what's a mortgage

CONVENTIONAL LOAN GUIDE

Your quick start guide to learning conventional home loans.

PRIVACY POLICY

Certain pages of this mortgage guide summary provides approximations for informational purposes only and is not intended to provide financial, legal, or tax advice. All summaries are hypothetical for illustration purposes and do not constitute an offer to lend. Contact a licensed mortgage professional for an official loan quote for your individual financial scenario. We do not guarantee the accuracy or applicability of the summary to your individual circumstances. Your use of the mortgage guide does not impose any legal obligations or responsibility on WHAT'S A MORTGAGE. The summary should not be relied on as the only source of information for making financial decisions. Consult a qualified financial advisor before making important personal financial decisions.

Welcome to Conventional

Conventional loans are one of the most popular loan types. Conventional mortgages have diverse repayment plans; borrowers don't have to meet any 'special' criteria to qualify; and there's no upfront mortgage insurance fee, and they're available to anyone with a good credit score, stable income, and money for a moderate down payment.

Most homebuyers choose conventional mortgages because they offer the best interest rates and loan terms—usually resulting in a lower monthly payment. And since most people choose a fixed-rate loan over an adjustable-rate mortgage, they don't have to worry about rising mortgage rates, which makes it easier to budget.

The bottom line is that conventional loans are really only available to borrowers with good credit and some available cash for down payment. If you are fortunate to be an attractive borrower, then you might have the ability to obtain a loan at a lower cost and have it processed faster than with a government insured loan.

Throughout this cheat sheet, we will help you determine all of the factors going into this loan to make sure it's the best choice for you.

I've broken down the mortgage process into four keys: Identity, Credit, Income and DTI. Follow this cheat sheet in order to get an understanding of the conventional program, and don't forget to check out the Ultimate Mortgage Guide to gain a professional-level understanding of the mortgage process.

1. **Identity**
2. **Credit**
3. **Income**
4. **Debt to Income (DTI)**

KEY 1: IDENTITY

PERSONAL IDENTITY

You are a US Citizen, permanent resident, have a work visa, or are DACA (Defferment Action for Childhood Arrivals). You also need to be at least 18 years old.

PROPERTY IDENTITY

Single Family Residences (SFR), Duplex, Multiple Units, Condos)

Condos must be warrantable. Is your condo warrantable?
Check here: https://entp.hud.gov/idapp/html/condlook.cfm

What defines a non-warrantable condo?
- If more than 10% of the units are owned by one entity
- There cannot be more than 50% of units non owner occupied
- You cannot be in litigation
- If there are not enough reserves in the HOA (HOA deliquencies)

OCCUPANCY IDENTITY

- Owner occupied minimum down payment is between 3-25% depending on property
- 2nd home minimum down payment is 10%
- Rental home minimum down payment is between 20%-25%, depending on the property
- To utilize rental income to qualify you must own or occupy a property first (so you cannot live at home with our parents or rent free someone where and buy a rental property and use rental income to help you qualify for it, until you have owned a home or past rental properties)
- To qualify for a second home, you cannot use any rental income to help you qualify, you must qualify with the property you are buying use your other mortgage or rent if you are currently renting

CO-OWNERSHIP

Non-occupying buyers can be co-borrowers or co-signers.

The difference between being a co-borrower instead of a co-signer is that co-borrowers are obligated by the mortgage and they co-own the property. They must be added to the property title at closing.

- Co-signer: you can use non occupied co-signer and it is not required to run your spouses credit
- **Kiddie condo: a parent can buy a house for a child in college**

KEY 2:

CREDIT

The three main credit bureaus – Equifax, Experian, and TransUnion – create your credit reports, which scoring models like VantageScore and FICO use, to come up with a score that typically ranges from 300-850. The credit bureaus can also calculate scores for you based on their own proprietary models.

Your scores are typically based on how often you make payments on time and how many accounts you have in good standing. Out of the three credit scores, the bank picks the middle of the three to determine whether or not to approve your home loan. Additionally, the lowest middle score for all applicants on the loan is selected.

If your credit score is at 620 or higher (720 Preffered), and you haven’t fallen into any other credit predicaments, you are ready for a Conventional Loan!

If you are buying owner occupied and your FICO is between 620-700, the payment is generally cheaper than if you were to go conventional. To maximize the lowest payment for an entry level buyer a FICO of 720-760 will guarantee that.

Credit Score	Interest Rate
620-660	Horrible Rates
660-700	Bad Rates
700-720	Ok Rates
720-740	Good Rates
760+	The Best Rates

If you know your scores, write them in here for easy reference.

EQUIFAX	experian	TransUnion

Conventional Public Records

These are public records that are on your credit report and the limitations of the time frame from your last bankruptcy (BK)/short sale (SS)/foreclosure. If you've ever had any type of bankruptcy, it will be seen in the public record matrix.

If you have tax liens, judgements, child support. there's no time sensitivity, as long as you have payments set up you can still qualify to buy no matter the program.

CHAPTER 7	CHAPTER 11	CHAPTER 13	SHORT SALES	FORECLOSURES	REPOS/ EVICTIONS
4+	4+	2+	4+	7+	2+

All numbers are depicted in years.

Chapter 7 - This chapter of the Bankruptcy Code provides for "liquidation" - the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors.
Chapter 11 - This chapter of the Bankruptcy Code generally provides for reorganization, usually involving a corporation or partnership. A chapter 11 debtor usually proposes a plan of reorganization to keep its business alive and pay creditorsover time. People in business or individuals can also seek relief in chapter 11.
Chapter 13 - This chapter of the Bankruptcy Code provides for adjustment of debts of an individual with regular income.
Chapter 13 allows a debtor to keep property and pay debts over time, usually three to five years.
Short Sales - A short sale is the sale of a real estate property for which the lender is willing to accept less than the amount still owed on the mortgage.
For a sale to be considered a short sale, these two things must be true:

- The homeowner must be so far behind on payments that they can't catch up.
- The housing market must have gone down so much that the house is worth less than the remaining balance on the mortgage.

In most cases, the lender (and the homeowner) will try a short sale process in order to avoid foreclosure.
Foreclosures - Foreclosure is the legal process by which a lender attempts to recover the amount owed on a defaulted loan by taking ownership of and selling the mortgaged property. Typically, default is triggered when a borrower misses a specific number of monthly payments, but it can also happen when the borrower fails to meet other terms in the mortgage document.
Repos - Also known as a repurchase agreement, a repo is a form of short-term borrowing for dealers in government securities. In the case of a repo, a dealer sells government securities to investors, usually on an overnight basis, and buys them back the following day at a slightly higher price

Conventional Liability Tradelines

Tradelines are your credit accounts which are reported to the credit reporting agencies. Each tradeline contains detailed information about the account. There are 4 tradelines which banks examine to determine your behavior patterns of how you pay back debt. The 5th "N/A'' line below is not looked at by banks.

LIABILITY TRADELINE MATRIX

REVOLVING	INSTALLMENT	MORTGAGE	DELINQUENT	N/A
CREDIT CARD	CAR LEASE	TRADITIONAL	DELINQUENT	UTILITIES
DEPARTMENT STORES: MACY'S SEARS	CAR PURCHASE	HELOC	COLLECTIONS	CELL PHONE
FURNITURE STORES: LIVING SPACES	JEWLERY		TAX LIENS	CAR INSURANCE
BANK CREDIT: BANK OF AMERICA WELLS FARGO	ELECTRONICS/ APPLIANCES		CHILD SUPPORT	HEALTH INSURANCE
OTHER: CAPITAL ONE MASTER CARD TARGET	STUDENT LOANS		JUDGEMENT	MEDICAL COLLECTION
			LIENS	

Revolving - Revolving debt is the debt you've accrued from those various revolving credit lines. The two most common types of revolving debt are credit cards and lines of credit, like home equity lines of credit. With revolving debt, payments are not a set amount each month, but change based on your balance plus interest charges.

Installment - An installment debt is a loan that is repaid by the borrower in regular installments. An installment debt is generally repaid in equal monthly payments that include interest and a portion of the principal.

Mortgage - A mortgage is a debt instrument, secured by the collateral of specified real estate property, that the borrower is obliged to pay back with a predetermined set of payments.

Delinquent - A debt becomes delinquent when a payment is not made by the due date or the end of the. "grace period" as established in a loan or repayment agreement, in the case of a debt being paid in installments.

N/A - These debts are not looked at by banks.

KNOW THE RULES

CONVENTIONAL CREDIT RULES

Student Loans:

- Use what ever is on the credit report as the monthly payment. Deferment 1% for Fannie Mae, .50 % for Freddie Mac. If Income based repayment, what ever the payment is, but if it's zero you hit them with zero.

Fannie Mae Ex.)
If you have $100,000 in student loan debt, 1% = $1,000
If you have $50,000 in student loan debt, 1% = $500
If you have $20,000 in student loan debt, 1% = $200

Freddie Mac Ex.)
If you have $100,000 in student loan debt, .5% = $500
If you have $50,000 in student loan debt, .5% = $250
If you have $20,000 in student loan debt, .5% = $100

Co signers

- Anyone can be main or co signer, can show 12 months cancelled checks and omit the payment

Under 10 payment down rule (less than 10 payments left):

- Less than 10 payments, can omit payment

Collections - Over $2,000, must count 5% of total against your DTI (debt to income)
ex) $3,500 in collections: $3,500 x .05 = $175/month against your DTI

- Can omit medical collections and charge offs can be waived

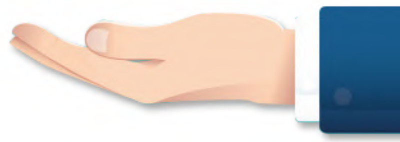
- Child support: You need proof of child support payments.

- IRS: You just need to show a letter prooving that you are making payments.

Married?

- You do NOT have to run your spouses credit

KEY 3: INCOME



• There are no income limits.

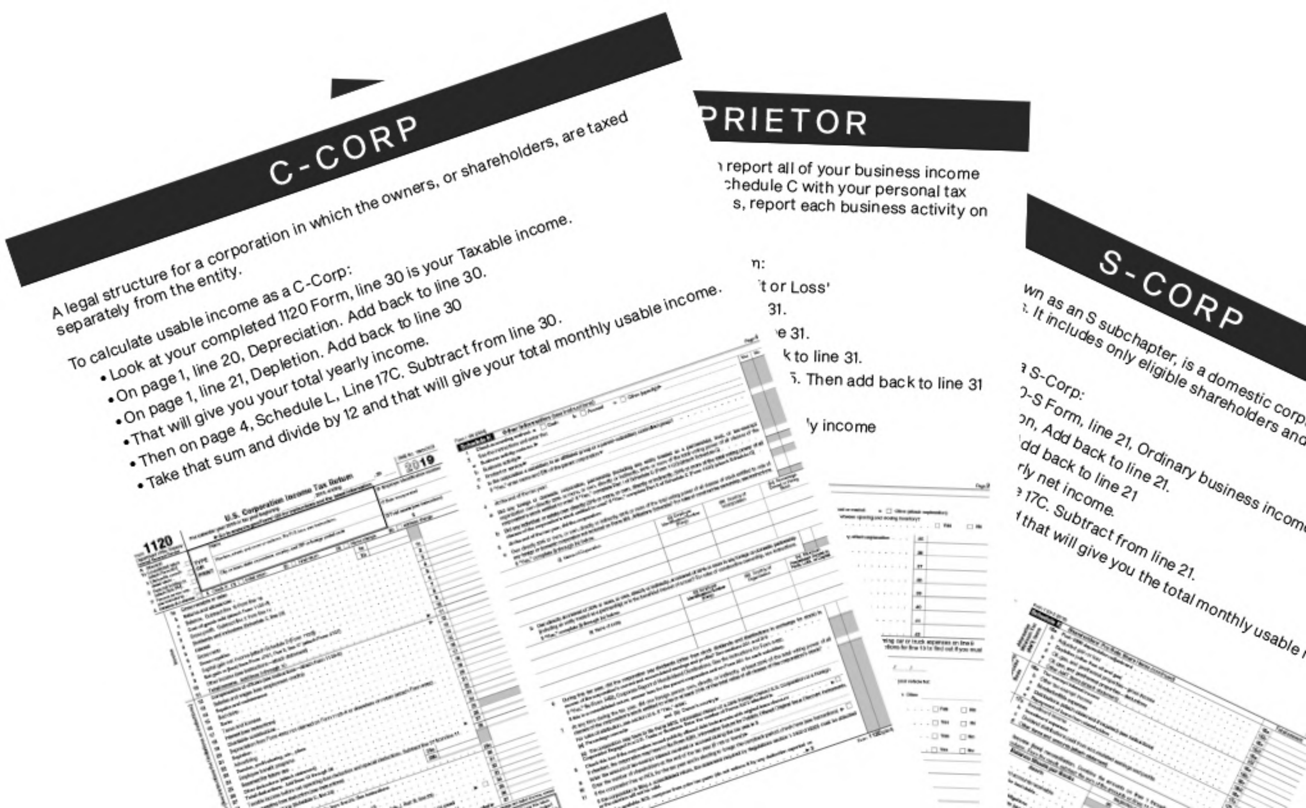
• Can upgross **non-taxable income to 115%.**
Ex) $2,000 x 115% = $2,300

• Can use gifts to cover down payment & closing costs.

• Self employed income calls for a minimum of a 5% down payment.

• To use self employed income, you must have at least a 700 FICO score and either the company you work for, or your own company must be at least 5 years old.

For full information on every type of useable income, check out the Ultimate Mortgage Guide!



KEY 4:
DEBT TO INCOME (DTI)

To calculate your DTI with the **Front End Ratio** we would take your potential monthly mortgage payment divided by your MONTHLY income.

For example; If you make $6,000 a month and the potential mortgage payment you're looking at is $3,000 you would divide 3k by 6k giving you .5. Multiply by 100 and you get a 50% Front End Ratio.

The **Back End Ratio** would be the $3k potential monthly mortgage plus $200 of your monthly car payment debt, $3200 total, divided by your monthly income of 6k. This gives you .53, multiplied by 100 is a 53% Back End ratio.

A simpler way to look at your DTI is to take your monthly income, add in all your monthly bills and liabilities, then add in a desired mortgage payment. Then multiply that by an ideal DTI percentage, to see where you are.

Check out the Ultimate Mortgage Guide to see full details about calculating your DTI.

________________ + ________________ x ________________

Monthly Bills/Liabilities | Desired Mortgage Payment | Ideal DTI %

DTI CHEAT SHEET

Annual Household Income	Monthly Household Income	43%	45%	50%
$60,000	**$5,000**	$2,150	$2,250	$2,500
$70,000	**$5,833**	$2,508	$2,624	$2,916
$80,000	**$6,667**	$2,866	$2,999	$3,333
$90,000	**$7,500**	$3,225	$3,375	$3,750
$100,000	**$8,333**	$3,583	$3,749	$4,166
$110,000	**$9,166**	$3,941	$4,124	$4,583
$120,000	**$10,000**	$4,300	$4,500	$5,000
$130,000	**$10,833**	$4,658	$4,874	$5,416
$140,000	**$11,667**	$5,016	$5,249	$5,833
$150,000	**$12,500**	$5,375	$5,625	$6,250
$160,000	**$13,333**	$5,733	$6,000	$6,667
$170,000	**$14,167**	$6,092	$6,375	$7,084
$180,000	**$15,000**	$6,450	$6,750	$7,500
$190,000	**$15,833**	$6,809	$7,125	$7,917
$200,000	**$16,667**	$7,167	$7,500	$8,334

DOWNPAYMENT SIMULATOR

Using this down payment simulator chart, you can see the broad amount you'd need for your down payment with different purchase prices and down payment percentages.

Loan limits may vary by county, here is a link to look up your conventional county loan limits.

HOME PURCHASE PRICE	3% DOWN PAYMENT	5% DOWN PAYMENT	10% DOWN PAYMENT	15% DOWN PAYMENT	20% DOWN PAYMENT
$300,000	$9,000	$15,000	$30,000	$45,000	$60,000
$325,000	$9,750	$16,250	$32,500	$48,750	$65,000
$350,000	$10,500	$17,500	$35,000	$52,500	$70,000
$375,000	$11,250	$18,750	$37,500	$56,250	$75,000
$400,000	$12,000	$20,000	$40,000	$60,000	$80,000
$425,000	$12,750	$21,250	$42,500	$63,750	$85,000
$450,000	$13,500	$22,500	$45,000	$67,500	$90,000
$475,000	$14,250	$23,750	$47,500	$71,250	$95,000
$500,000	$15,000	$25,000	$50,000	$75,000	$100,000
$525,000	$15,750	$26,250	$52,500	$78,750	$105,000
$550,000	$16,500	$27,250	$55,000	$82,500	$110,000
$575,000	NOT AVAILABLE	$28,750	$57,500	$86,250	$115,000
$600,000	NOT AVAILABLE	$30,000	$60,000	$90,000	$120,000
$625,000	NOT AVAILABLE	$31,250	$62,500	$93,750	$125,000
$650,000	NOT AVAILABLE	$32,500	$65,000	$97,500	$130,000
$675,000	NOT AVAILABLE	$33,750	$67,500	$101,250	$135,000
$700,000	NOT AVAILABLE	$35,000	$70,000	$105,000	$140,000
$725,000	NOT AVAILABLE	$36,250	$72,500	$108,750	$145,000
$750,000	NOT AVAILABLE	$37,500	$75,000	$112,500	$150,000
$775,000	NOT AVAILABLE	$38,750	$77,500	$116,250	$155,000
$800,000	NOT AVAILABLE	$40,000	$80,000	$120,000	$160,000

DOWNPAYMENT VARIABLES

Freddie Mac:

Maximum LTV (loan to value) Ratio Requirements for Conforming and Super Conforming Mortgages.

Purchase and 'No Cash-Out' refinance mortgages (fixed-rate and ARMs)

Mortgage Purpose and Property Type	Maximum Loan to Value (LTV)
1-Unit Primary Residence	95%
2-Unit Primary Residence	85%
3- and 4-Unit Primary Residence	80%
Second Home	90%
1-Unit Investment Property	85%
2-4 Unit Investment Property	75%

Fannie Mae:

Standard Eligibility Requirements. Excludes: High LTV Refinance, HomeReady, HomeStyle Renovation, and Manufactured Housing

Transaction Type	Number of Units	Maximum LTV
Principal Residence		
Purchase	1 Unit	FRM: 97%
		ARM: 95%
	2 Units	FRM/ARM: 85%
	3-4 Units	FRM/ARM: 75%
Second Homes		
Purchase	1 Unit	FRM/ARM: 90%
Investment Property		
Purchase	1 Unit	FRM/ARM: 85%
	2-4 Units	FRM/ARM: 75%

Calculating Loan Amount

When starting up the calculations for your mortgage payment, you will need two things:

• The current rates (https://www2.optimalblue.com/obmmi/)
• The Techy Lender Mortgage Calculator

I will show you the math necessary to get to the final numbers, but a mortgage calculator makes things much easier, with far less chance for error.

EXAMPLE	PURCHASE PRICE: $400,000 LOAN AMOUNT: $388,000	INTEREST RATE: 4.75% DOWN PAYMENT: 3 % OR $12,000

PRINCIPAL & INTEREST

$$\frac{\text{LOAN AMOUNT @ INTEREST RATE}}{\text{12 MONTHS}} = \$2203.99$$

HAZARD INSURANCE

$$\frac{\text{PURCHASE PRICE X .15\%}}{\text{12 MONTHS}} = \$50.00$$

TAXES

$$\frac{\text{PURCHASE PRICE X 1.25\%}}{\text{12 MONTHS}} = \$416.67$$

MORTGAGE INSURANCE

SEE EXAMPLE ON NEXT PAGE

TECHY LENDER

Calculating Mortgage Insurance

To calculate MI, you'll need to know a handful of things; FICO score, loan amounts, # of possible co-signers and DTI to name a few.

The following example shows you a breakdown of the same purchase with different mortgage insurance variants: A monthly payment, single one time payment, and a split payment.

If you notice on the next page that there are adjustors, please reference the rate cards on page #15.

If you have any questions, you can either reference the Ultimate Mortgage Guide, or you can always contact me at info@whatsamortgage.com.

This example shows the same loan with different mortgage insurance variations.
Ex) $450,000 Purchase Price, 720 FICO, 5% Down, 1 Borrower, DTI <45%

MONTHLY PREMIUM

MI Rate: .66%

Loan Amount: $427,500

Loan Amount x MI Rate = $2,821.50 /12 Months= $235.13/Month

SINGLE PAID PREMIUM

Single Premium Rate: 2.16%

Loan Amount: $427,500

Loan Amount x Single Premium Rate = $9,234 (One time payment due at closing)

SPLIT PAID PREMIUM

Up Front MI: .50%; Monthly: .62%

Loan Amount: $427,500

Loan Amount x Up Front Rate = $2,137.50 payment due at closing

Loan Amount x Monthly Rate = $220.88 payment a month

(this is not as popular because you have to pay an amount due at closing and a monthly payment)

LENDER PAID PREMIUM

This varies on the lenders daily rate

Mortgage Insurance Rate Cards

Monthly Premium:

Amortization term **> 20 years** | Non-refundable

Fixed (FIXED PAYMENTS FOR ≥ 5 YEARS)*

LTV	Coverage	760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
97% -95.01%	35%	.58%	.70%	.87%	.99%	1.21%	1.54%	1.65%	1.86%
	25	.46	.58	.70	.79	.98	1.23	1.31	1.50
	18	.39	.51	.61	.68	.85	1.05	1.17	1.27
95% -90.01%	30	.38	.53	.66	.78	.96	1.28	1.33	1.42
	25	.34	.48	.59	.68	.87	1.11	1.19	1.25
	16	.30	.40	.48	.58	.72	.95	1.04	1.13
90% -85.01%	25	.28	.38	.46	.55	.65	.90	.91	.94
	12	.22	.27	.32	.39	.46	.62	.65	.73
85% & Below	12	.19	.20	.23	.25	.28	.38	.40	.44
	6	.17	.19	.22	.24	.27	.37	.39	.42

Adjustments		760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
Second Homes		+.12	+.13	+.14	+.17	+.20	+.35	+.40	+.45
Employee Relocation Loans		–.02	–.04	–.04	–.07	–.07	–.10	–.12	–.12
Manufactured Homes		+.18	+.20	+.20	+.25	+.30	+.50	+.55	+.60
3- to 4-Unit Properties		+.34	+.38	+.38	+.47	+.50	+.57	+.65	+.75
Lender-Paid Monthly Premium		+.04	+.06	+.08	+.11	+.13	+.19	+.21	+.23
Declining Renewals (Borrower-Paid Only)		+.02	+.03	+.03	+.04	+.04	+.05	+.07	+.07
Annual Premium (Refundable)		–.02	–.03	–.03	–.04	–.04	–.05	–.07	–.07
Refundable Monthly Premium		+.01	+.01	+.01	+.02	+.02	+.03	+.03	+.03
> 45% DTI	95.01%-97% LTV	+.10	+.14	+.17	+.21	+.26	+.35	+.37	+.38
	90.01%-95% LTV	+.09	+.11	+.14	+.18	+.23	+.27	+.29	+.31
	85.01%-90% LTV	+.07	+.10	+.12	+.15	+.19	+.21	+.23	+.24
	85% LTV & Below	+.03	+.04	+.05	+.05	+.07	+.09	+.09	+.09
≥ 2 Borrowers	95.01%-97% LTV	–.13	–.13	–.13	–.13	–.14	–.15	–.16	–.18
	90.01%-95% LTV	–.09	–.09	–.09	–.10	–.11	–.12	–.14	–.16
	85.01%-90% LTV	–.07	–.07	–.07	–.07	–.08	–.09	–.09	–.10
	85% LTV & Below	–.03	–.03	–.03	–.03	–.03	–.03	–.03	–.04

Rates and adjustments are subject to state regulatory approval and are subject to change. Additional rates may also be available. For questions regarding state approvals and additional rates, please contact your MGIC representative.

Single Premium:

Amortization term **> 20 years**

Fixed (FIXED PAYMENTS FOR ≥ 5 YEARS)*

LTV	Coverage	760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
97% -95.01%	35%	1.58%	2.19%	2.75%	3.18%	3.68%	4.65%	4.93%	5.96%
	25	1.36	1.88	2.31	2.65	3.06	3.86	4.10	4.95
	18	1.15	1.69	1.77	2.25	2.55	2.93	3.11	3.75
95% -90.01%	30	1.22	1.73	2.16	2.52	2.92	3.69	3.91	4.72
	25	1.20	1.59	2.11	2.41	2.79	3.52	3.74	4.51
	16	.96	1.26	1.65	1.81	1.98	2.27	2.41	2.91
90% -85.01%	25	.87	1.16	1.48	1.75	1.99	2.50	2.65	3.20
	12	.59	.74	.89	1.05	1.20	1.50	1.59	1.92
85% & Below	12	.47	.54	.64	.71	.85	1.00	1.06	1.27
	6	.43	.50	.59	.65	.78	.91	.96	1.16

Adjustments		760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
Second Homes		+.36	+.39	+.49	+.60	+.70	+1.23	+1.27	+1.35
Employee Relocation Loans		-.10	–.10	–.14	–.25	–.25	–.35	–.35	–.35
Manufactured Homes		+.54	+.60	+.70	+.85	+1.05	+1.50	+1.65	+1.80
3- to 4-Unit Properties		+1.02	+1.19	+1.33	+1.50	+1.75	+1.90	+2.00	+2.63
> 45% DTI	95.01%-97% LTV	+.38	+.62	+.76	+1.06	+1.24	+1.42	+1.60	+1.82
	90.01%-95% LTV	+.35	+.44	+.57	+.72	+1.00	+1.23	+1.27	+1.53
	85.01%-90% LTV	+.28	+.39	+.50	+.62	+.75	+.89	+1.01	+1.25
	85% LTV & Below	+.11	+.17	+.22	+.30	+.38	+.42	+.44	+.49
≥ 2 Borrowers	95.01%-97% LTV	–.18	–.20	–.20	–.20	–.21	–.22	–.23	–.27
	90.01%-95% LTV	–.14	–.14	–.14	–.16	–.16	–.17	–.19	–.25
	85.01%-90% LTV	–.10	–.10	–.10	–.10	–.11	–.11	–.12	–.15
	85% LTV & Below	–.03	–.03	–.03	–.03	–.04	–.04	–.04	–.04

Rates and adjustments are subject to state regulatory approval and are subject to change. Additional rates may also be available. For questions regarding state approvals and additional rates, please contact your MGIC representative.

Split Premium:

Amortization term **> 20 years** | Non-refundable

Fixed (FIXED PAYMENTS FOR ≥ 5 YEARS)*

LTV	Coverage	760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
97% -95.01%	35%	.36%	.56%	.76%	.96%	1.21%	1.71%	1.86%	2.06%
	25	.25	.44	.58	.74	.96	1.33	1.48	1.62
	18	.18	.35	.46	.59	.79	.99	1.14	1.24
95% -90.01%	30	.19	.37	.51	.65	.86	1.20	1.28	1.39
	25	.15	.30	.42	.53	.72	.99	1.06	1.15
	16	.10	.22	.32	.42	.56	.80	.88	.98
90% -85.01%	25	n/a	.15	.24	.34	.47	.74	.79	.84
	12	n/a	n/a	.10	.15	.24	.39	.43	.51
85% & Below	12	n/a	n/a	n/a	n/a	n/a	.07	.09	.11
	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	.09

Adjustments	760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
Second Homes	+.12%	+.13%	+.14%	+.17%	+.20%	+.35%	+.40%	+.45%
Manufactured Homes	+.18	+.20	+.20	+.25	+.30	+.50	+.55	+.60
3- to 4-Unit Properties	+.34	+.38	+.38	+.47	+.50	+.57	+.65	+.75
Declining Renewals	+.02	+.03	+.03	+.04	+.04	+.05	+.07	+.07

*Permanent payment terms of the mortgage note determine loan program category.

Premium adjustments apply to the annualized monthly premium only.

See back page for applicable Notes.

Rates may not be available for all LTVs and credit scores. Refer to our Underwriting Guide, mgic.com/uwguide, for loan eligibility.

Rates and adjustments are subject to state regulatory approval and are subject to change. Additional rates may also be available. For questions regarding state approvals and additional rates, please contact your MGIC representative.

Removing Mortgage Insurance

The federal Homeowners Protection Act (HPA) gives you the right to remove PMI from your home loan in two ways. You can get “automatic” or “final” PMI termination at specific home equity milestones, or you can request the removal of PMI when you reach 80 percent home equity.

Milestones to removing conventional mortgage insurance:

• “Written” when you pay off 20% of the principle from the original price, you can call lender and they will remove the MI.

• “Automatic” when you pay off 22% of the principle from original purchase price, the lender will automatically remove the MI

• If you’ve owned the home for 5 years+ and you have 20% equity you can get an appraisal done and MI can get removed

• If you’ve owned the home for 2 years+ and you have 25 % equity you can get an appraisal done and MI can be removed

• If you have 20% equity at any time you can refinance and remove the MI

Conventional Loan Comparisons

Conventional Loans Vs. VA Loans

While conventional loans are available to anyone who can meet the requirements, VA loans are only available to veterans, active-duty military members and their surviving spouses. If you're thinking about getting a VA loan instead of a conventional loan, here are a few things to consider:

You can't use a VA loan to buy a second home. The Department of Veterans Affairs only guarantees a certain dollar amount for each borrower, so you typically can't have more than one VA loan at a time.

You'll have to pay a funding fee. The funding fee offsets the cost to taxpayers of getting the VA loan. Certain groups (surviving spouses, those on VA disability, and Purple Heart recipients serving in an active-duty capacity) are exempt from paying the funding fee, but most are required to pay it. The funding fee ranges from 1.25% to 3.3% of the loan amount and varies based on how much your down payment is, whether you're buying a home or refinancing, and which branch you served in.

Conventional Loans Vs. FHA Loans

Conventional loans have stricter credit requirements than FHA loans. FHA loans, which are backed by the Federal Housing Administration, offer the ability to get approved with a credit score as low as 580 and a minimum down payment of 3.5%. While conventional loans offer a slightly smaller down payment (3%), you must have a credit score of at least 620 to qualify.

When you're deciding between a conventional loan and an FHA loan, it's important to consider the cost of mortgage insurance. If you put less than 10% down on an FHA loan, you'll have to pay a mortgage insurance premium for the life of your loan – regardless of how much equity you have. On the other hand, you won't have to pay private mortgage insurance on a conventional loan once you reach 20% equity.

Conventional Loans Vs. USDA Loans

While conventional loans are available in all areas of the country, USDA loans can only be used to purchase properties in qualifying rural areas. Those who qualify for a USDA loan may find that it's a very affordable loan compared to other loan options.

USDA loans have income limits that vary based on the city and state where you're buying the home. When evaluating your eligibility for a USDA loan, your lender will consider the incomes of everyone in the household – not just the people on the loan.

USDA loans don't require borrowers to pay private mortgage insurance (PMI), but they do require borrowers to pay a guarantee fee, which is similar to PMI. If you pay it upfront, the fee is 1% of the total loan amount. You also have the option to pay the guarantee fee as part of your monthly payment. The guarantee fee is usually more affordable than PMI

THE LOAN PROCESS

The loan process is a lot like playing hopscotch. You have to finish one step to jump to the next one. Just like hopscotch, there are 9 steps needed to win. A win means your loan funded. Are you ready to win? Let's begin!

step 1 Find a lender. You want a lender that is transparent about their mortgage license, rates and fees. Your lender should give you different options, and offer under written approvals and not just pre-approvals.

step 2 Find a realtor. You want a relator that knows how to negotiate during a sellers market and knows the costs of improvements. If you are buying a new build, you want your own representation.

step 3 Find a house/open escrow. Determine your purchase price, negotiate terms and clear your earnest money desposite check (EMD Check).

step 4 Initiate approval. Lock or float your loan. The lender will send out disclosures and Loan Estimate. The buyer will sign initial disclousres, and send in updated conditions to get initial approval. Appraisal, home inspection and termite are ordered.

step 5 Conditional approval/clear conditions. Clear title, escrow and appraisal. Clear your credit, income, asset conditions. You will also lock your loan if you haven't yet.

step 6 CD/Docs. You will make sure you send out all disclosures. Make sure everything matches up with the loan estimate. If it doesn't, there's a 3 day cooling period. Your loan docs go out, and make sure your loan is locked!

step 7 Sign loan docs. Sign your loan and escrow docs. Remember to use a notary approved by the title company.

step 8 Bring in your money and do your final walk through. Becareful of wire fraud, make sure it's wired from an account that has been verified by your lender.

step 9 Fund your loan!

step 10 Record and get your keys. Welcome home!

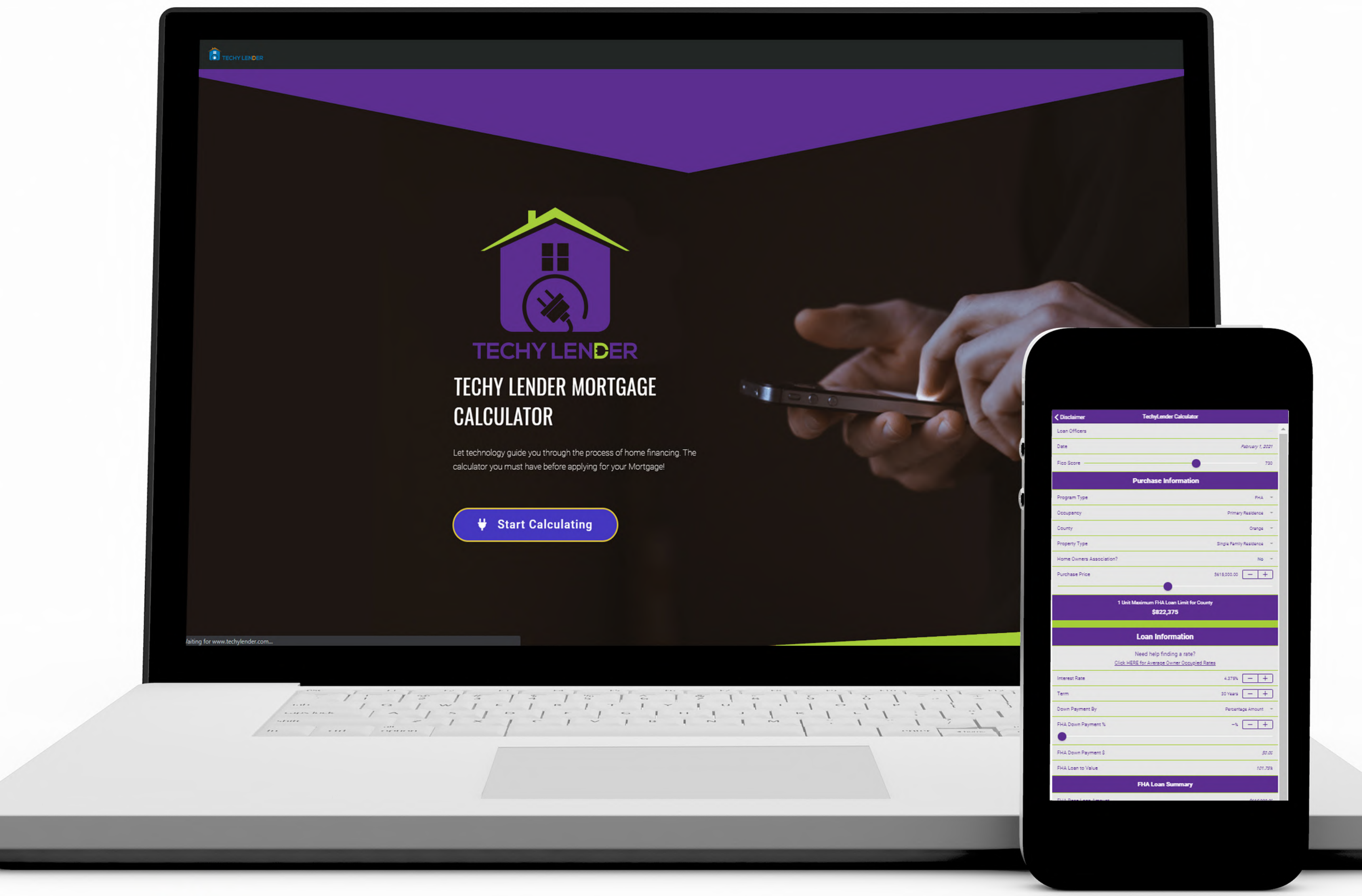
THE DO'S AND DON'TS OF HOME OWNERSHIP

DO	DON'T
STAY CONSISTENT IN YOUR WORK	DON'T TAKE TIME OFF OR STOP WORKING YOUR NORMAL SHIFTS/OVERTIME
SEND YOUR LOAN OFFICER YOUR PAY STUBS AND PAPERWORK SWIFTLY	DON'T RE-RUN YOUR CREDIT TOO MANY TIMES CAUSING A CREDIT INQUIRY
SAVE MONEY	DON'T RUN UP YOUR CREDIT WITH HIGH BALANCES
PAY YOUR BILLS ON TIME	DON'T TRANSFER MONEY AROUND YOUR ACCOUNTS
GIVE YOUR LOAN OFFICER MORE REFERRALS :)	DON'T FINANCE ANYTHING NEW/LARGE (CAR, JEWLERY, ELECTRONICS)

The Techy Lender Mortgage Calculator

Qualify Before You Apply!

- Compare interest rate sceanarios
- LPMI vs Standard MI Comparisons
- Built-in loan qualifier



TECHY LENDER

Created by:
James Williams “The Techy Lender”

WWW.TECHYLENDER.COM


what's a mortgage
Follow my social accounts to stay connected and get access to my live streams, mortgage updates and hot homeowner tips!
@whatsamortgage
You can also contact me at:
(714) 410-5556
info@whatamortgage.com
loanDepot.com, LLC is not affiliated with the "Ultimate Mortgage Guide". This is a publication that Minh Nguyen created and published independently.
WWW.WHATSAMORTGAGE.COM