



Agent Tool Box

What you need to know about financing

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

Consult with your Loan Officer for Loan Program turn times to ensure enough time to close

Seller Concessions

If negotiating seller concessions, it is best to be written as follows: Seller to pay up to ____ or ____ % of sales price towards closing costs and pre-paid items. Consult with lender on maximum seller concessions to confirm with loan guidelines.

Personal Property

Personal Property must be addressed separately and giving it no value to price. An example is: "Garden tractor to remain with property which 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 Deposits

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. Earnest Deposits will come from those who signed the purchase agreement. Should the funds come from anyone else then it could be treated as a gift by conforming to guidelines

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. and copy of EMD.

Conventional Loans

A Conventional Mortgage simply refers to any mortgage loan that is not insured or guaranteed by the federal government. They must meet guidelines set by Fannie Mae and Freddie Mac, and can be both fixed or adjustable-rate.

Loan Requirements



Min. Down Payment
3%



Max. Loan Amount
1-Unit = \$548,250
2-Unit = \$702,000
3-Unit = \$848,500
4-Unit = \$1,054,500



Credit Score
620+



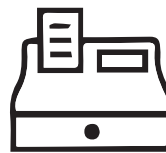
PMI
<20% Down Payment



Gift Funds Acceptable
From Family Members,
Employees, or Close
Relationship Only



Property Types
1-4 Unit Single Family,
Condos, Manufactured



Realtor Admin Fee
Allowed



Seller Concession
3-5% Down: 3% Maximum
10% Down: 6% Maximum
20% Down: 9% Maximum

Property Requirements



Appraisal Good for
120 Days



No Farming



No Health & Safety
Deficiencies



No Allowances for
Personal Property
on Purchase
Agreement



Condos Must Be
Approved or Eligible
Through Review

[Conventional loan limits linked here.](#)

Stockton Mortgage NMLS 8259 Equal Housing Lender

The information provided is for informational purposes only and should not be construed as legal advice.

FHA Loans

Federal Housing Administration (FHA) is a program insured by the federal government. 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
1-Unit = \$356,362
2-Unit = \$456,275
3-Unit = \$551,500
4-Unit = \$685,400



Credit Score
580+
or No Score



PMI
Mortgage Insurance
Required for Life of Loan



Gift Funds Acceptable
From Family Members,
Employees, or Close
Relationship Only



Property Types
1-4 Unit Single Family,
Condos, Manufactured



Realtor Admin Fee
Allowed



Seller Concession
Up to 6% Sale Price

Property Requirements



Requires property
to be safe, sound
and secure*



Approved
Condo List



All Utilities Must be
on for Appraisal



1-4 Family
Residential
Properties

[FHA loan limits linked here.](#) [FHA approved condo list linked here.](#)

* Defective conditions may require inspections. Head and shoulders inspection required for any attic/crawl space alongside photos. Appliances noted on contract must be in working order. Stockton Mortgage NMLS 8259 Equal Housing Lender
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FHA Loans - Guidelines for Allowing Two FHA Mortgages

Relocation

Borrower is relocating or has relocated for an employment-related reason AND is establishing or has established a new Principal Residence in an area more than 100 miles from the Borrower's current Principal Residence.

Increase in Family Size

Borrower has had an increase in legal dependence with the Property now fails to meet family needs AND the LTV on the current Principal Residence is equal to or less than 75% or is paid down to that amount, based on the outstanding Mortgage balance and a current residential appraisal.

Vacating a Jointly-Owned Property

Borrower is vacating (with no intent to return) the Principal Residence which will remain occupied by an existing co-Borrower.

Non-Occupying Co-Borrower

A non-occupying co-Borrower on an existing FHA-insured Mortgage may qualify for another FHA-insured Mortgage on a new Property to be their own Principal Residence. A Borrower with an existing FHA-insured Mortgage on their own Principal Residence may qualify as a nonoccupying co-Borrower on another FHA-insured Mortgage.

FHA Loans - Assumable Mortgage

Useful when interest rates have risen. You, as the buyer, are stepping into the seller's mortgage. The interest rate and term remains the same. For example, if a 30-year mortgage is five years old, the person assuming the mortgage has 25 years to pay it off.

It can make a home more marketable. Example: Someone with 3% rate sells the home five years later when the rates are 7%. That 3% rate, impossible to get otherwise, could tempt buyers to choose that house over another. Rising home values can torpedo mortgage assumptions. The buyer will pay the difference of sales price/assumed mortgage balance.

This could lead to large down payments.

VA Loans

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. It's possible to meet an exemption status and not pay a funding fee. This mortgage is typically a 30-year fixed rate loan which is assumable. **Tidewater Initiative** is used when the appraised value of a home falls below its contract purchase price. Parties involved in the sale are notified and have two days to provide appraiser with relevant information. The VA will review the information and make a decision.

Loan Requirements



Min. Down Payment
0%



Max. Loan Amount
 1-Unit = \$548,250
 2-Unit = \$702,000
 3-Unit = \$848,500
 4-Unit = \$1,054,500



Funding Fee
Based on veteran's status**



Seller Concession
Seller paid closing costs, no maximum amount, seller concessions max amount is 4%.
* refer to guide for details



Realtor Admin Fee
Not Allowed

Property Requirements



Must meet VA appraisal guidelines. safe, sound and sanitary. VA uses their own appraisers.



No Farming



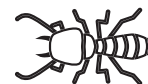
1-4 Family Residential Properties, Condo, Manufactured



Owner Occupied



Condos must be VA approved



Termite Inspection required in certain counties
* refer to guide for details



Water Test Required for private wells and based on local jurisdiction

[Local requirements/termite per county linked here.](#)

VA Loans - Let's talk seller concessions

4% max seller concession

These do not include normal discount points and payment of buyers closings costs

Seller concessions include:

- Payment of buyers VA funding fee
- Pre payment of the buyers property taxes and insurance
- Gifts such as television set or microwave oven
- Payment of extra points to provide permanent interest rate buydowns
- Provision of escrowed funds to provide temporary interest rate buydowns
- Payoff of credit balances or judgments on behalf of the buyer

Itemized Fees and charges a veteran can pay

- Appraisal and compliance inspection
- Recording fees
- Credit Report
- Prepaid Items
- Hazard Insurance
- Flood Zone Determination
- Survey
- Title examination and Title insurance
- Special mailing fees for refinances
- VA funding fee
- MERS fee

Lenders 1% flat fee

- In addition to itemized fees the lender may charge veteran a flat charge not to exceed one percent of the loan amount

Rural Development Loans

The rural development loan encourages families to move to more rural areas, resulting in expansion and economic growth. 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. This loan has income asset requirements alongside area eligibility

Loan Requirements



Min. Down Payment
None



Max. Loan Amount
None



Credit Score
620+



PMI
Finance fee required



Gifts and Grant Programs



Property Types
1-Unit Single Family,
Condos, Manufactured



Realtor Admin Fee
Allowed



Seller Concession
Up to 6% of sale price

Property Requirements



Must meet FHA
property guidelines



Home or land cannot be
income producing



Primary residence



Land value must be
typical for the area

[Income limits and property eligibility map for RD loans linked here.](#)

MSHDA Loans

The Michigan State Housing Development Authority (MSHDA) has designed a program to help it's customers become homeowners. The MSHDA established in 1966, provides assistance through public and private partnerships to create and preserve safe and decent affordable housing, engage in community economic development activities, develop vibrant cities, towns and villages, and address homeless issues. Did you know? The MSHDA offers down payment assistance in conjunction with FHA, VA, RD and Conventional mortgages. This is not free money and is a second mortgage that must be repaid should the first mortgage be refinanced or paid off.

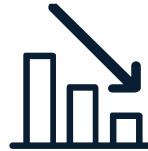
Loan Requirements



Min. Down Payment
1%*



Max. Loan Amount
\$224,500



Credit Score
640+
or No Score



Down Payment Assistance
Up to \$7,500 available
plus \$10,000



All adults living
in household must
apply jointly



Homeownership
Education Required



PMI
Required



Seller Concession
Conform to loan
type guidelines

Property Requirements



Must meet loan
type guidelines



Single family
property



Primary residence



Up to 2 acres



Income and asset
limitations

[MSHDA reference including zip codes for \\$10,000 DPA, the income guide, and maximum sales prices linked here.](#)

* Appraisal and home inspections can be credited towards the 1% as long as it's verified funds by underwriting.
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Keep in Mind for Manufactured Homes

Minimum down payment varies by loan type

- Conventional 5%
- FHA 3.5%
- VA 0%
- RD 0%

Structural engineer report required for FHA, VA and RD. It may be required for Conventional, determined by the appraisers comments

Items which disqualify a manufactured home from financing:

- Home has been moved from the original placement
- Home manufactured prior to 1976 (see HUD Tags)
- Home features vinyl skirting
- Home has inadequate structural tie-downs
- Home is missing HUD tags and title

To qualify for a Rural Development loan:

- Property must have been built no earlier than 1/1/2006
- Minimum of 400 square feet
- No alterations or modifications,
- Remaining economic life must exceed 30 years
- Unit must be taxed as real estate

Affidavit of affixture

Once a doublewide- always a doublewide

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.



**Find your home,
we'll take care of the rest.**



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