



A Realtor's guide

What you need to know
about financing

Buying a home is a big deal.

Often people are apprehensive about taking this step, even if they have purchased homes in the past. Why? It's a large investment—investment of time, an emotional investment, and of course, a large financial investment!

We are here to guide your homebuyer through the financing of this large investment. And to support you by giving you all the information you need to execute the deal. Together we will get to the closing table quickly.

Why Us?

We start each day with the goal of getting our customers to the closing table with ease, care, and consideration. We're big enough to compete with the big guys, but small enough to work closely with our partners every day.

A full-service, independent mortgage bank headquartered in Kentucky and founded in 2001 by David Stockton, the Stockton Mortgage team has grown to more than 460 employees with lender licenses in 29 states. We're a Fannie Mae and Freddie Mac seller/servicer and one of only two mortgage banks in Kentucky approved as a Ginnie Mae issuer.

We close loans, not doors. By offering a wide range of loan products, we can get more of your customers to the closing table, even those in the most unique situations.

This information is for mortgage professionals only. Various requirements and qualifications cited many change over time, and nothing in this document should be construed as legal advice.

Meet your home
loan expert.

Terri Tackett

Loan Originator
NMLS 55635
859-229-0380
ttackett@stockton.com

2452 Sir Barton Way Suite 201
Lexington, Kentucky 40509



stockton.com

Conventional Loans

Buyer profile:

- Good Credit
- A bit of savings
- Considering homes up to \$766,550**

A Conventional Mortgage simply refers to any mortgage loan that is not insured or guaranteed by the federal government.

Conventional mortgages typically have higher down payment and credit score requirements than governmental loans, and if the LTV exceeds 80% on a conventional loan, private mortgage insurance is required by the mortgage lender.

Conventional Mortgage loans can be both fixed or adjusted-rate mortgages.

Loan Requirements:



Min. Down Payment
3%



Max. Loan Amount
\$806,500



Credit Score
620+



PMI
<20%
Down Payment



Gift Funds Approved
for Down Payment*



Seller
Concession

3-5% down: 3% Maximum
10% down: 6% Maximum
20% down: 9% Maximum

No farming? 😞 But my home buyer wants a tomato garden!

This is okay, no farming allowed on the property if it's farmed for income.

But wait, the seller is willing to cover Health & Safety Issues!

Perfect! In fact, the appraiser may require it! But keep in mind, repair escrow is only allowed on repos & short sales, for appraiser required repairs.

THX!

Property Requirements:



Appraisal Good for
120 Days



No Farming



No Health
& Safety
Deficiencies



No allowance for
personal property on
purchase agreement



Condos must be
approved or eligible
through review

*guidelines apply

**This figure is based on the maximum loan amount

FHA Loans

Buyer profile:

- Minimal savings
- Low Credit Score
- First Time or Repeat Home Buyer

Federal Housing Administration (FHA) is a program insured by the federal government.

The FHA loan has helped grow homeownership rates in large cities and for minorities, in particular, since its inception in 1934. It continues to benefit families in our area. Often this loan product is utilized when the customer has past credit issues that may have eliminated the opportunity for the borrower to obtain conventional mortgage financing.

This mortgage program is typically a fixed rate mortgage, has no prepayment penalty and is also assumable. Under certain circumstances, you can have more than one FHA loan.

Loan Requirements:



Min. Down Payment
3.5%



Max. Loan Amount
\$524,225*



Credit Score
580+



MI
Mortgage Insurance
Required




Gift funds acceptable
From family members, employer,
or close relationship only**




Seller Concession
Up to 6%
of sale price

What about the 2-4 family properties? Do they have increased loan limits?

You're a smart cookie! They sure do, check it out 
Duplex: \$671,200
Tri-Plex: \$811,275
Four-Plex: \$1,008,300****

Can my homebuyer get help qualifying for this loan?

Of course, that is what I am here to do! 

Property Requirements:



Appraiser Must
Inspect Appliances
& Sump Pump



1-4 Family
Residential
Properties***



All utilities
must be on
for appraisal



Water test
required if
vacant 30 days
or more

*For single family.
**Gift letter and donor bank statement required
***Additional cash reserve requirements for 3-4 units
****Varies by state

FHA- KHC Loans

Buyer profile:

- Minimal savings
- Good Credit
- Buying in Kentucky
- Low- Moderate Income*

The Kentucky Housing Corporation (KHC) has designed a program to help its customers become homeowners.

KHC exists to provide affordable housing solutions through programs and services for Kentucky Residents. Stockton Mortgage works closely with them to offer Kentucky Homebuyers all their available options, including home buyer tax credits and special grant offerings. The KHC loan program is always available to those who qualify.

Did you know? The KHC offers down payment assistance in conjunction with FHA, as mentioned here, but also with VA or RHS/USDA mortgages.

Loan Requirements:



Min. Down Payment
3.5%**



Max. Loan Amount
\$510,939



Credit Score
620+



Down Payment Assistance
Up to 10K repaid over 10 years



MI: Mortgage Insurance Required



Seller Concession
Up to 6% of sale price

What's the deal on this down payment assistance?

KHC offers two types of Down Payment Assistance Program (DAP). These DAP help home buyers with down payment and closing costs for the purchase of new or existing properties.

Regular and Affordable DPA are repayable over 10 years

Thx! Can't wait to get this family into a house!

Property Requirements:



Must meet FHA guidelines



Primary residence only



Occupancy within 60 days



Approved condo/ attached unit



Single family property

*Income guideline limits apply

**Assistance available to provide 3.5% down payment

Rural Development Loans

Buyer profile:

- . No Savings for Down Payment
- . Low Credit Score
- . Considering home in rural area*
- . Low- Moderate Income**
- . First-time or repeat home buyer

If the appraisal comes in at a higher value than the purchase price, can the additional funds be used by the buyer? 💰💰💰

Yep. If the appraisal comes in with adequate value, loans may include funds for closing and pre-paid items.

Similarly, if the appraiser calls for required repairs, these can be financed into the loan. There are some restrictions so be sure to ask your Stockton mortgage banker!

Are there any special concerns from the appraiser for these rural properties?

A water test is required on all RD loans unless city water is present, tests include coliform and nitrates. Note that program guidelines can call for nitrates if the home is in the vicinity of a farm operation. (A paid receipt must be provided at closing).

The rural development loan encourages families to move to more rural areas, resulting in expansion and economic growth.

This program provides low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary residences in eligible rural areas. Eligible applicants may build, rehabilitate, improve or relocate a dwelling in the eligible rural area.

Stockton Mortgage has been the number one lender in it's home state for this loan, meaning we have lots of experience closing these deals, quickly and efficiently. Mortgages are 30 year fixed rate at market interest rates.

The rural housing loan is NOT limited to first time home buyers, despite popular belief.

Loan Requirements:



Min. Down Payment
0%



Max. Loan Amount
\$806,500



Credit Score
620+***



Gifts and Grant Programs



PMI Required



Seller Concession
Up to 6% of sale price

Property Requirements:



Primary residence



Home or land cannot be income producing



Land value must be typical for the area



Must meet FHA property guidelines

*Designated rural area eligibility can be found at:
<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

**Income guideline limits apply, based on Gross income of all adults living in household
***580-639 Requires 2 months PITI +cash to close, 640 has a better chance of approval

VA Loans

Buyer profile:

- No Savings for down payment
- Active duty, veteran, national guard or otherwise qualified*
- First-time or repeat home buyer

VA mortgage financing is available to Veterans who qualify based on service time and dates of service.

Veteran's Administration (VA) charges a funding fee which is financed into the mortgage amount.

The Veteran's Administration funding fee is determined by the sale price and the Veteran's entitlement.

This mortgage is typically a 30-year fixed rate loan which is assumable.

Loan Requirements:



No Down Payment



Max. Loan Amount
\$1.5MM



Funding fee based on veteran's status**



Seller can contribute up to 6%

Any special tests or inspections for this kind of mortgage?

The VA does require water tests IF there is a private well. (A paid receipt must be provided at closing). A pest inspection may also be required.

THX! Your advice is always so helpful! 👍👍

Property Requirements:



Must meet VA appraisal guidelines



No Farming



1-4 Family Residential



Owner occupied



Condos must be VA approved

*Check with your Mortgage Banker for other allowable borrowers.

**May be exempt from funding fee if they are 10% disabled or more, as determined by the VA

Specialty programs



Doctor's Loan

This loan is for doctors with minimum of a M.D., D.O., D.D.S., or D.M.D. This allows for 100% financing with no PMI up to loan amounts of \$1MM with a minimum credit score of 720. This program is great for the new doctor just out of medical school.



Hobby Farm Home Loan

This loan is for homes with 5 – 160 acres, Minimum credit score 680, Loan amounts up to \$2,000,000. Rural areas, non-contiguous parcels permitted. Not eligible for full time Farming operations. This program is good for customers looking for a place to have horses, hunting property, etc.



Investment Home Loans

We offer loans for investment properties. 1-4 family dwellings. This is good for those customers that want to buy rental properties.



Bank Statement Loan

We can use 12 month personal bank statements or 24 month business bank statements to verify income for self-employed borrowers. This is a great program for those customers who do not like to share tax returns.



Low Down Payment, New Construction Loans

We offer NEW CONSTRUCTION loans for Conventional, VA, FHA and USDA Loans. These programs are good for customers that cant find an existing home to purchase, and offers low down payment options.



Jumbo Loan

A great option for large loan amounts; too large for a conventional loan. Loan amounts up to \$3 Million for owner occupied or \$2 Million for second home. This program varies by state, please ask your mortgage banker for more information.



Renovation Loan

We offer a variety of renovation options, rolling the cost of the home repairs into the mortgage. The FHA 203k provides a low-down payment option with structural changes, as well as, minor updates such as painting. The Homestyle provides an option for adding luxury upgrades such as in-ground pools and outdoor kitchens.

Call your loan professional for more details on these programs!

Past credit issues

Often home buyers with past credit issues aren't aware of the time period they will have to wait before considering buying a home. If you know these waiting periods you could help reassure them that they can take this step toward a sound investment.

This home buyer must have good established/ re-established credit, generally, based on 3 or more accounts for 24 months. If they have a major credit delinquency, additional time may be needed. Timelines and restrictions for major credit delinquency:

How long after a past foreclosure?

- 2 Years - For a VA loan there is a waiting period of 2 years after the property transfer by sheriff's deed
- 3 Years - For an FHA or USDA loan there is waiting period of 3 years after the property transfer by sheriff's deed
- 7 years - For a Conventional loan there is a waiting period of 7 years after the property transfer by sheriff's deed

How long after Chapter 7 Bankruptcy?

- 2 Years - For an FHA or VA loan there is a waiting period of 2 years from date bankruptcy was discharged
- 3 years - For a USDA loan there is a waiting period of 3 years from date bankruptcy was discharged
- 4 years - For a Conventional loan there is a waiting period of 4 years from date bankruptcy was discharged

How long after a chapter 13 bankruptcy?

After 12 months of satisfactory payments- Home buyer may qualify for an FHA, VA or USDA loan, with bankruptcy trustee's approval to purchase.

2 years from discharge date OR 4 years from dismissal date- Home buyer may qualify for a Conventional loan

How long after a short sale?

With proof of extenuating circumstances timeframe of qualification may be as little as 2 years from sale date. Talk with your loan officer on details that would present as extenuating circumstances.

- 2 Years - For a VA loan there is a waiting period of 2 years from date of sale
- 3 Years - For an FHA or USDA Loan there is a waiting period of 3 years from date of sale
- 2 - 7 Years - For a Conventional loan the following waiting periods exist:
 - 2 years with 80% LTV, 4 years with 90% LTV, and 7 years with LTV ratios per guidelines.

What about judgments?

Most all the home mortgage programs will require that all judgments be paid in full before new loan approval or closing.

Collection Accounts

Every mortgage program looks at collections differently. It depends on the overall strength of the home buyer's profile on whether collections need to be satisfied for approval. MSHDA requires all collections to be paid in full before approval. Talk with your loan Professional for details.

Tips for writing purchase agreements & addendums

Addresses

Please make sure to use complete address on the Purchase Agreement ie; Rd, Hwy, Lane, Court, Condo unit number.

Dates

Loan approval and Loan Closing by dates Given the amount of time it takes for negotiation of the contract, election of home inspection, appraisal and with new closing procedures, it is important to talk with your lender for these IMPORTANT dates. As a rule of thumb, it is best to use 4 weeks for approval.

If there are repairs required, or you are doing a renovation loan program, please add an additional 2 weeks to these timeframes *Loan processing starts once you have a fully signed accepted offer after the home Inspection contingency has been removed

Seller concessions

If negotiating seller concessions, it is best to be written as follows: Seller to pay up to _____ or _____% of sales price towards Costs, prepaids and any lender approved fees.. Consult with lender on what you should put in Personal Property must be addressed separately and giving it no value

Personal property

An example is: "Garden tractor to remain with property which to price contributes no value to price"

Allowances

There can be no allowances given on the Purchase Agreement Example: Seller to give buyer \$ 2000 towards carpet allowance at closing THIS IS NOT ALLOWED

Earnest deposit

Earnest Deposits should NEVER be taken in cash Lenders are required to verify the deposit on the home in order to give credit to the buyer on the Closing statement. Please deposit your buyers Earnest Deposit as soon as possible so funds will clear the buyers account

Names

Ask your buyer what name they prefer to take title in. This should be the name on the purchase agreement

Signatures

Please make sure the Sellers, Buyers, and Real Estate Agents names Are legible and spelled correctly on the purchase agreement. Please make sure all signatures and dates are completed. Many Times we are unable to read the names on the purchase agreement. If signature is not legible print name below or beside the signature

Administrative fee's

Please send Lender your company's disclosure for administrative fees to enable the lender to properly disclose them

Documentation

Lender will need legible copies of Fully executed Purchase Agreement, Lead Based Paint Disclosure, Seller Disclosures, MLS Listing (Lineside) and any fee agreements

Power of attorney

For buyers that are planning to use a Power of Attorney (POA) for the transaction the lender will need a copy of the POA that specifically states property address. POA's cannot be used if there is only one buyer. Talk with your loan professional about guidelines for your specific buyer BEFORE starting the transaction

Home Inspections

Lender requires an addendum removing inspection contingency, We do not need a copy of the home inspection report.



STOCKTON
MORTGAGE

stockton.com

Stockton Mortgage NMLS 8259 / Equal Housing Lender /
nmlsconsumeraccess.org For Industry Use Only