

AmeriCU

M O R T G A G E

With more than 20 years of credit union experience, Gary is prepared to offer credit unions and their members, solutions to their mortgage and investment needs with a full understanding of the products and services requested and required by your members.

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AmeriCU
M O R T G A G E

Building Relationships....

With You

- 24 Hour Partner Hot Line
- Comprehensive Staff Training
- Customized Partnership Options
- Weekly, Monthly & Annual Reporting

With Your Members

- Knowledgeable Staff
- 24 Hour Member Hot Line
- Life of the Loan Servicing
- Evening and Weekend Hours

....Creating Opportunities

For You

- Customized Marketing Plans
- Access to Secondary Market
- Investment Opportunities on Every Loan
- Referrals for All Types of Lending

For Your Members

- Take Control of Finances
- Wide Array of Options
- Replace Wages with Investment Income
- Enjoy a Vacation or Retirement Home

AGENDA

- FHA
- 203K
- VA
- RD

Presented By: Gary Mitchell



FHA
The Basics

History

- The Federal Housing Administration (FHA)
 - Agency within US Dept of HUD
 - Established in 1934
 - A Mortgage INSURER – not a lender
 - Created to assist homebuyers in acquiring property with small down payments.
 - Only government agency that operates entirely from its self-generated income and costs the tax payers nothing. (MI premiums)

Why FHA?

- **Low Down Payment Lending-** standard 3.5% down, flexible sources
- **Pricing-** limited adjustments and competitive pricing has made FHA very comparable to the GSEs
- **More flexible credit requirements-** Lack of credit or past payment problems don't prevent borrowers from getting a loan
- **Assumable Loans-** Plan for future marketability with today's low rates

Why FHA?

- **Rate & term refinances-** Combine first and seasoned second mortgages to max financing
- **Cash Out Refinances-** Up to 85%
- **Streamlined Refinances-** with or without an appraisal

Common Types of FHA Programs

- Owner occupied purchases, rate and term refinances, and cash out refinances (203b)
- Rehabilitation Mortgages (203k)
- Adjustable Rate Mortgages (251)
- Condominium Units (234c)
- Reverse Mortgage Program- HECM (255)

Borrower Eligibility

- Any borrower of legal age can participate in the FHA mortgage program
- Citizenship is not required
- Social security numbers and picture identification are required
- No income restrictions
- Non-occupant co-borrowers are allowed
- Only 1 mortgage per borrower*

Non-Occupant Co-borrowers

- Can be used to add strength to a file
- Generally used in situations where the main borrower has limited credit
- Income is used for qualify (so is debt)
- Can not be used to absolve poor credit history from the borrower
- Non-Occupant must be immediate family member (parents, grand parents and/or siblings)

Eligible Property Types

- 1-4 Unit Residential Properties
- Condominiums –Must already be on FHA approved condo list to be eligible
- PUD's

Max Loan Amounts-County Limits

- **There are Maximum loan amounts by County**
- **New floor-** \$271,050 for one-unit properties
- **Where to find:**
<https://entp.hud.gov/idapp/html/hicostlook.cfm>

Maximum Loan to Value

	LTV
Purchase	96.5%
Rate & Term Refinance	97.75%
Cash Out Refinance	85%

Borrower Contributions

- **BORROWERS MUST HAVE A MINIMUM OF 3.5% OF THE SALES PRICE INVESTED IN THE TRANSACTION**
- **The 3.5% can be gift and still considered borrowers own funds**
- Third Party Contributions (Seller, Lender) can contribute up to 6% in concessions

Documentation Requirements

- 3 months bank statements
- Full 30 days paystubs
- 2 years W2s
- Gift funds must be documents with withdrawal from donor and deposit to recipient

Monthly Mortgage Insurance Premiums

Terms > 15 years

Base Loan Amount	LTV	On/ After 4.2.2013
≤ \$625,500	< = 95%	130 BPS
≤ \$625,500	> 95%	135 BPS
> \$625,500	< = 95%	150 BPS
> \$625,500	> 95%	155 BPS

Terms ≤ 15 years

With LTV Above 78%

Base Loan Amount	LTV	On/ After 4.2.2013
≤ \$625,500	< = 95%	130 BPS
≤ \$625,500	> 95%	135 BPS
> \$625,500	< = 95%	150 BPS
> \$625,500	> 95%	155 BPS

Terms ≤ 15 years

With LTV ≤ 78%

Base Loan Amount	LTV	On/ After 6.3.2013
Any Amount	≤ 78%	45 BPS

FHA Streamlines

Base Loan Amount	LTV	On/ After 6.3.2013
Any Amount	Any LTV	55 BPS

Monthly Mortgage Insurance Premiums Cont.

Example of Annual Mortgage Premium Increase

30 Year Term

Average Loan	> 95% LTV	
	April 2012 125 BPS	April 2013 135 BPS
Sales Price	\$163,000	\$163,000
Minimum Down payment (3.5%)	\$5,705	\$5,705
Mortgage Amount Without UFIMP	\$157,295	\$157,295
FHA Annual MIP (monthly payment)	\$163.85	\$176.96
Change in Payment (monthly)	N/A	\$13.11

Allowable Fees

- FHA allows reasonable and customary closing costs to be charged directly to the borrower.
- Third party fees cannot be marked up, and must comply with all federal and state disclosure laws.
- Origination fees can now exceed 1%, except on 203K loans

REMINDER: TOTAL APR PLUS AMERICU FEES CANNOT EXCEED 5% of the loan amount.

Underwriting

The 3 Cs:

Credit

Capacity

Collateral

Credit

- Review the overall pattern of credit behaviour- MINIMUM CREDIT SCORE 640 IS REQUIRED- 660 FOR STREAMLINE REFINANCES
- Greatest weight will be given to the most recent 12 months history, particularly the housing history
- Bankruptcy
 - Chapter 7 – 2 years from discharge
 - Chapter 13 – after 1 year on time payments with approval from the trustee.
 - Credit Counselling – HUD treats credit counselling similarly to a Chapter 13. Borrowers must have made 12 on time monthly payments to qualify.

Credit

- Foreclosure – at least 3 years old
- Credit Alert Interactive Voice Response System (CAIVRS) – All borrowers are screened to determine if they have had a claim on a loan insured by HUD.
- Delinquent Federal debt is not allowed.
- Non -Traditional Credit – Can use 3 alternative sources with 12 month histories. Housing related trade lines must be used. The absence of housing history must be proven. All non-traditional trade lines must be added to the credit report.

Credit

	Collections	Charge-offs	Judgments
DU/ DO Approve/ Eligible	Only needs to be paid if required by DU/DO	Only needs to be paid if required by DU/DO	Must be paid off unless payment arrangements have been made with 6 timely payments.
DU/ DO Refer/ Eligible Or Manual Underwrite	Any collections exceeding \$500 for individual or \$1000 in aggregate must be paid.	Any collections exceeding \$500 for individual or \$1000 in aggregate must be paid.	Must be paid off unless payment arrangements have been made with 6 timely payments.

Capacity

- **Standard ratios are 31/43**
- **45.00-49.00%**
 - No less than 2 Hud Approved compensating factors
 - Must be Approve/Eligible
 - No Non Occupant Co-Borrowers
 - Thin credit borrowers – minimum 3 HOUSING RELATED TRADELINES (RENT ,UTILITIES, ONE ADDL.)
- **49.01%-54.00%**
 - No less then 3 HUD approved compensating factors (one of which must be liquid reserves)
 - 6 months liquid reserves
 - No gifts allowed
 - No first time homebuyer
 - Must be Approve/Eligible
 - Max 120% Payment shock
 - Must have 12 months recent housing history documented
 - No Non Occupant Co-Borrowers
 - NO THIN CREDIT BORROWERS
- **Over 54.01%**
 - Ineligible

Capacity

- **Job Gaps over 30 days must be documented**
- Frequent Job Changes are okay if you can show advancement
- Recent Return to work- 6 months on the job with prior 2 year history
- Self-employed- minimum 2 years
- OT/Bonus/Part Time/Commission- 2 year history
- Non-taxable can be grossed up 15%
- Alimony/Maintenance- Can not be grossed up and must continue 3 years

Capacity

Include

- Instalment
- Revolving
- Real Estate Loans
- Alimony or Child Support
- Projected Obligations
- Co-signed Debts

Do Not Include

- Debts with less than 10 months remaining (installment only)
- Payments deferred for more than 12 months
- 401(k) loans
- Child care expenses
- 401(k) or other retirement contributions

Capacity

Down Payment

- 3.5% borrower's own funds (can be gift)
- Up to 6% concessions

Gifts

- Must document withdrawal from donor and deposit to borrower

Reserves

- 1-2 family none required
- 3-4 units 3 months PITI

Collateral

- Appraisers must be FHA approved
- Case number must be ordered prior to appraisal being done
- Appraisals must be ordered through Appraisal Management Company: www.amcsstpo.com

Collateral- Declining Markets

- 2 comps must be within 90 days months of the effective date of the appraisal
- 2 active listings are required in addition to three closed sales (2 within 90 days)

Collateral

- Case number must be on the top right corner of the appraisal
- Site value must be completed-generally should not exceed 30% of the overall value
- Economic life section must be completed

Collateral- Repair Requirements

- Anything lead based must be corrected
- Health & Safety
- Major Systems-plumbing, electrical, etc.
- Can do an escrow hold back in some instances if due to weather conditions- Exterior only repairs



203K LOANS

FINANCE HOME RENOVATION COST INTO YOUR MORTGAGE

The 203K Home Loan allows your members to purchase or refinance the home of their desire AND include rehabilitation/repair cost within the loan.

203K LOANS

FINANCE HOME RENOVATION COST INTO YOUR MORTGAGE

Will the repairs or remodeling exceed \$35,000.00?

203K FULL

- Requires HUD Consultant
- Structural and Pool Related Repairs, and Additions

203K LOANS

FINANCE HOME RENOVATION COST INTO YOUR MORTGAGE

Are the repairs or remodeling less than \$35,000.00?

203K Streamline

- No HUD Consultant required

Resources

- LDP and GSA Checks:
 - LDP check: Go to https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp Click on the topic area section drop down to get Limited Denial of Participation
 - GSA: Go to <https://www.sam.gov/portal/public/SAM/>
- www.allregs.com
- www.AmeriCU.com



***For the members who have
sacrificed the most
VA Loans***

Why VA?

- 0% Down Payment Purchase
- Limited adjustments and competitive pricing
- Extended qualifying ratios 41% (PITI & monthly debt)
- Minimum 2 months reserves
- 100% gifted funds allowed for purchase

Why VA?

- Cash out refinance available to 90% LTV
- No minimum loan amount
- Maximum financing up to \$417,000 with full entitlement; or four times the amount of the entitlement

Who is eligible?

- Honorably discharged veterans and their spouses jointly; or the veteran alone
- Widow/widowers of veterans provided the veteran was killed in action.
- Reservists who have served sufficient length of service
- CAIVERS clearance required

Maximum Loan to Value

Owner Occupied	LTV
Purchase 1-4 unit	100%
Cash-Out Refinance 1-4 unit	90%

Eligible Property Types

- Single family, owner occupied, 1-4 unit
- VA approved condominium, owner occupied
- Purchase or Cash-out Refinance

Seller Contributions

- Contributions not to exceed 4% of the value of the property

REMINDER: Total APR CANNOT EXCEED 5% of the loan amount.

Funding Fee

- The VA collects a funding fee from the Veteran at the time of closing. The funding fee may be included in the financed mortgage amount up to the maximum loan amount \$417,000 single family. If the loan amount exceeds this, then the borrower must pay it out of pocket.

Funding Fee

- The funding fee is not to be collected on loans made to veterans receiving compensation from disability or from surviving spouses of veterans who died from service connected disabilities.
- Veterans receiving pensions will be required to pay the funding fee.

Funding Fee

Type of Veteran	LTV	1 st Time Use	Subsequent Uses
Regular Military	100%	2.15%	3.30%
Regular Military	90.01 – 95%	1.50%	1.50%
Regular Military	≤ 90%	1.25%	1.25%
Reserves/ National Guard	100%	2.40%	3.30%
Reserves/ National Guard	90.01 – 95%	1.75%	1.75%
Reserves/ National Guard	≤ 90%	1.50%	1.50%

Credit

- Review the overall pattern of credit behaviour.
- Greatest weight will be given to the most recent 12 months history, particularly the housing history.
- MINIMUM 660 credit score.
- AUS Approved/Eligible ONLY.
- Mortgage or rent - 0 late payments in last 12 months.

Credit

- **Bankruptcy**
 - **Chapter 7**
 - » 2 years from discharge
 - » Re-establishing consumer credit
 - » Acceptable explanation for bankruptcy
 - **Chapter 13**
 - » After 1 year on time payments with approval from the trustee.
 - » Acceptable explanation for bankruptcy

Credit

- **Foreclosure**

- 2 years from sale date.
- If previous foreclosure was VA – any unpaid balance must be reimbursed to VA before timetable begins.

Resources

- <https://vip.vba.va.gov/portal/VBAH/Home>
- www.allregs.com
- www.americu.com



***Rural Development
The Basics***

Why RD?

- Purchase – 100% LTV of the appraised value; up to 102% LTV when the guarantee fee is financed.
- Refinance – 100% LTV of the appraised value; up to 102% LTV when the guarantee fee is financed.
- Rate-term Refinances allowed when refinancing a current RD loan.

Why RD?

- No minimum loan amount
- Maximum financing up to \$417,000
- Interested party contributions maximum 6%
- No cash reserves required
- Gifts are allowed
- Money back for items paid for before closing

Eligibility

- US Citizen
- Permanent & Non-Permanent Resident Aliens
- Non-Occupant Co-borrowers NOT ALLOWED
- Must have a valid Social Security number
- Primary residence only. Previous home must be sold.
- Loans cannot close in trust.

Eligibility & Occupancy

- Owner occupied only
- Single family, PUD's, condo's
- Must be non-farm properties
- Must be located in rural areas as defined by local RHS office.
- Site value cannot exceed 30% of total property value.
- Property must have all weather access to a street, road or driveway.
- Property must have dependable water and waste disposal.

Ineligible Properties

- Manufactured Housing
- Properties with an in-ground swimming pool
- Properties that are located in a flood or mudslide zone.
- Properties not located in an area designated as rural by RHS.

Eligibility

- To determine income and eligibility limits go to: <http://eligibility.sc.egov.usda.gov>
- Final approval subject to AmeriCU submitting loan to local RHS office

Credit

- Minimum credit score of 640
- Minimum 3 scores for each borrower
- Non traditional credit not allowed
- No judgments, collections or charge offs within the past 12 months
- No outstanding tax liens or delinquent government debt

Credit

- No more than 1 x 30 in the last 12 months on consumer credit, or 1 x 30 in the last 24 months on housing expenses.
- No Bankruptcy or Foreclosure in the last 36 months
- All borrowers must be screened using the CAIVRS system.

Resources

- <http://eligibility.sc.gov.uscla.gov>
- www.allregs.com
- www.americu.com



Questions?

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Contact Gary for information about:
Wholesale Services
Mortgage Loan Servicing
Home Purchase loans
Home Improvement loans
Debt Consolidations
Competitive rates and terms



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