

SEDONA REAL ESTATE
WWW.DAVID - LEVINE.COM

Russ Lyon

Sotheby's
INTERNATIONAL REALTY



David Levine
928.254.8888

David@David-Levine.com



Joanne Holiday
928.862.0882

Joanne.Holiday@RussLyon.com



Ed Pennington
928.300.0400

EdPenn@NPGCable.com



NOW IS THE BEST TIME TO GET A LOAN

Written in consultation with Linda Rogers, Senior Loan Officer, Primary Residential Mortgage Inc. Contact Linda at 928.203.0695 or lrogers@primeres.com for more information on these loan programs and for all your mortgage requirements.

Homebuyers are having great success in securing mortgage loans for the full gamut of properties from a first-time home to a luxury estate. This is the case even if they are self-employed.

If you are renting a home there couldn't be a better time to cash in on "no or low-down payment" loans. If you take into account the tax break for interest on your mortgage loan payments it makes even more sense to get a loan and own your own home. Chances are that your after-tax cost might be much lower than your rent payment.

Can you afford to miss the opportunity to take advantage of unprecedented low prices and interest rates? The good news is that it only takes 30 minutes of your time to find out if you can pre-qualify for a loan. It is important to get pre-qualified with a lender **before** looking for a home. You will find out exactly what you can afford and be ready to make an offer the minute you find that perfect home.

There are many factors that are considered to determine whether you qualify for a loan:

Credit Scores: In general, it is best to have a score of at least 640 but there are some options available for those with scores down to 580. If your scores do not meet these criteria, be sure to ask your lender what is the most effective way to optimize your scores so you can qualify. The credit score you can pull for yourself is not the same formula used to determine a mortgage score, so it is best to have a mortgage lender pull your credit.

Employment History: It is important that you have a two year history of employment. If you are self employed it must be two years in the same line of work. This is not the case for the non-self employed.

Income: Your income must be sufficient to qualify. The key figure is your Debt To Income Ratio. **This is the best determined by a lender** and is calculated by taking the sum of the proposed principal, interest, tax and insurance payment - plus all of the monthly payments showing on your credit - divided by your gross monthly income. The acceptable ratio is different depending on the loan type and compensating factors in your loan application.

Assets: This is the amount of money in your savings, checking, investment and retirement accounts. You must have enough money to cover a down payment, closing costs and two to six months PITI payments. You are allowed to use Gift Funds for all or a portion of these costs in the event you do not have enough money yourself.

You can expect to submit the following documentation to support your loan request:

- 2 years personal tax returns, all pages, all schedules;
- 2 years business returns, all pages, all schedules, if you are self employed;
- 2 years 1099s and W-2s;
- 30 days most recent paystubs showing year to date earnings;
- 2 months most recent assets statements (all pages - even the blank ones);
- Checking, Savings, Retirement, CDs, Investment Accounts etc. ;
- Copies of your identification;
- Name of the insurance company you would propose to use;
- Name and contact info for your landlord if you have been renting;
- And there may be additional information required depending on your individual situation.

Which loan is best for you? There are a myriad of loan programs to choose from and there is sure to be one that will work for your unique circumstances. Here are just a few options to consider:

USDA Rural Development Loan

This loan requires no down payment and no monthly mortgage insurance. If this will be your primary residence, your household income does not exceed USDA income limits for your area and the property you want to buy is located in an area that is designated as “rural”, you may qualify for this loan.

The good news is that a home anywhere in Sedona and the Verde Valley is considered “rural”. There is an upfront mortgage insurance premium requirement but you can finance this into the loan. If you don’t have a credit score and no negative credit history this mortgage loan may allow you to use alternative credit - when a credit score is determined using your payment history for utilities. Rates are very competitive for this loan program.

FHA Loan

With as little as 3.5% down you may qualify for an FHA loan provided the loan amount is no more than \$390,000 if the home is located in Yavapai County and \$450,000 in Coconino County. To qualify the home must be a primary residence and you need a minimum credit score of 620. You will be required to pay an “up front mortgage insurance premium” equal to 1% of the loan amount that can be financed into the loan and you will also pay monthly mortgage insurance as well. There is a monthly mortgage Premium of 1.1%.

FHA 203 Streamline Loans

If you want to buy a home that has a lot of deferred maintenance or needs updating you can borrow up to \$31,000 above the purchase price of the home with the FHA 203 Streamline loan. It allows you to repair, remodel, buy appliances, re-roof, paint, install flooring etc. provided you don’t do anything structural or add square footage to the home. The qualifying requirements and loan limits are the same as a regular FHA loan.

VA Loans

100% financing is available for eligible Veterans for a primary residence only. The VA funding fee is financed into the loan.

Conventional Loans

The conventional loan limit is \$417,000. There are a number of down payment options for these products but if you put down less than 20% you will pay monthly mortgage insurance. The amount of the mortgage insurance payment depends on the loan amount, credit scores, loan to value and other factors.

Jumbo Loans

Jumbo loan amounts are greater than \$417,000. There are some wonderful loan programs available up to \$5 million and the rates are surprising low. Expect to pay at least 20% down for a primary residence and 30% for a second home. The credit score requirements for jumbo loans may be higher as well.

Lock & Shop

If you haven’t found the perfect home but want to lock in your interest rate for up to 60 days, this program is for you. If you qualify, your interest rate can be locked in when you submit your loan application and you have 60 days to find a home and close the transaction. If rates go down during this period, you will enjoy the lower rate.

Breathe Easy Program

If you are tight on cash and you need some extra money to buy appliances or you want to fix-up your new home, with the Breathe Easy Program the Seller can agree to pay the interest portion of your payment in advance for an agreed upon period of time after the close of escrow. At the onset of the loan most of your monthly payment goes toward interest so this program frees up a significant amount of cash that you can use to increase the value of your new home. This product is available for both conventional and FHA loans.

Refinancing

For refinancing you will need to qualify on the same basis as a purchase loan. The appraised value of your home is crucial in determining qualification. If your mortgage is owned by Fannie Mae or Freddie Mac you may be able to refinance up to 105% of the appraised value without paying mortgage insurance.

Loans for Foreign Nationals

The minimum loan amount is \$300,000 with a 50% minimum down payment (\$600,000 minimum purchase price).

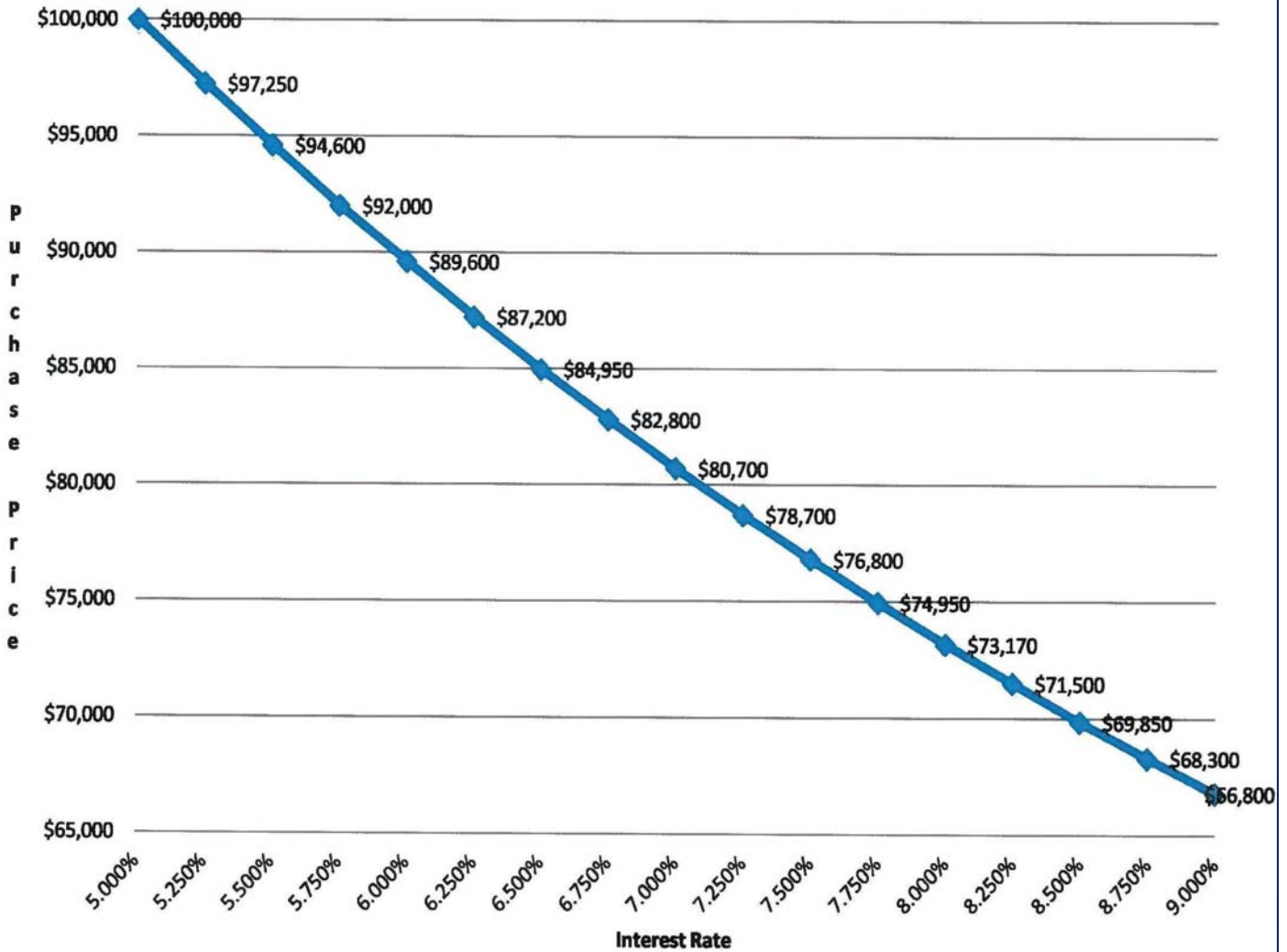
Construction Loans

Construction loans are available - call Linda Rogers at 928.203.0695 to discuss your personal requirements.



PRIMARY RESIDENTIAL MORTGAGE, INC.

Home Affordability Based on Rate



This graph shows the significant impact of an increase in mortgage rates on home affordability. The impact of higher interest rates can easily nullify any benefit of waiting for a lower price. Primary Residential Mortgage Inc. offers an impressive “Lock & Shop” program for qualified buyers so you can lock your interest rate for up to 60 days. When you submit your loan application you have 60 days to find a home and close the transaction.

Russ Lyon

Sotheby's
INTERNATIONAL REALTY

1370 West SR 89A, Suite 9
Sedona Arizona 86336 Phone 928-282-5966

David Levine

REAL ESTATE TEAM
SATISFYING EXTRAORDINARY TASTE

