

# The Mortgage Messenger

**P**erennial Mortgage is excited to announce that a new loan officer, **Maria Granone**, and loan assistant, **Michelle Davis**, have joined our staff. Maria, formerly a loan officer with Monarch Mortgage, joined us in January. Her ability to speak Spanish and marketing experience will be a great asset to Perennial Mortgage. Michelle was a mortgage loan closer at First State Bank and will support the loan officers in processing their loans. We're very pleased to have them join us!

Heidi Snow, President

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## Annual Credit Reports Now Available

As of December 1, 2004 new requirements went into effect that allow consumers to get free credit reports. The three credit bureaus, Experian, Transunion, and Equifax, worked together to set up [www.annualcreditreport.com](http://www.annualcreditreport.com), a web site consumers can use to download their free credit report once a year. Several Perennial Mortgage staff tried it and said it was pretty easy.

The free credit report shows all the data collected — including information on payment history, late payments, collections, and judgments. However, a credit score will cost extra — about \$5 per credit bureau. If you decide to pay for a credit score, just remember it probably won't be the same score your mortgage, auto or credit card lender gets when you apply for a loan. There are many scoring models used by various types of lenders and scores can vary as much as 75 points depending on the model used.

The credit bureaus are also using this new web site to market other services, such as identity-theft insurance and debt analysis services. Consumer advocates urge consumers to avoid these unnecessary charges and suggest that you obtain one bureau's report every 4 months so you can monitor your credit over a yearlong period without incurring any fees.

The new requirements also protect consumers from potential fraud and identity theft. Creditors are required to notify consumers when any derogatory information is reported to the credit bureaus. It also is now easier to place fraud alerts on your report so when someone applies for new credit under your name you will be contacted to verify that it's you.

In addition, whenever you apply for a home loan and your credit report is obtained, the lender is now required to disclose your credit scores to you.

## Consumers Pleased with Brokers

A recent study by J.D. Power and Associates showed that consumers who used mortgage brokers to secure their home financing were more satisfied with the lending process than those who deal directly with lenders.

The study found that 29% of its more than 11,000 respondents contacted a broker during the mortgage lending process. Consumers who contacted brokers were "substantially more satisfied" with broker personnel than those who contacted lender personnel.

We may be a little biased, but we've heard that type of feedback from our clients. Go to our web site and check out the **testimonials**. We're very proud that our clients are so please with our service.

## Loan Limits Increased for 2005

Fannie Mae and Freddie Mac have announced higher loan limits for "conforming" loans. The Dept. of Housing and Urban Development and the Veterans Administration also have increased loan amounts for FHA and VA loan programs, respectively.

The good news is that the higher loan limits allow consumers to purchase more expensive homes and still qualify for conforming, FHA and VA programs. Loan amounts greater than the conforming loan

limit are considered Jumbo and have more restrictive underwriting requirements and higher interest rates.

Maximum loan amounts for single family residences for various loan programs are summarized below.

Conforming:	\$359,650
FHA:	\$172,632
VA:	\$359,650

## Tax Bill Narrows Investor Loophole

Real estate investors are able to shelter capital gains from the sale of their rental properties by using the proceeds from those sales to purchase a new rental property. This is called a "1031 Exchange." Until the passage of the \$136 billion tax bill last fall, these investors could convert the new rental property into their residence by living in it for at least 2 years. They could then qualify for the capital gain tax exemption for primary residences (up to \$250,000 for singles and \$500,000 for couples) when they sold that property, in effect permanently avoiding taxation on gains from the sale of investment property. The new law now requires that investors who acquire properties through a 1031 exchange and then convert them into a primary residence to live in the property for at least 5 years before the gain from the sale can qualify for the primary residence exemption.

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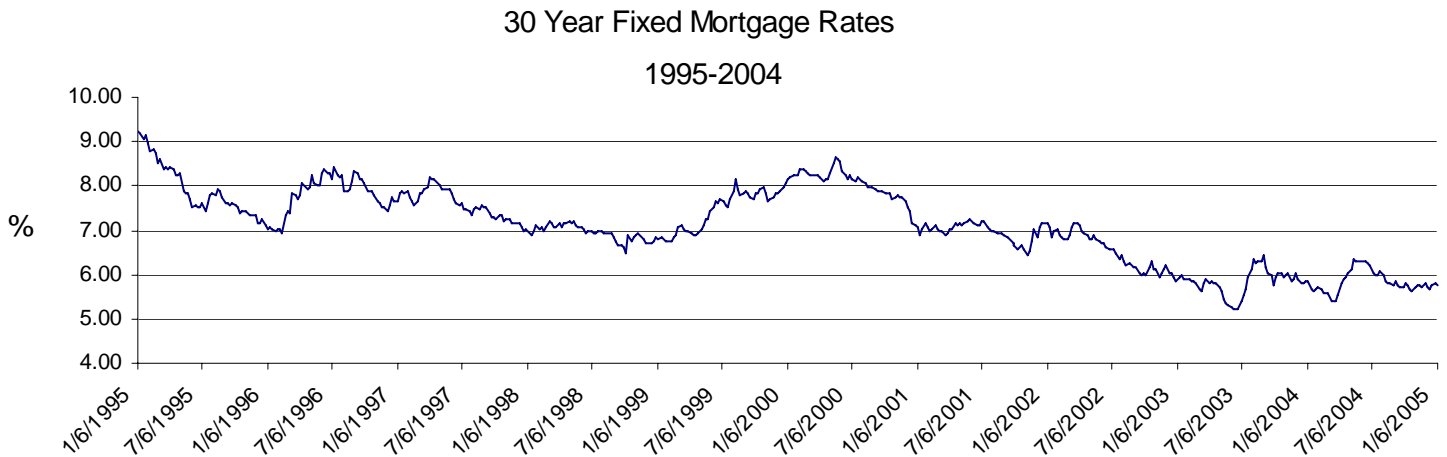
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## Rate Watch

2004 Ends with 30 Year Fixed Interest Rates Still Below 6%!



### You Think You're So Smart!

The following line consists of the names of three countries whose names have been "interlettered." The letters are in the correct order for each country. Using all the letters, identify the three countries.

ALUHRUXNGEMEBNOUTRIGNGARAY

If you want to see if your answer is correct, or you can't figure it out and want to know the answer, email or call Roger Kennett (our resident "Mensa Dude") at rkennett@perennial-mortgage.com or 888-9500.

### We Are a Referral-Based Business!

We generate referral business by being extremely knowledgeable about mortgages and providing exceptional personalized service to our clients. Whom do you know who needs our services?

505-888-9500

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