here are some ways to help protect yourself:

- **Check your credit reports for fraudulent activity.** You are entitled to one free report each year from each of the three major credit bureaus. To order, visit [www.annualcreditreport.com](http://www.annualcreditreport.com)\* or call **1-877-322-8228**. Report any suspicious accounts to the credit reporting agencies.
- **Review your account statements.** Using *Online Access* online banking and choosing e-Statements means your account information is readily available for review. Be sure to verify transactions and notify the credit union immediately of any discrepancies.
- **Safeguard personal information.** Don't share your Social Security or account numbers with unauthorized individuals or send them

through unsecured e-mail. Memorize your PIN. Shred personal, credit card and financial statements you no longer need.

• **Don't respond to suspicious e-mails.** "Phishing" occurs when scammers try to get you to reveal personal information by sending phony e-mails that appear to be legitimate.

As a Sacramento Credit Union member, you have access to financial information and counseling services at BALANCE. For more information and preventive tips about ID theft, visit BALANCE at [www.balancepro.net/idtheft](http://www.balancepro.net/idtheft), where you'll also find a risk assessment quiz that will help you identify areas where you may be vulnerable and an Action Log in case you are a victim of identity theft!\*

\* Web sites are provided for information only. No endorsement is implied.

## Free ADT Home Security System with New Real Estate Loans

We know how important the security of your home is. Sacramento Credit Union has partnered with ADT to provide credit union members closing a home mortgage or home equity loan with a FREE home security system – a \$1,100 value!\*

The security system includes:

- 3 standard door contacts or 10 pre-wired contacts
- 1 motion detector
- 1 interior high dB siren
- Lifetime warranty
- Yard sign and window decals
- Master control panel
- 1 digital touchpad featuring police, fire and medical panic buttons
- Battery backup



To be eligible for this special offer, you must apply and be approved for a new Sacramento Credit Union real estate loan. You must also agree to a three-year monitoring contract at \$32.99 a month with ADT.

Help keep your family safe. To learn more about this valuable offer, call **(916) 444-6070**.

\* \$99 customer activation charge will be waived. A 36-month monitoring agreement is required at \$32.99 per month. Form of payment must be made by credit card or electronic debit to your checking or savings account. Offer applies to homeowners only. Local permit fees may be required. Satisfactory credit history required. Certain restrictions apply. Limited time offer for new home loan members only.

