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IN THIS ISSUE...

Ch-ch-ch-changes... This time of year, we find ourselves in the midst of a number of changes - from changing lending policies to the changing of the seasons. So this issue is dedicated to helping you make sense of and prepare for two of those changes.

The first article below focuses on the recent [FHA lending policy changes](#) and features a concise overview of what's changing and what those changes really mean. The second article helps you [get in shape for summer](#) and beyond with the lifelong benefits of exercise.

As always, please forward this newsletter on to friends, family members and coworkers who may find this information helpful too. And, if you need any personal assistance at this time, simply call or email.

New Lending Policies Announced by FHA



If you've been listening to the housing news, you've probably heard about some lending changes that were announced by the Federal Housing Administration (FHA). While many of the news reports were confusing, the truth is pretty clear...and isn't as bad as some people may have heard.

Overall the measures announced by the FHA are intended to help the organization better manage its risks and strengthen its capital reserves, while still providing home loans to the nation.

The good news, as FHA Commissioner David Stevens stated recently, is that "by continuing to provide affordable, responsible mortgage products, FHA will support the housing market's recovery" and "remain the largest source of home purchase financing for underserved communities."

What's Changing?

If you or someone you know is considering an FHA loan, some of these changes may affect you. Here's a clear, concise rundown of the major changes and what they mean:

- 1. Increased mortgage insurance.** The mortgage insurance premium (referred to as private mortgage insurance by many people) will be increased from 1.75% to 2.25%. This change will add some cost to purchasing a home, but will not overburden consumers since the mortgage insurance is paid over the life of the loan, rather than upfront at closing. This change will become effective on April 5, 2010.
- 2. New down payment and credit score requirements.** According to the new policy, homebuyers who have a credit score of at least 580 may still be able to purchase a home with 3.5% down, but those with credit scores of less than 580 will be required to put down at least 10%. This change is designed to help the FHA balance its risk, while still providing affordable down payments for consumers with a history of good credit and responsibility.
- 3. Reduced seller concession.** Basically, this change means that the person selling the home will now only be able to offer the homebuyer 3% to help defray closing costs, as opposed to 6% under the previous policy.

In addition to these changes, the new policies contain a series of new measures aimed at increasing lender enforcement.

The bottom line is that the changes will impact some homebuyers more than others. But in the end, the FHA is still committed to providing affordable home loans.

If you're concerned about your credit score or are worried about what these changes may mean to your specific situation, please call or email to schedule an appointment. There are many different programs available for homebuyers, so finding the right plan for you just requires a short discussion about your goals and financial picture.

Get in Shape for Summer - and Beyond - with the Lifelong Benefits of Exercise



Everyone likes to look attractive, especially during the summer months when bathing suits abound. While many individuals begin working out primarily for aesthetic reasons, it's important to keep in mind that a dedication to exercise can also offer lifelong health benefits.

Exercise consists of three forms: aerobic, anaerobic, and stretching. Utilizing each type is crucial to maintaining both physical and mental health throughout one's life.

Aerobic Exercise

Aerobic exercise, also known as cardio, is the rhythmic use of large muscles for long durations, while maintaining 60-80% of your maximum heart rate. Swimming, running, biking, and walking are all great examples. The result of aerobic exercise is a conditioning of the lungs and heart, increased energy and stamina, a leaner body mass, and a reduction of tension and anxiety.

Anaerobic Exercise

If aerobic exercise consists of moderate intensity over long durations, anaerobic exercise is characterized by short bursts of high intensity. Weightlifting, racquetball, sprinting, and downhill skiing fall into this category. Anaerobic exercise not only increases strength but also prevents naturally occurring bone loss. It also increases the body's metabolism while in a resting state, resulting in the burning of more calories.

Stretching

Stretching can be its own activity, but it's also incorporated into many forms of exercise. Yoga, dance, and the various martial arts are just a few examples. Stretching keeps the entire body supple, providing lifelong flexibility and range of motion.

The idea is to incorporate all three forms of exercise into a regular schedule. The key to doing so is finding activities that you enjoy, ensuring greater dedication. Aside from the countless physical benefits, exercise is also known to release endorphins within the brain. The resulting relaxed state of mind and overall happiness are a perfect accompaniment to a fit body.

To learn more, visit www.acefitness.org, which is the official website of the American Council on Exercise. As a non-profit organization, ACE promotes healthy lifestyles through information and certification.

By following the advice above, you'll look and feel great not only for this summer but also for years to come!

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As your Trusted Advisor, I always want to make sure you are clear on all details of the home financing process. If you or someone you know are interested in purchasing or refinancing a home, give me a call today!

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