Moreira Team Mortgage's

Simple Steps to a Conventional Home Loan

Updated 2015 Information

Moreira Team
TJC Mortgage

Written by: Alvaro R. Moreira

Click on a section to be immediately directed to that page

So you're ready to buy a home. Maybe it's your first home. You've been spending weeks, probably months, trying to find that perfect home. Maybe you already have, but not sure what the next step is.

Well, now you have to ask yourself some questions:

- What kind of a loan can I qualify for?
- How much money will I need to put down?
- Who do I talk with to get a loan?
- Where do I start?

Take a deep breath. You're not alone in your confusion. Your questions will be answered, and then some.

Conventional Loans offer a special opportunity for borrowers to become homeowners or refinance their existing Conventional mortgage. Conventional Loans have more strict requirements then other programs but can be more affordable than other programs. Plus, a low down payment of only 5% is required.

This step by step guide is intended to give you all the quick answers you need to get started with the Conventional program, explain all the benefits of a Conventional Loans, and help you navigate the loan process.

Some of the items we will be discussing are:

- Defining Conventional Home Loans
- Interest Rates defined
- What you need to apply for a Conventional Loan
- Choosing your mortgage professional
- Where your down payment is coming from

After reading this, you will have the exact step-by-step process for understanding and obtaining a Conventional Home Loan.

Steps to Choosing The Best Mortgage Professional

After many years of counseling homebuyers through some very rough waters with other mortgage professionals, I'm convinced there is only one smart way to find a Conventional mortgage professional:

1. Select a an experienced lender.
2. No big box banks, dot com's or giant internet call centers from California, Michigan or Timbuktu. You know who they are.
3. A referral from a friend, family member or co-worker that has worked with the mortgage professional is a plus.
4. Ask for a specific person with Conventional mortgage experience to work with.
5. A lender with positive online customer reviews and an A+ rating from the Better Business Bureau.
6. Lastly, an authorized direct Conventional lender who also has the ability to offer brokered loans.

My reasoning is very simple. You should not be talking to a mystery voice on the phone during the most exciting yet stressful financial decision of your life! You need someone you can see face to face when things get rough. Someone you can locate easily whenever you have a question. More importantly, you need someone you can trust.

Once you find your mortgage professional, give them the basic information that is needed to run an accurate mortgage pre-approval. They will then give you a good faith estimate for you to review.

What you should **NOT** do is:

- **Call around for rate quotes** - There are some loan officers who will give you a low-ball rate that they cannot possibly follow through on. This is just a deceptive ploy to get your business.
- **Compare annual percentage rates** - Many lenders use several different factors to come up with APR. Very rarely do two banks use the same formula.
- **Compare ads** - The ads are to get you into the office to sign up. Mortgage companies put the most attractive information that applies for less than 1% of the population to bait and switch you.

The reason why you should not use those three methods is because they leave too much wiggle room for unscrupulous loan officers to trick you into giving your information which leads us right into…

The next step to take once you find a good mortgage professional is to interview him or her using questions like:

- Are you a mortgage broker, banker or direct lender?
- Do you specialize in Conventional Loans?
- Are you salaried or commission based?
- How many Conventional loans have your personally closed?
- Are you licensed by the state, and have any complaints ever been filed against you?
- Is the interest rate you quoted me fixed or adjustable?
- Are you locking in the interest rate and if so, for how long?
- What is the fee for doing the mortgage?
- What additional fees will be added to the mortgage?
- What will be the total principal amount of the loan?
- How much will my monthly payments be?
- What is the length of the loan?
- Will my loan be sold?
- Will I have a prepayment penalty?
- If I pay for the appraisal will you immediately give me a copy of it when you receive it?
- If I pay for the credit report will you immediately tell me my score?
- Who do I contact to get a copy of the closing documents 24 hours before closing?
- How long will it take to get me an approval?
- Can you send me a good faith estimate showing all fees?

7 Reasons Why You Should Work With An Experienced Conventional Professional

1. You can meet face to face to interview your experienced Conventional professional.
2. You can talk to the experienced Conventional professional face to face if there is a problem.
3. Your experienced Conventional professional can attend the closing and help with any errors that show up last minute.
4. Your experienced Conventional professional will be familiar with local real estate market trends.
5. Your experienced Conventional professional will have relationships with the attorney and title company actually performing your closing.
6. Your experienced Conventional professional will know the standard local fees that are charged.
7. Your experienced Conventional professional is more likely to have a visible and easily reachable team to help out during the process.

What You Need To Know About Conventional Home Loans

First of all, a conventional home loan is not guaranteed by a government organization, such as the Federal Housing Administration or the Department of Veterans Affairs. The qualifying criteria for a government-backed loan and a conventional loan aren't much different, but conventional loans are likely to be harder to get and more stringent on qualifications.
Let's take a look at some of the criteria needed to apply for your loan:

1) Income

Your monthly mortgage payment and monthly debt loads must fall within certain percentages in relation to your gross monthly income in order to qualify for a conventional home loan. Your monthly mortgage payment, including taxes, insurance and other fees, cannot exceed 36 percent of your gross monthly income. Your monthly mortgage payment, when combined with your other monthly debt payments such as car loan, student loans and credit cards, cannot exceed 43 percent of your gross monthly income.

2) Financial History

Your lender will want you to provide your address history for the past two years, plus documentation to verify your identity. This ID can include a driver's license or a Social Security card. You will also need to provide employment history and salary history, including pay stubs to verify your current income and tax returns to verify previous income. If you are self-employed, your lender may require additional information, such as tax returns or profit-and-loss statements. In any case, you must have the income you claim to have in order to purchase the home.

3) Credit Score

Most conventional loans conform to guidelines set by two of the largest financial institutions in the U.S.: Fannie Mae and Freddie Mac. Both entities purchase loans from other financial groups, and if the loans don't conform to Fannie Mae or Freddie Mac rules, they cannot be purchased. Your credit score is a major part of the equation when qualifying for a conventional mortgage. Fannie Mae requires that the borrower have a credit score of at least 620. If your score is lower than 620, you may find it difficult to get a conventional home loan.

4) Down Payment

The standard down payment for a conventional loan is 20% of the cost of the home. If you are unable to put down this amount, there are many ways around the requirement. You can put down as little as 5% which will require purchasing mortgage insurance, which is tacked on to your monthly payment until the amount you owe on the home is less than 80 percent. You will probably have to have above average credit score to qualify for such a loan. But putting down a sizable down payment is the best way to create equity in your home.

5) Home Price

The amount you want to finance may play a role in whether you get financing. Because many mortgage companies choose to sell loans to Freddie Mac or Fannie Mae on the secondary market, they must make sure the loan conforms to their loan limits. For that reason, some lenders will not write a conventional mortgage loan for you if the amount you seek is more than $417,000, which is the maximum amount Fannie Mae and Freddie Mac consider for a conventional loan.

Getting The Answers

As soon as you get pre-approved by your mortgage professional it's time to find your dream home. Once you have placed the offer and provided the earnest money deposit, if required, the next step is to complete the financing for your home. As a new homebuyer, you should be aware of how this process works. These questions and answers will help educate you on the process, and how this applies to a Conventional loan.

What type of guidelines do I have to meet for a Conventional loan?

You must have:

- At least two years of steady employment, preferably with the same employer.
- Income over the last two years that has been steady or has increased.
- If you have filed for bankruptcy in the past, it must be at least two years from a chapter 13 and four years from a chapter 7, with a good credit record since filing and no hiccups.
- A mortgage payment that equals approximately 36% of your gross income or less, which is based on the purchase price of the house, your other monthly bills, income, and current interest rates.

After I fill out the mortgage application, how long do I have wait for an answer?

Getting an answer on whether or not you are accepted for the loan you applied for can take anywhere from 7 to 21 days. If you are required to provide the loan officer additional documentation such as an explanation of items on your credit report, this could affect the time it takes to get an answer. The faster you provide the information, the faster you will get an answer. The lender reviewing your application will also be requesting an appraisal of the property, a copy of your credit report, verification of your employment information and banking records.

How much do I need for a down payment if I qualify for a Conventional loan?

Most loans require a down payment that equals approximately 5% - 20% of the purchasing price, depending on the lender and loan program.

What will the annual percentage rate on my loan be? Is it the same as the interest rate on my loan?

The annual percentage rate (APR) is not the same as the interest rate on your loan. The interest rate on your loan is the percentage you pay per so many dollars you borrow. This is the fee the lender charges you to borrow the money.

The APR is a value that reflects the actual cost of borrowing the money and it includes all of the fees that go with purchasing your home. Because each loan is different, your APR will be different than someone else's. There is no set number because the government uses a special formula to calculate this number. This number is determined by taking the amount of money you are borrowing and adding the closing costs on the loan and any other fees accumulated to the borrowing amount. All of the interest that you will be paying over the length of the loan, usually 30 years for a conventional loan, is added into the figure and it is then broken down into the rate, reflected as percentage.

Say you borrow $250,000 to pay for the home. Your closing costs are $2,000, and additional fees equal $3,700. Your APR will be determined by how much interest is paid on $255,700 over 30 years, and then broken down into a percentage.

What about the interest rate on my loan? Is it locked in place until I close or will it change?

The interest rate you received as your initial quote may be different from your final closing, unless you submit a complete mortgage application, a purchase and sales contract, and all your financial documents upfront. The interest rate can fluctuate with the market and most companies will no longer lock a rate into place until they have all of these documents on file. If you want to get the best rate, then you should submit the necessary items as soon as possible.

Will I get penalized if I pay off my mortgage loan before the end of the term?

There is usually no prepayment penalty, but you should verify this information with your mortgage company after you have secured your loan to be sure. Each lender is a little different so it is better to err on the side of caution and assume nothing. It would be horrible to pay off your home to find out that you still owe the lender because of a prepayment penalty amount.

What could delay the approval of my mortgage loan?

There are many things that could delay your approval and most of them are usually in your control. Make sure you provide your mortgage lender with any documentation requested quickly in order to meet your timelines. Not having your tax filings up to date is a common issue that can delay mortgage approvals.

The Truth About Conventional Mortgages

Anyone who is interested in securing a Conventional mortgage for their home may hear a bunch of things about Conventional loans that are not necessarily true. There are a ton of untrue rumors, such as: Conventional mortgages have difficult requirements to meet, they need perfect credit, or they require a large down payment.

Hearing these types of things could make a potential new homebuyer nervous about buying a home. Let's debunk these myths so that you truly understand how easy it really is to secure one of these versatile loans and get the home of your dreams:

Myth #1 – You will have to wait longer for a conventional loan approval.

This is a big, resounding no. Thanks to the Internet, computers allow for automated underwriting and paperless processing, so it does not take any longer to approve a conventional loan. If you are under the care of a conventional educated loan officer, the process could even go faster as the paperwork and any documentation needed is submitted all at once, instead of piecemeal.

Myth #2 – Your credit score does not matter when it comes to a conventional loan.

Conventional lenders base their decision mainly on your FICO or credit score, but on your actual credit history over the last two or more years. The state of your credit history is more important, and they are looking for the way you make your payments: if they are on time or late, or if there is a specific pattern of payment. The lender will also take into consideration utility bill payments, rental history, phone bills, and other monthly bills that can help determine your credit worthiness.

Myth #3 – There's a ton of extra paperwork with a conventional loan.

This is another big resounding no. Conventional loans have pretty much the same amount of paperwork that needs to be filled out and submitted. They may require a few different, extra documents that need to be filled out, but they are designed to protect you while you are going through the process of securing the loan. Plus, with the ability to print off most of the documents with your demographic information – address, phone number, income, etc. – already filled in, the most you will need to do is initial a few more pages.

Myth #4 – You get a better deal with a conventional loan.

Well, like most things, it depends. Yes, this type of loan carries less risks for your lender and you get charged less by them, but they are not always the better deal. Conventional loans are the better deal if you have good income, a low debt to income ratio and a great credit rating. Since these types of loans are based on risk the lower the risk the better the deal you get.

Myth #5 – The Conventional mortgage insurance is unaffordable.

Not really, in many cases it's more affordable depending on your qualifications. Any loan in which 80% or more of the property value is financed must carry mortgage insurance, whether it is a conventional loan or an FHA loan. This is in place so that a portion of the loan is paid to the lender if the borrower defaults on their payments. The previous rule stated that that all buyers had to pay 20% down in order to get a mortgage. This is no longer the case. You can put down less than 20% on your conventional loan and get mortgage insurance to offset the risk. The mortgage insurance is calculated based on your credit score and down payment.

Conventional Mortgages From A to Z

Getting The Lowest Rates

This is designed to be a detailed look at the entire Jumbo mortgage process which will serve as a step-by-step plan to help you get the best and lowest interest rate possible. There is immense value within the next several pages, so be sure to get a pen and paper as certain things are sure to stick out. Just by reading these pages you will be more than prepared to attend your meeting with your mortgage professional with confidence. It is also the time when you reap the rewards from all the hours of reading books, saving money and hours of hard work.

If you are like me, then you don't want to worry about the dozens of variations with respect to the different types of mortgages. So here is a simple guide to help you:

1. **Fixed Mortgages** – Includes 30, 25, 20, 15 or 10 year term periods. With fixed mortgages, you always make the same payment each month. You just choose how long you want to be paying the same payment. There are also fixed balloon mortgages which are fixed for a period of time but then require you to make a lump sum payment all at one time at the end of the loan term. Balloon mortgages are pretty scary…even from a mortgage professional's point of view.

2. **Adjustable Rate Mortgages (ARM)** – these mortgages do just what their name implies – adjust. You may have one month, one year or ten years, but at some point they will adjust. What the mortgage lenders do to come up with an adjustable mortgage rate is to borrow money from huge global banks such as the London Interbank Offer Rate (LIBOR), the 11th Federal Home Loan Bank District Costs of Funds (COFI), U.S. Treasury Bills, or Certificates of Deposit (CDs). Whatever the interest rate those global banks charge the mortgage lenders is referred to as the index. The mortgage lenders then add on their profit markup to the index and the profit markup percentage that is called the margin.

Here are some of the more popular ARM programs:

- **Traditional ARMs** – The interest rate starts out with a low rate to entice you to sign-up (called a teaser rate), then begins its slow or not-so-slow climb upward each month or whatever agreed upon time frame you selected.

- **Interest Only ARMs** – You only pay the interest each month for the specified time period you selected and when the time elapses you begin paying the additional principal and interest payment.

- **Hybrid ARMs** – these are usually shown as 3/1, 5/1. 7/1 or 10/1. This means they are fixed for 3, 5, 7 or 10 years and then adjust every year after the specified period of time.

  If you thinking of choosing an adjustable rate mortgage then you need to know the following before you sign:

- **Starting interest rate**: This is your initial interest rate.
- **Adjustment period:** Your option of having your rate change monthly, biannual or annual and if you choose this mortgage you should always choose annual.
- **Index:** The cost for your mortgage lender to borrow the money. You should choose a slow changing index life (COFI) because as your lenders index rate goes up, so does yours.
- **Life-of-the-loan cap:** This is highest interest rate your mortgage will go up too.
- **Periodic cap:** This limits how much the interest can adjust in a one-year period.
- **Low margin:** This is the mortgage lenders profit margin which should be around 2.75 percentage points.
- **Prepayment Penalty:** A penalty for paying your mortgage off early, and is usually around six month's worth of mortgage payments. There should never be a prepay penalty. Why should you get penalized for paying off your mortgage sooner?

Interest Rates

When buying a home the interest rate is one of the most important factors, so I will give you some insider tips and suggestions.

Here are three pieces of information you should know about the interest rate when borrowing money:

- **The base interest rate.** The interest rate the mortgage professional secured from the lender for your mortgage.
- **The Annual Percentage Rate (APR)**. The total cost of your loan including the closing costs that are divided over the number of years of your loan. (This number will be different than the base interest rate, which does not have any fees or closing costs factored in)
- **The lifetime cost of the loan.** The big scary number that shows you how much you are paying back over the next thirty years.

Here is a chart to further illustrate the point of the impact of interest rates on your mortgage:

Monthly Payments for $250,000 (30 Year Fixed Rate Mortgage)	
This chart shows you how your monthly payment can change based on the interest rate. (Taxes, insurance and other payments not included)	
5.0%	$1,342
5.5%	$1,419
6.0%	$1,498
6.5%	$1,580
7.0%	$1,663
7.5%	$1,748
8.0%	$1,834
8.5%	$1,922
9.0%	$2,011
9.5%	$2,102
10.0%	$2,193

So What is Better, Fixed Or Adjustable?

The best mortgage for you depends on your goals and needs. Only you and your family can make the ultimate decision, but here is a chart to guide you in making your decision.

Mortgage Program Selection Guide	
You should get a fixed interest rate mortgage… (Includes 30, 25, 20, 15 or 10 year term periods.)	**If you:** • Want stability • Want peace of mind • Are risk-adverse • Do not know if you will ever get a raise that is more than the rate of inflation • Do not ever want to move again • Have your ultimate dream home • Have a long term plan for the house
You should get an adjustable rate mortgage… (Includes, 3/1, 5/1, 7/1, 10/1, Option ARMs, Interest Only ARMs, Hybrid ARMs)	**If you:** • Plan on moving in the next three to five years • Make seasonal income that varies dramatically • Do not mind a little risk • Have significant savings • Bought a starter home knowing you will outgrow it quickly • Do not really like the house, but it works for now • Manage your finances well • Have a strong financial markets background and understand how financial markets operate.

The Truth About Points, Fees And Closing Costs

When obtaining a mortgage, points and fees are terms you should know and understand. They are lumped into two major categories:

- **Mortgage Points:** You may be offered to pay points to get a lower interest rate or you may be charged a point by the mortgage lender for originating your mortgage. If you are paying points to get a lower interest rate it is called discount points. Points are equal to 1% of your loan amount. So if your mortgage is $850,000 then one point is $8,500.

- **Mortgage Fees:** Fees are the costs that you pay because you are getting a mortgage. You must be careful in this area because some mortgage lenders will really pile them on. But generally speaking, here are the major fees you should expect to pay:

    - **Appraisal:** Lenders require appraisals to determine the home value before they make a lending decision.
    - **Attorney Fee/Escrow Fee/Settlement Fee:** Every mortgage closing needs a third party to handle the closing and disperse funds.
    - **Credit Report:** Your lender will not make a lending decision without reviewing your credit reports. Make sure you receive a copy.
    - **Courier Fee:** In some cases there are several documents that are required to be shipped overnight.
    - **Flood Certification:** Your house must not be in a flood plain and to determine this you must pay a fee.
    - **Processing Fee:** Every mortgage has a fair amount of paper work that requires a gatekeeper for completing and submitting paperwork to lenders.
    - **Recording Fee:** In order to make your sale final and legally binding, your mortgage paperwork has to be documented at the courthouse.
    - **Tax Service Fee:** Lenders always make sure that your taxes on the house are paid current before you close.
    - **Title Insurance:** This one-time fee protects you against other people making a claim that they are the rightful owners of your home. This is required by law.
    - **Title Review:** In some cases your attorney will charge a separate fee for reviewing all of the past records for your title.
    - **Underwriting Fee:** Every lender charges an underwriting fee to perform all of the necessary evaluations before lending you money.

Applying For Your Mortgage

Conventional Loan Ready Checklist

When you are meeting with your mortgage professional, you should come prepared. I have seen it take weeks for some buyers to get their paperwork together for an appointment and I have seen other people do it in minutes. Generally speaking, here is the information you want to bring to your appointment:

- W2's from the last two tax years
- Last two years of complete tax returns
- Two most recent paystubs
- Sales contract (fully executed)
- Rent payment receipts for the last 12 months
- Proof that you have the 5% - 20% of purchase price for the down payment
- Be sure to ask your Conventional mortgage professional of the specific documents needed for your unique mortgage request

Once your mortgage professional has this information in hand and you complete the mortgage application, you will receive your pre-approval letter and a Good Faith Estimate. The Good Faith Estimate is a form that gives you all of the fees and important information about your mortgage. The pre-approval letter is recommended before starting your home search and in many cases required before putting a contract in to purchase a home

The Four Factors Of Getting Your Mortgage Approvals Fast And Easy

There are four major factors that will determine your mortgage approval and the interest rate you will be paying:

1. **Income**
   Have you had continuous employment for the last twenty-four months and if so, how much have you averaged per month? Remember to keep your base salary separate from over-time and bonuses, because lenders calculate those two numbers very differently as they are not stable and reliable enough to merit the same weight as salary.

   - **High Income Earners** - Just because you make $150,000 per year does not mean you are not hourly. Take a look at your paystub and you will find that your employer graciously took the time to break it down for you.

   - **Self-Employed** – All the hard work you and your tax professional put into minimizing your tax liability could really hurt you. Here is why: lenders look at your net taxable income for the tax year, not your gross income. Meaning if your half a million dollar a year business deducted every possible penny you could and only showed you with a net taxable income of twenty five thousand dollars for the tax year, then that is all lenders can use to qualify you for a mortgage

2. **Credit**
   Do your credit reports reflect steady payment history and the ability to manage your finances, or does it show a person who rarely pays bills on time? Lenders want to see at least a 660 middle credit score.

3. **Loan-To-Value (LTV)**
   Are you looking to essentially finance every single penny that you can, or are you putting a sizable down payment? Conventional lenders are limiting their financing to about 95% for first-time homebuyers in the current economy. If the purchase price is $250,000 and you have $12,500 for a down payment and closing costs, then you are borrowing $237,500. That means that you have a 95% LTV.

   EXAMPLE:
   $250,000 purchase price - $12,500 down payment = $237,500
   $237,500 / $250,000 = .95 or 95% LTV

4. **Assets**
   Can you show assets on reserve? This can be easily shown by 401K, IRA, savings, or checking statements. The more assets you have on reserve the lower the risk to the lender. If not, then you are viewed as more of a credit risk.

Fluctuating Interest Rates

Over the years there have been many times when COnventional homebuyers have become upset because they were promised an interest rate from another mortgage professional who couldn't deliver on his promise. When I dug a little deeper, I discovered that the interest rate they "thought" they were getting was actually quoted over the phone or seen in an online advertisement and did not accurately reflect their true income, credit and overall risk level from a lender's perspective.

So here are some of the occasions in which you might find yourself getting a dramatically different interest rate than what you heard on the radio, saw online or read in the newspaper:

- **On paper you look risky.** There is no substitute for having excellent credit, consistent income and assets on reserve. If you do not have either, then you may have a good story to tell, but on paper you look risky.

- **You chose a different mortgage type.** Many times lenders will put the most attractive rates in their ads. However, they neglect to mention less than one percent of the population qualifies for these programs.

- **You are almost borrowing what the house is worth (High LTV).** Since the days of one hundred percent financing are long gone except for a few niche programs, most buyers are only putting down 3.5%-5%, which means that you are financing 96.5% - 95% of the property value. This usually results in a higher interest rate. The only exception to this rule is if you are using an FHA mortgage.

- **Your loan cannot be resold on the secondary market.** Banks view mortgages as investments, so they will package ten or twenty mortgages together and sell them as an investment package to other banks. So, if they have a group of ten thirty-year fixed mortgages with six percent interest rates they will expect a six percent return each year for thirty years. However, if you are viewed as risky, then they might not be able to sell your mortgage to other investors so you represent more risk to them.

- **Your loan has points.** The mortgage rate you saw online or were told likely included paying points in order to advertise a lower rate. However, if you stated you did not want to pay points to your mortgage professional then you may get a higher interest rate. The points are used to buy down and lower the interest rate, which increases your cost.

Looking For My Down Payment

First let me say that not all type of down payment sources are approved for all loans, so be sure to check with your mortgage professional first.

But there are different ways to come up with the down payment money for your new home purchase.

Just so you know what everyone else does when they are faced with this situation, here are traditional places that most people use to pay for their down payment:

1. Your 401k
2. Your IRA
3. Borrow from friends and family
4. Down payment gift money from friends and family
5. Downsize the wedding and use the difference you save
6. Your current savings

Gift Money From Family And Friends

If you find yourself thinking about asking friends and family for financial help with your down payment, you are not alone. According to the National Association of Realtors, about 25% of first-time homebuyers get some form of financial assistance from family and friends. Actually, they are the best source of help when buying a home because unlike a lender, family and friends will also be there to help you with the brand new responsibilities of homeownership.

When you are first contemplating approaching family or friends for financial assistance it is best to be prepared with your mortgage pre-approval letter and a standard letter explaining what the money will be used for, called a gift letter. The mortgage pre-approval letter answers any asked or unasked questions regarding the legitimacy of your intent to use the money for a home as well as details exactly how much you will need to come up with to close. The gift letter outlines exactly where the funds will be going.

The Necessity of The Gift Letter

There is also a second and more important reason to have a properly worded and structured gift letter. Your mortgage lender will require written documentation to verify many key factors of the down payment gift you are receiving, such as:

- The amount of the gift money.
- Your relationship to the gift giver.
- The address and contact information of the gift giver.
- Exact wording stating the money you are receiving is NOT a loan and does not have to be repaid.

If the funds stay in the giver's bank account or possession until the closing date, then you must also take the time to let your gift giver know that they will have to provide:

- Account holder's financial institution
- Account number
- Written authorization to give the mortgage lender permission to contact financial institution to verify the gift

I have a word of caution when you are going the family gift route. Both you and the gift giver should sit down and choose whether or not to disclose to other family members exactly what is going on. This is the best way to avoid issues and interpersonal conflicts that sometimes cause family rifts.

Properly document the gift with your gift letter when receiving gift money from your friends or family.

Conventional Home Loan Uses

Once approved, your Conventional home loan can be used many different ways, including:

- The purchase of a Single-Family Home
- Purchase a 2nd home or investment property
- Refinancing out of an FHA loan
- The purchase of Multi-unit Properties
- Refinancing an existing Conventional loan
- The purchase of a Condo
- Refinance to shorten the term of your loan
- Refinance to get rid of mortgage insurance
- Refinance to cashout or payoff debt

Conventional Refinancing Options

The Conventional program has two main refinance options to help borrowers lower their monthly mortgage payment, payoff debt, or cash out. The first is the traditional Conventional rate and term refinance; it's designed to lower your interest rate or term by refinancing your existing Conventional loan. If you are currently in a Conventional loan and would like to lower interest rate or term this option may be right for you.

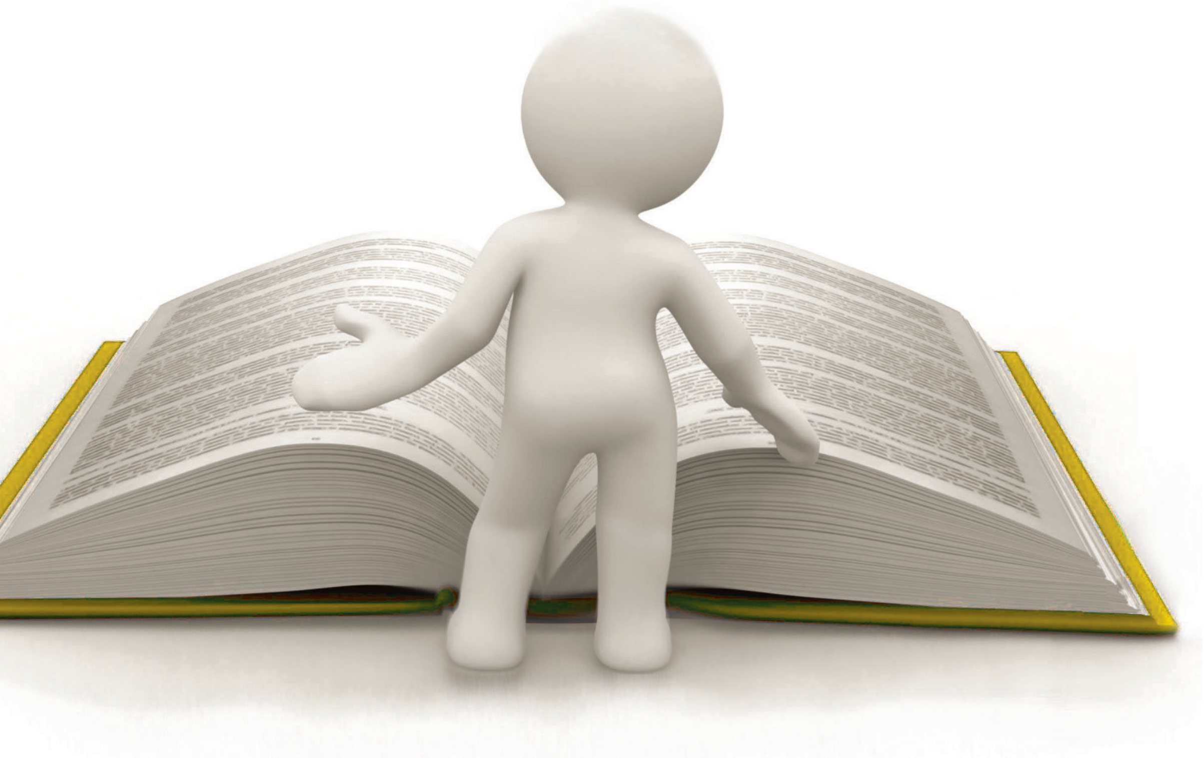
The second type of Conventional refinance is a cash-out or debt consolidation. The Conventional cashout is an excellent way to leverage the equity in your home to payoff debt, for home improvement or simply pull cash out for anything you want. It's one of the most effective ways to consolidate high interest debt, including credit cards under one low fixed payment per month which may be tax deductible.

Benefits of a Conventional Refinance

- Primary, 2nd home, or investment OK
- Refinance to get rid of mortgage insurance
- Lower rate and cost compared other programs

Benefits of a Conventional Cashout Refinance

- Cash out up to 80% of your home
- Can roll in closing costs into new loan
- Lower rate and cost compared other programs



Recap

Conventional mortgages offer a wide range of benefits and consumer protection that conventional loans may lack. Some of the most attractive things about a Conventional mortgage are the low cost and more affordable monthly payment.

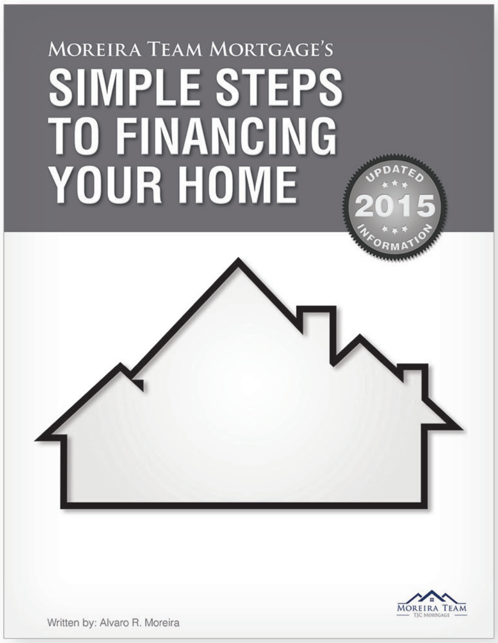
When you apply for a Conventional loan to purchase a new home, you're required to submit detailed information on your existing credit, employment history, and current income. So the first requirement of the Conventional loan program is to apply for the mortgage through a participating local lender.

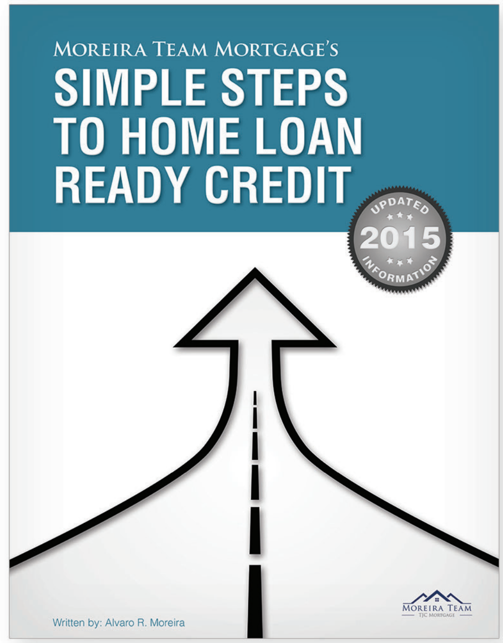
Conventional loans are backed by Fannie Mae and Freddie Mac, two large government sponsored financial institutions.

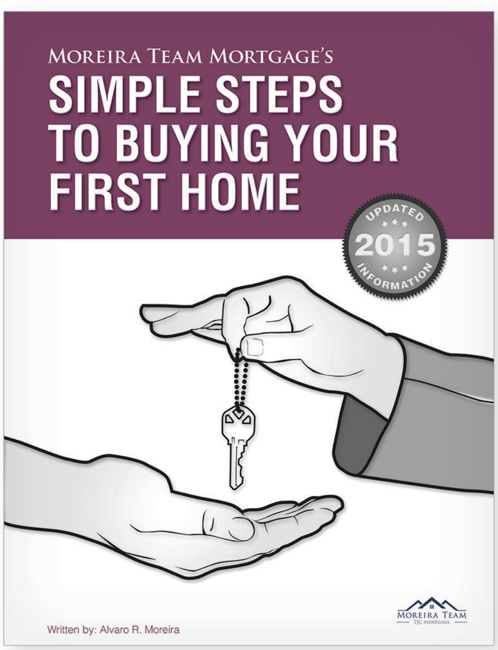
Conventional loans are generally a little harder to qualify for than FHA, VA or USDA government loans.

Last but certainly not least, Conventional loans are available to anybody, but are used most often by first-time home buyers who have above average credit and a larger down payment.

So if you want to know if you qualify for Conventional financing, the best way to find out is to talk to an approved lender and going to moreirateam.com.


Moreira Team Mortgage's
SIMPLE STEPS TO FINANCING YOUR HOME
UPDATED 2015 INFORMATION
Written by: Alvaro R. Moreira
Moreira Team


Moreira Team Mortgage's
SIMPLE STEPS TO HOME LOAN READY CREDIT
UPDATED 2015 INFORMATION
Written by: Alvaro R. Moreira
Moreira Team


Moreira Team Mortgage's
SIMPLE STEPS TO BUYING YOUR FIRST HOME
UPDATED 2015 INFORMATION
Written by: Alvaro R. Moreira
Moreira Team

Who We Are

The Moreira Team is one of the fastest growing Conventional mortgage lenders. We make the mortgage loan process easy by offering you three ways to apply for your loan: online, over the phone, or at one of our convenient locations.

We employ mortgage professionals operating in a team environment to make sure you get the right loan at the right price…and our Mortgage Pro's are compensated based on their ability to get you to an error-free closing faster than anyone else!

Our fully-integrated, streamlined process lets you start and finish the application process in any way that you choose, while giving you the comfort and convenience of knowing that an experienced loan consultant is right there with you throughout the entire process.

Socialize With Us

Facebook

Google +

LinkedIn

YouTube

Twitter

Copyright, Licensing & Legal Notice

Written by: Alvaro R. Moreira
© 2015 Moreira Team, LLC.
1230 Peachtree St NE
Ste 1900-A
Atlanta, GA 30309
404.238.7888

Alabama License No.21435
Arkansas License No.42880
Louisiana License No.2239
Texas SML License No.2239
Florida License No.MLD1194
Tennessee License No.108919
Mississippi License No.2239
North Carolina License No.L-16399
Georgia Residential Mortgage Licensee No.31656
Virginia License No. MC-5923
NMLS No. 2239

Disclaimer and Terms of Use: The Author and Publisher has strived to be as accurate and complete as possible in the creation of this book, notwithstanding the fact that he does not warrant or represent at any time that the contents within are accurate due to the rapidly changing nature of the Internet. While all attempts have been made to verify information provided in this publication, the Author and Publisher assumes no responsibility for errors, omissions, or contrary interpretation of the subject matter herein. Any perceived slights of specific persons, peoples, or organizations are unintentional. In practical advice books, like anything else in life, there are no guarantees of income made. Readers are cautioned to rely on their own judgment about their individual circumstances to act accordingly. This book is not intended for use as a source of legal, business, accounting or financial advice. All readers are advised to seek services of competent professionals in the legal, business, accounting, and finance fields.