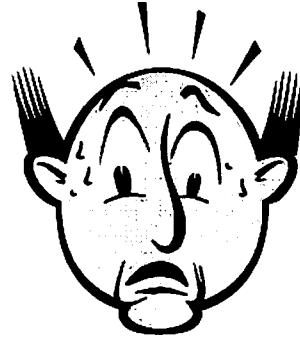


# It's Okay....



## Don't Be Afraid of

## FHA or VA



# FHA LOANS



## Overview:

FHA fixed rate mortgages (15, 20, 25 or 30 year terms) offer a low down payment and provide the security of a fixed payment. This type of financing is primarily used by customers with limited funds to close, requiring a minimum investment of 3% into the transaction.

FHA is also more forgiving of credit challenges. Customers finding credit limitations with conventional financing may find a solid alternative through FHA.

# Benefits of FHA



- New Qualifying Ratios of 31%/43%
- Borrowers Contribution can be gift funds
- Assumable
- When rates drop, can streamline refinance
- Alternative Credit is acceptable and No Credit is Good Credit
- Student loans are not counted in the ratios if deferred for 12 months
- 3% investment and up to 6% seller concession
- Best alternative for manufactured homes
- Non-Occupant Co-Borrowers Allowed
- Collections/Charge-off's over 12 months old and less than \$5,000 do not have to be paid in full

# NSF Checks

**Yikes! NSF Checks are considered "POOR CREDIT" and may cause a customers credit score to be downgraded by the underwriter...**



# Why you were scared??

And shouldn't be now.....

- Pest Inspection reports will only be required where the appraiser notes “an active infestation.
- No longer require to replace missing handrails
- Wood Destroying Pest Certifications have loosened guidelines.
- Well and Septic are simply given the “flush test” to check the water pressure by the appraiser, unless problems are evident.
- The distance between the well and septic do not need to be documented if the appraiser says it looks ok.
- FHA now uses Conventional Appraisal Forms (VC Sheets are not longer required).



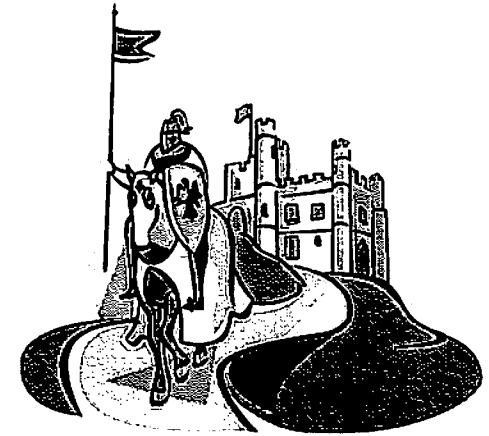


# Gift Swap

Only FHA allows for the down payment and closing cost to be derived from a gift swap program. A gift swap program allows the buyer to receive a gift from a non-profit organization. What makes a gift swap different is the seller is required to make the contribution to the non-profit.

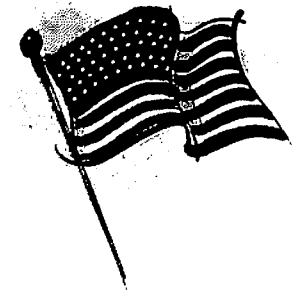
Ameridream, Nehemiah, and Genesis are the three approved “gift swap” programs that are offered.

# For Your Protection Get A Home Inspection



The form is still required, but...  
No longer needs to be signed and dated!

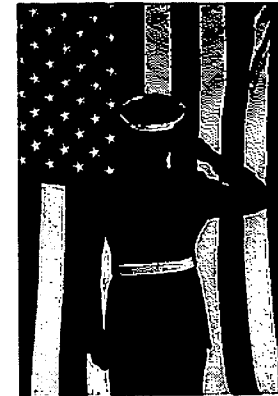
# VA LOANS



## Overview:

VA 15, 20, 25 and 30 year fixed mortgages and the 3 and 5 year ARM offer 100% financing and the ability to roll in the VA funding fee for a total of up to 103% LTV. The biggest benefit of VA financing is 100% LTVs without traditional mortgage insurance. A funding fee does apply, but can be rolled into the loan amount.

# Who is Eligible??



## Veterans.....

- Who have served for 181 consecutive days in the Army, Navy, Air Force, Marines or Coast Guard.
- Honorably discharged for 2 full years of active duty.
- National Guard and Reservist after 6 years of service.
- Must obtain a Certificate of Eligibility.

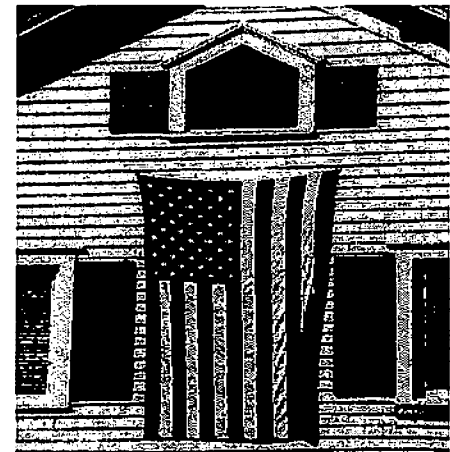
# BENEFITS OF VA



- 100% financing
- No Ratios for Veterans who exceed the residual income guideline
- Assumable
- Raised maximum loan guarantee to \$417,000
- Seller can pay all closing cost and discount points with no limitation. If the seller pays for prepaid interest/escrows, funding fee or any debts of the veteran, these are limited to 4% of the sales prices
- Disabled Vets are usually exempt from the funding fee
- Collections/Charge-off's over 12 months old and less than \$5,000 do not have to be paid in full

# Welcome Home!!

- All Veterans coming home who were on active duty receive a half of a point discount, as long as their DD214 proves they are active duty after 8/1/2002
- Must meet all other VA underwriting guidelines.



# Why use Coldwell Banker Home Loans for FHA and VA?

- 30 day closings.
- #1 VA lender in the country.
- Dedicated Processing Team who only handles Government Loans.
- We are Government experts.
- We have the ability to use ACE to obtain COE's on-line.

## VA Allowable Fees

The lender can charge reasonable closing costs on a VA Loan. The following items can be included as closing costs and be paid by the veteran, the seller or shared between both parties. Closing costs vary by state, and defaults on the GFE in LoanSpan or PHHORCE accordingly.

### Allowable Fees:

• VA appraisal	• Credit report
• Loan origination fee	• Discount points
• State or local transfer taxes	• Survey
• Flood certificate	• EPL endorsements
• Title search, title insurance and title exam not to exceed 1.25% of loan amount	

### Fees that can be charged with no 1% origination fee:

• Final inspection	• Express mail
• Closing/Escrow/Transfer of lien/Settlement	• Loan closing / Settlement fee
• Photographs	• Document preparation
• Lock-in fees	• Commitment
• Attorney services other than title work	• Escrow fee

### Fees that cannot be charged on a VA loan:

• Tax service	• Well/septic certificate
• Trustee fees	• Release fee
• Sales/brokerage commission	• ARM endorsements
• TIL Disclosure fee	• Underwriting
• Lender attorney fees	• Processing
• Notary	• Loan application or processing

## Seller Concessions

Let's separate VA costs into three categories	Can the seller pay?
1. Down payment	No. The seller can't pay for any of the down payment (if there is a down payment). Down payment money can come from the vets own funds or from gift funds.
2. Standard closing costs which includes discount points	Seller can pay for all of these -- whatever the percentage
3. Prepaid items and funding fee	If the Seller is paying for all of the standard closing costs above and is still feeling generous.... The seller can also contribute an additional 4% to be applied towards prepaid items, the funding fee, escrows, and even the pay off of the veteran's debt!
<p>The seller can pay for all of the typical/standard closing costs and also kick in an additional 4% towards prepaid items and the funding fee.</p> <p>Example: If the closing costs and 1 discount point totaled 3%, and the prepaid items and funding fee added up to 4%. The seller could cover all with a total contribution of 7%.</p> <p><b><i>Important note:</i></b> The seller cannot contribute an amount in excess of the closing costs, prepaid items and funding fee.</p>	

Any seller concession or combination of concessions which exceeds 4% of the established reasonable value of the property is considered excessive, and unacceptable for VA-guaranteed loans. Do not include normal discount points and payment of the buyer's closing costs in total concessions for determining whether concessions exceed the 4% limit.

**ALLOWABLE/NON-ALLOWABLE FEES**  
**FHA AND VA TRANSACTIONS**

**VA – ALLOWABLE:**

Document Draw Fee (if required for Buyer)  
Notary Fee  
Title Insurance – ALTA

Credit Report  
Appraisal – if ordered in Veterans Name  
VA Funding Fee  
1% Origination Fee  
Interest from day of recording

Recording Fee – Max. \$17.00  
Tax proration to day of recording  
Home Protection Plan (if requested by Borrower upfront)  
Hazard Insurance Premium

**VA – NON ALLOWABLE**

Base Escrow Fee  
Loan Tie-in Fee  
Demand/Payoff Statement Fee (ok on refi only)  
Sub Escrow Fee (title payoff Fee)  
Reconveyance Fee (ok on refi only)  
Prepayment penalties (ok on refi only)  
Any Lender Document Fee  
Processing Fee  
Warehouse Fee  
Loan Discount Points  
Charges by other Lenders  
Tax Service Contract  
Underwriting Fee  
Administration Fee  
Photo Inspection Fee  
Recording Fee – Balance above \$17.00  
Termite Fees or Work Charges  
Any Messenger Fee incl. Overnight Delivery  
Notary Fees  
Homeowners Assn. Transfer Fee  
Assignment Fees  
Documentary Transfer Tax Fee  
Bring-down Fee  
Change of Ownership Fee (PCOR Penalty)  
Commission  
Transaction Coordinator Fee  
Title Policy Endorsement Fees  
Home Protection Plan

**FHA – ALLOWABLE**

Base Escrow Fee  
Title Insurance ALTA  
FHA Appraisal Compliance Inspection Fee  
1% Loan Origination Fee  
FHA MIP Premium  
Loan Discount Points  
Credit Report Fee (Actual Cost)  
Appraisal Fee (Actual Fee)  
Interim Interest  
Hazard or Flood Insurance Premiums  
Reserves for Taxes and Insurance  
Notary Fee \$10.00/signature  
Recording Fees – Actual Fees  
Termite (initial inspection ok – no repairs unless approved in writing by lender)  
Home Warranty – ok if stipulated in escrow instructions and with prior approval of lender  
Amortization Schedule Fee  
Real Estate Commission (if prior approval in writing by lender)  
Broker Fees (if prior approval in writing by lender)  
Tests or treatments required by HUD (if prior approval in writing by lender)  
Compliance Inspection Fee

**FHA – NON ALLOWABLE**

Sub-Escrow Fee to Title Company  
ALTA Endorsement Fees  
Other Inspection Fees are not allowed  
Recording Assignment Fee  
Processing Fees  
Document Preparation Fees  
Tax Service Contract  
Any Messenger Fee incl. Overnight Delivery  
Loan Tie-In Fee  
Bring-down Fee  
Title Binder  
Tax Stamps/City Transfer Tax Charges  
Homeowners Association Transfer Fee  
Repairs or work required on FHA Appraisal (unless approved in writing by lender)  
Home Warranty Program – ok if stipulated in escrow instructions and with prior approval of lender  
Photo Fee/Photo Inspection Fee  
Reconveyance Fee  
Preliminary Change of Ownership Report  
Commission  
Transaction Coordinator Fee