

Mortgage Financing With A Personal Touch



The Keys to Homeownership

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Are you ready to buy a home?

Purchase Decision

1. Steady Income
2. Pay Bills on Time
3. Low to Medium Debt
4. Repayment Responsibility

Benefits of Homeownership

- Tax deductions
- Stable housing costs
- Appreciation on your investment
- Gain equity
- You control your property

What is a Mortgage?

- A loan that is secured by real estate
- Investors use a series of criteria to identify lending standards
- Underwriters use this criteria to determine your likelihood of repayment
 - Job stability
 - Credit History
 - Assets

You Can Buy a Property

- Myth vs. Reality in the Press
- Return to Rational Lending
- Government is Committed to Home Ownership
- Plan for Today or in the Future

If You Want to Buy a Home . . .

Example for starter home or condo:

Purchase Price:	\$350,000
Interest Rate:	3.5%
APR:	4.525%
3.5% Down Payment (FHA Loan):	\$12,250

Gifts allowed!

Rent Vs. Own Monthly Analysis

	Rent	Ownership
Payment	\$1,200	\$1,309
Taxes, Insurance & Other	\$6	\$457
Total Payment	\$1,206	\$1,766
Tax Benefits	\$0	\$351
Principal Paid	\$0	\$217
<i>Net Monthly Payment</i>	\$1,206	\$1,197

This information is for example purposes only.

Rent vs Own

EQUITY OVER 5 & 10 YEARS

- If Rent:
 - By 5 years, your asset account is \$0
 - By 10 years, your asset account is \$0
- If Buy:
 - By 5 years, your home's equity is \$35,407
 - your asset account is \$0; Total Net Worth will reach \$35,407
 - By 10 years, your home's equity is \$77,575
 - your asset account is \$0; Total Net Worth will reach \$77,575

Should I Wait to Buy?

	Present	6 Months Later	Savings
Sale Price:	\$350,000	\$332,500	Down by 5%
Mortgage Rate:	3.5%	3.875%	
APR:	4.525%	4.906%	
Mortgage Payment:	\$1,708	\$1,761	<u>\$19.00</u>
<i>This example should only be used as a sample of loan comparison.</i>			

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If you find a house you like today, **BUY IT!!**

As you can see the savings are not significant and certainly not a justification to let that dream home slip away.



Process of Buying Your First Home

- Pre-Approval with qualified mortgage lender
- Shopping for your home with qualified realtor
- Making an offer
- Inspection
- Appraisal
- Legal
- Closing on your first home

Why Be Pre-Approved?

- You know what you can afford before you begin shopping for a home.
- You show the seller you are serious about buying.
- You can make an offer as soon as you find the home you want.

Key 1: Job Stability

Two year history

- Same line of work
- Seasonal gaps

Concerns

- Multiple job changes
- Income instability
- Multiple employment gaps

Key 2: Credit Score Talk

- Above 720 = Excellent
- 680 = Good
- 620 = Fair
- Below 620 = Poor

Key 3: Available Assets

Down Payment and Closing Costs

- Savings must be documented
- Cannot borrow down payment funds unless loan is secured and payment disclosed
- Gift funds acceptable

No Down Payment Programs Available:

- State Bond Programs
- USDA Guaranteed Rural Housing Program
- VA Loan for Qualified Veterans

Key 3: Available Assets

Home Buyer assistance definition:

- Federal, State and/or Local programs that provide financial assistance to first time home buyers

Assistance can include:

- Down Payment
- Closing Costs
- Interest Rate \ Buy Down

To qualify for these programs:

- First Time Buyer or no home ownership for at least 3 years

Key 4: Personal Qualification Factors

Income:

- Regular Pay
- Overtime
- Bonus
- Second Job/Part-Time
- Retirement
- Social Security
- Investments that pay out on a regular basis
- Debt to income ratio
- Sourced and seasoned funds
- Funds to close/reverses
- Rent/mortgage paid on time and verifiable

Key 5: House Qualification Factors

- Appraisal
- Insurance
- Inspection

FHA Financing – Low Down payment Options

- Minimum 640 Credit Score Requirement
- Minimum Borrower Investment – 3.5%
- 6% Seller Concession Allowed
- No Income Limits
- No Asset Restrictions
- No First Time Buyer Requirements
- Non-Owner occupant co-borrower is allowed

VA Program

- NO Down Payment
- Fixed Interest Rate
- Gifts Allowed
- No Mortgage Insurance required
- Limited Closing Costs
- VA Appraisal
- Variety of loan types
- Seller Concession Allowed up to 4%
- Easier to qualify residually than ratio
- No prepayment penalty
- Benefit can be used again!

Who is Eligible for VA Financing?

- All Veterans of U.S. Armed Services
- Active duty and discharged under other than dishonorable conditions
- Currently on Active Duty
- National Guard and Reserves
- Unmarried surviving spouses

Maine State Housing Authority

- Downpayment & closing cost assistance
- No and low point options
- Low or no downpayment options
- Primary residence, owner occupied only
 - Single family, 2-4 unit multi family, condos
- MSHA with Conventional, FHA, VA, Rural Housing programs
- Purchase price and income limits apply

MassHousing

- Up to 97% financing with no cash required on single family homes and condos
- Maximum income limits apply (varies by city/town)
- Purchase & Rehab options available to first time buyers
- Non-traditional credit allowed
- MI Plus coverage required – can help pay the mortgage in case of job loss

New Hampshire Housing Finance Authority

- 30-year fixed rates with 0 points
- Low downpayment options
- Help with downpayment and closing costs
- Single family, 2-4 unit multi family, condos
- Free homebuyer education classes
- Purchase/Rehab programs for fixer-uppers

USDA Rural Housing

- Up to 100% financing plus up-front guarantee fee
- 30 Year Fixed Rate
- Must be located in a Rural Development eligible area (population of 10,000 or less; 20,00 or less if outside metropolitan statistical area)
- Primary Residence Only; Non income producing
- New or Existing home
- Maximum of 10 acres
- County income limits apply
- No MI
- Up to 6% seller contribution allowed for closing costs

203(k) Rehabilitation Loan

- Renovation loan
- Purchase or Refinance
- Rolls costs of improvements into one monthly mortgage payment
- Loan closes before repairs begin
- Loan is based on home's value AFTER improvements
- Wide Variety of Uses:
 - Remodel kitchen and baths
 - Add rooms, garage, level
 - Energy and structural improvements; eliminate health and safety hazards
 - Tear down and rebuild (foundation must be intact)
 - Replace plumbing, roofing, etc.
 - Many more uses

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Happy House Hunting!

For more information on buying a home, please call me



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