

MORTGAGE FINANCE

Conventional 5% and 10% Down Payment Loans are Back!

FHA Financing may not be the best solution!

Now that housing prices in the area have stabilized and homes are starting to appreciate in value again, we are now able to offer conventional financing which can save "well qualified" borrowers over \$10,000 in financing costs over a similar FHA loan. To qualify, borrowers need to have 680+ credit scores and at least a 5% down payment.

The FHA Program

Fallout after the sub-prime mortgage meltdown caused all conventional mortgage insurance companies to tighten standards. As a result, FHA loan volume increased significantly and helped stabilize our housing market when conventional loan giants Fannie Mae and Freddie Mac were on the ropes. The FHA loan saved us!

The FHA Loan is a Great Financing Tool!

FHA loans allow down payments as low as 3.5% (this allows purchasers to buy with less money than conventional)

FHA loans are assumable, and if rates rise, become a very attractive future selling feature

FHA loans easily allow borrowers to purchase with less than perfect credit scores (as low as 620)

FHA loans allow buyers to obtain all purchasing funds from family member gifts

FHA loans allow buyers to have family members co-sign to help qualify

All FHA Loans Have Mortgage Insurance Costs

All FHA loans require 1.75% upfront mortgage insurance premium which can be financed

All FHA loans have at least ½% yearly fees paid in monthly premiums (It's like adding ½ percent to your rate)

Monthly mortgage insurance must remain at least 5 years and continues until LTV reaches 78% of original sales price

Conventional Mortgage Insurance

The BEST Conventional mortgage insurance programs are either the "Single Premium" or the "Split Premium" programs. Mortgage insurance is charged on all conventional mortgages having a loan to value (LTV) greater than 80%. Mortgage insurance rates on conventional loans depend on the type of property, the LTV, and the credit score. These are the most common yearly rates/premiums. Borrowers with credit scores below 700 have higher rates, and should consider FHA as the best alternative.

	<u>Loan to Value</u>	<u>Upfront Premiums Depend on Credit</u>	<u>Yearly Premiums</u>	<u>Maximum Loan Amt.</u>
Single Premium Conforming	95.00%	**1.95% - 2.45%	No Monthly Costs!	\$417,000
	90.00%	*1.15 - 1.40%	No Monthly Costs!	\$417,000
Jumbo	90.00%	2.15% - 2.40%	No Monthly Costs!	\$625,500
	85.00%	1.75% - 1.90%	No Monthly Costs!	\$625,500
Split Premium Jumbo	90.00%	.75% - 1.25%	.49% - .43%	\$729,750
	85.00%	.75% - 1.25%	.39%	\$729,750

Examples of Significant Savings:

*The "One and Done" – pay 1.15 points on a 90% loan and all your mortgage insurance is paid – No Monthly's

**The "Two and Done" – Pay 1.95 points on a 95% and all your mortgage insurance is paid – No Monthly's

With FHA – you would pay 1.75% upfront and at least ½ percent per year in monthly premiums. As you can also see on the "Split Premiums," you pay less upfront (as low as .75%) and less per year (.47 or .51) than the FHA loan – but it requires 10% down.

More Big Savings! – Conventional mortgage insurance CAN BE removed after 2 years IF you meet certain credit standards and the property's NEW VALUE is > 78% of the loan value – unlike FHA which requires 78% of original value and 5 years.