

LOAN TYPES & Requirements

Presented by TAG LENDING GROUP



- VA LOAN
- FHA
- CONVENTIONAL
- HARD-MONEY LOAN
- CONDO
- APPRAISAL
- PORTFOLIO LOAN



VA LOAN

Down Payment

0% Down is possible for primary residence ONLY

Seller Concession

Cap of 4% seller concession

Property Conditions

- WDO – no active termites on the property.
- Previous OK if they're nonexistent.
- Pool – fence around pool
- Windows – no cracks/ holes screen / no bars
- Stove – 4 burner stove
- Code Violations – no illegal rooms.
If it doesn't add value to the property it could slide.
- Roof – 3+ years

Mortgage Insurance

Condo Rules

No loan for second home

Additional Requirements

- Still need ESCROW DEPOSIT
- If a Vet, they have to be discharged in good standing. Honorable discharge. What type of disability can determine the property taxes owed.
- SOME lenders will finance the closing costs. It's NOT very common.

FHA

Down Payment

Min Down Payment 3.5%

Seller Concession

Max seller concession 6%

Property Conditions

- 4 Point Inspection – must pass
- WDO is not mandated
- HUD Guidelines
 - Stove
 - Garage
 - Windows
 - Roof 3+ years

Mortgage Insurance

- 3.5% mortgage insurance
- Set fixed mortgage insurance. If they have a bad credit score, the mortgage insurance will be through the roof
- FHA 10% down, Mort. Ins. Comes off automatically after 11 years

Condo Rules

Must be primary residence

Additional Requirements

- if bad credit, conventional is not an option.
- If income is <\$109K, mortgage is 100% tax deductible.
- Duplex – use passive income to offset the DTI
Can go above 54% depending on DU

CONVENTIONAL

Down Payment

- 5-10% (down payment???)
- You can buy a second home / investment property with 10% minimum down payment.

Seller Concession

- Seller concession is 3% max if you're under the 10% threshold
- 10% > you can go up to 6%
- Second home seller concession is up to 9% if more than 25%.

Property Conditions

- less stringent
- No Water stains
 - Habitable
 - Structurally sound

Mortgage Insurance

- MI typically comes off around 7 years
- Minimum 3% HomeReady for first time homebuyers 5% minimum
- <20% down payment = mortgage insurance

Condo Rules

Must be primary residence

Additional Requirements

- NO GIFTS on investment homes. It can come from another person's account, but it cannot be a gift
- Allowed gift money if it's a primary or second home. Second home is 10% down.
- Investment homes gifts = 2%

HARD-MONEY LOAN

Cannot get a HML on a primary residence (fed. Requirements).
Create an LLC.

No set guidelines. Only HML reqs.

CONDOS

VA Loans – VA approved list only. Can do a spot approval, although uncommon.

FHA – Same list as VA(?) HUD's list. If approved, 3.5%.

CONVENTIONAL:

If not approved, does not meet FNMA Reqs., then you need 25%+ down

If it's insurable, then 25%, which causes a "limited review" for approval

Put <25% IF it has 10% reserves

{TAG Team has Cheat Sheet w/Formula}

Full Review CQ – 32 questions, financial, legal, litigations, etc.

Limited Review CQ – ...

APPRAISALS

FHA/VA Rider already includes an appraisal contingency. Buyers can precede w/lower appraisal and put more money down if they want, but they cannot be forced. No deadline/timeframe.

CONVENTIONAL – have an appraisal contingency.

As a listing agent, frontload the appraisal. Deal w/agents upfront.

- ✓ Electrical should be on.
- ✓ Plumbing needs to be on.
- ✓ A/C needs to be functional.
- ✓ Pool should be working.
- ✓ Water stains – get rid of ‘em!

PORTFOLIO LOAN

Cannot be sold in the secondary market. Won't be sold to Fed. Gov. Lender accepts the risk.

- ✓ No VA/FHA/Conventional guideline. No FNMA.
- ✓ Typical of condos. New Construction.
- ✓ 55+ Communities. (Just learned this!)
- ✓ Takes longer b/c banks take longer to close.