Moreira Team Mortgage's

SIMPLE STEPS TO HOME LOAN READY CREDIT

UPDATED 2015 INFORMATION

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Your credit scores are the most important factor that lenders use to determine your ability to qualify for a mortgage and your down payment money.

In fact, in this challenging economy you probably won't qualify for the mortgage program in the first place unless your credit scores and history are up to par. It is an unfortunate reality that many people do not truly understand what their credit scores reflect and how their credit scores can affect their ability to get the best down payment programs.

Going forward I will break down the fastest and easiest way for you to manage your credit. I explain exactly what you need to know about your credit scores in order to purchase your first home using the available down payment money. After reading this, you will have the exact step-by-step blueprint to increase your credit scores at will, or just better understand your current scores.

Credit Score Basics

Credit scores are three digit numbers ranging from a poor score of 400 to an excellent score of 850. These “scores” are the result of many factors that ultimately “tell a story” about how well you pay back money that you have borrowed.

Mortgage lenders use credit scores to determine your ability to repay your loans. They gather your credit scores from three major credit bureaus that monitor over 40 different components to come up with a number for your credit scores. The three major credit bureaus are:

- Equifax FICO – BEACON score®
- Transunion FICO – EMPIRICA®
- Experian FICO – Experian/Fair Isaac Risk Model®

In addition, a company called Fair, Isaac and Company (FICO®) acts as a mediator between the three major credit bureaus and your mortgage lenders, which is why you will see the credit scores referred to as FICO® scores. It is important to know that the three credit bureaus are separate from FICO®, whose job is to make sure the scores from all three credit bureaus use a standard procedure to be calculated.

In the best-case scenario your middle FICO® credit score usually has to be above 620 in order to approve you for a mortgage. However, in order to get the very best interest rates, you will want to have credit scores above 720.

Now mortgage lenders rely on these companies to determine what type of mortgage they can offer you because it gives them a pretty accurate picture of your trustworthiness. For example, if you have a credit score of 720+, you can get a mortgage with an interest rate that is below the average rate for a normal homebuyer without paying any extra fees. One such example of fees you may be able to avoid when your scores are above average is loan discount points.

Paying a point means that if you are borrowing $200,000, then one point would be $2,000 (200,000 x .01). Therefore, loan discount points are dollars that are added to your financed amount or paid out of pocket to get the interest rate of your mortgage reduced.

Having a high credit score also means you will most likely be getting a par rate, which is simply the lowest interest rate you qualify for without paying additional money to get it lower. If your credit score is 620 or a bit higher, you may be able to qualify for a mortgage, but expect to pay discount points. This is how the mortgage companies protect themselves from bad credit risks.

Credit Score Guide

Here is a credit score guide to give you an idea of what to expect from a lender depending on your credit scores:

720-Higher	**A**	You get the best interest rates for conventional, jumbo, FHA, VA or USDA home financing, access to all down payment programs and expect to pay minimum costs for your mortgage.
640-719	**B**	You qualify for conventional, jumbo and FHA, VA or USDA financing, but you are viewed as a slight credit risk. You should expect to pay a higher interest rate and slightly higher fees when getting a mortgage.
620-639	**C**	You are right on the bubble, and getting a mortgage approval will likely require a manual review by an underwriter. You may not qualify for conventional or jumbo, but FHA, VA and USDA are still an option for you. You should expect to pay higher interest rates and higher loan fees.
575-619	**D**	Most lenders will deny your loan even if you are putting close to 20% down. You should also expect to pay a significantly higher interest rate and loan fees if a lender happens to get you financing, but it is unlikely.
400-574	**F**	If you are here then it is time to go back to the drawing board and regroup. You definitely need to get some help with increasing your scores before proceeding with purchasing a home.

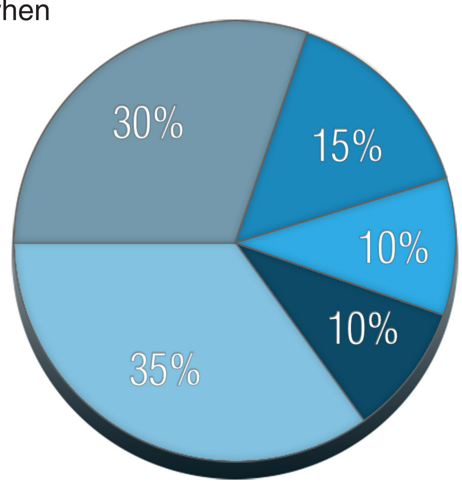
How Your Credit Scores Are Calculated

The three major credit bureaus, Experian, Equifax and Transunion, look at all of the credit that you as an individual have listed on your credit reports, which can go as far back as ten to twelve years. They look at your loans, credit cards, bills, bankruptcies, foreclosures and judgments, tax liens and credit inquiries, or requests that have been made in the last six months. What they are looking for is your payment history – do you always pay on time, are you always late, how many delinquent payments you've had, etc. They will also look to see if you have enough of a credit record to even generate a score.

Keep in mind that the three bureaus score using different methods of calculating this number, which is why your credit can be perfect with two of the bureaus and not so perfect with the third.

Here are the important features that the credit bureaus take into consideration when calculating your credit score:

35% - payment history
30% - amounts owed
15% - length of credit history
10% - new credit
10% - type of credit use



Based on these percentages, you can see how important it is to have the exact information on how you score in each area prior to purchasing your home.

However, there are **three common myths** that I want to dispel about how credit bureaus calculate your scores:

1. Each credit bureau will have a different credit score because they each put a different importance on individual factors.
2. Married couples do not share the same credit scores. Each individual is treated differently based on his or her own contributing factors
3. Mortgage lenders do not average all of your scores together, and they use the middle score to qualify you for a mortgage and down payment program.

The Credit Patrol

Over the years I have heard many people say to me, “I just pay everything with cash and so I do not need credit.” I wish that were true, but unless you have millions and millions of dollars in cash, it is not. I always make sure that I tell them that their credit scores reflect how well they pay back money they have borrowed, but if they do not borrow any money, companies don’t have any way of knowing how well they pay their debts back. So it is very important that you monitor, nurture and grow your credit scores… very much like a gardener nurtures a bed of roses.

Your credit score allows mortgage companies and other loan companies to determine whether or not you are a risk or a good investment. They analyze your credit history to see if you meet the minimum acceptable guidelines the lender has in place that they grant loans by. If your score meets the requirements then an underwriter, whose job it is to manually look over your mortgage application and all of the documentation you provide to the lender, will review it and determine what kind of interest rate you now qualify for.

If You Do Nothing, Here is How Long Your Bad Credit Hangs Around	
General Credit Information	Seven years
Collection	Seven years from date of last activity
Bankruptcy	Seven to ten years
Foreclosure	Up to twelve years from the date filed
Garnishment	Twelve years from the date of entry or seven years from the date satisfied
Judgment	Twelve years from the date of entry or seven years from the date satisfied
Tax Lien	Twelve years from the date of entry or seven years from the date satisfied
Dismissed garnishments, judgements and tax liens	Not reportable.
***There are no legal requirements for credit bureaus to keep this information for so many years, but they do it because they want to!	

Here is an overview of who uses your credit scores:

- **99 of the largest banks in the United States**
- **49 of the 50 largest U.S. credit card issuers**
- **More than 400 insurance companies**
- **More than 150 retailers**
- **9 of the top 10 retail card issuers in the United States**
- **More than 80 government or public agencies**
- **More than 100 telecommunication carriers**
- **49 of the top 50 global banks**

Information obtained from: www.fairisaac.com/fairisaac/company/clients

Who Sold My Credit?

We like to believe that our credit information is at least safe at the credit bureaus. However, over the last several years a dirty little secret has come out. The credit bureaus sell your private information to whoever is willing to pay a few bucks. They claim that they only sell your information to give advertisers and various businesses a better understanding of ideal candidates for their products.

The Minimum Credit Score for Buying a Home

The minimum middle credit score you will need to be approved for a mortgage with the lowest fixed interest rates is 620. This means your 620 credit score has to be the middle credit score from the three major credit bureaus; Experian, Equifax and Transunion. Having the right credit score will allow you to be automatically approved by a mortgage lenders automated underwriting program. So for example, if you have a 601, 625 and 683, then a mortgage lender will use the 625 to determine whether you qualify for a specific first-time homebuyer program.

The mortgage professional who assists you with your mortgage will submit your application and credit reports through an automated underwriting or desktop underwriting system called DU. This computerized system will instantaneously review all of your information and notify the mortgage professional within seconds. The computerized system will give you one of three possible outcomes, which are:

Approved – Your credit scores are well above 620 and you are approved as long as your application, paystubs, W2's and all other supporting documentation are verified by an actual person. A live underwriter will then issue you a final approval.

Review – Your credit scores are right around 620 or below and the automated underwriting system wants the underwriter to review it before issuing an approval or denial. This is the reason why most folks end up waiting several days before knowing if they are approved for a mortgage or not.

Denied – Your credit scores are well below 620 and you also might have some challenges with meeting the income requirement. This means your application was not accepted and your mortgage professional has the choice of going to a different lender if he is a broker. However, if he only works for one bank and does not have any other lenders, then you will have to go elsewhere for help.

If your mortgage professional notifies you that your application was denied, don't be too discouraged. Mortgage lenders sometimes make exceptions when you have many good factors. For example, if you have fifty or seventy-five thousand dollars in your savings account, that is viewed as a positive. It is also viewed positively if you have been at your current employer for eighteen years. There are several other compensating factors, so speak with your mortgage professional before giving up hope.

Overcoming Credit Challenges Quickly

Unfortunately, finding mistakes on your credit report is a very common problem. Many people are not aware they have a problem until they are denied over and over again after having what they thought was perfect credit. Here is a sobering statistic:

Close to half of the population in America has erroneous information on their credit reports.

Because computers are used to aid underwriters in determining whether or not a loan should be issued, many people are denied credit.

This is one of the reasons why some mortgage lenders will allow customers to review their credit report and submit letters of explanation as to why things are on there. When this happens, customers stand a better chance of getting a better loan. Additionally, some mortgage companies or loan brokers for mortgage companies will help you fix the problems on your credit report, especially if you pre-qualify for a loan and have the time to work on it while looking for a house.

Some of the most common errors and mistakes on your credit report include:

- Credit cards and debts that do not belong to you.
- Late payments that were never actually late.
- Loans that you never took out.
- Former spouses that are still carrying the other's line of credit on their reports.
- Credit lines that were never used, but are still showing as being open, such as department store credit cards.
- Bankruptcies, foreclosures, tax liens and other judgments that have been completed, satisfied or discharged but never changed to reflect the status on the report.
- Old loans that were co-signed where the guarantee is no longer needed.
- Previous use of a consumer credit counseling service that has been completed that is not reflected properly on the report.
- Identity theft

A Word of Advice

Do not purchase your credit scores directly from Experian, Equifax or Transunion. It may shock you to know that the scores they give you are not the same credit scores which lenders use to approve you for a mortgage. You should only get your credit scores from FICO® directly because these are the only scores which matter!

6 Steps to Increase Your Credit Score & Create The Life You Have Always Wanted

Having low credit scores in today's economy is like trying to swim in a pool with bricks in your pockets. You may be able to swim for a short time, but after a while your legs get tired of kicking and you have to get rid of the bricks.

You may be able to get along for a while with bad credit, but at some point you are going to need a new car, an appliance, or as we are discussing now, a new home. The six-step system I'm giving you allows you to improve and increase your credit scores in the least amount of time possible with the help of trained experts. Yes, you can do it yourself, but by the time you learn all of the ins and outs of credit repair you could have had the higher scores already. After many years of helping dozens of normal hard-working folks fix their credit, here are my recommendations:

1. Sign-up with a credit monitoring service that advises you instantly by email and text message any time there is a change on your credit reports.

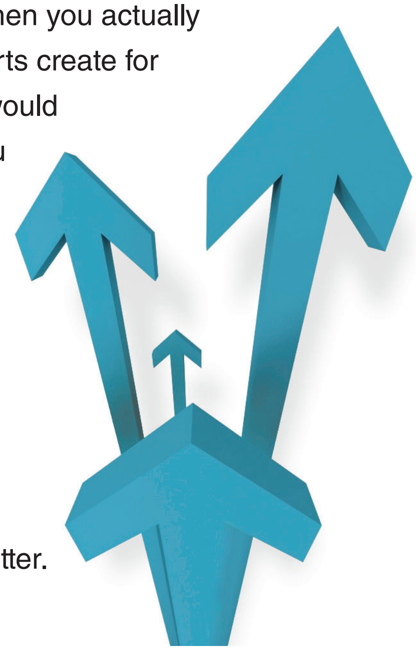
Subscribing to a credit monitoring service allows you to rest easy knowing that you will be made aware of any negative or positive activity on your credit reports. The best part about credit monitoring is that you won't be penalized for inquiring into your own credit reports. To sign-up, visit www.myfico.com

2. Hire a credit expert repair company to help repair your credit.

This is the most basic step that I recommend to anyone who has a low credit score and several negative accounts that should be removed. You can visit bestcreditrepaircompanys.com, which is an information credit website that compares different credit repair companies that are top rated.

3. Follow each and every step of your customized credit repair plan prepared by your own personal credit repair expert.

When you make the decision to bring in the credit experts, you are committing to the first step in improving your credit scores. However, the most important step is when you actually do the plan that the experts create for your unique situation. It would be wrong of me to tell you that you only have to make one phone call and it is taken care of for you. The reality is that you will have to continue to pay your bills, abstain from making new unnecessary ones and manage your finances better.



4. Purchase your official FICO® credit scores.

You will have to pay a small one-time fee to use this service, but it is worth every penny. You can go to www.myfico.com to get immediate results to the exact information mortgage lenders will be using to approve you for a mortgage. It is one thing to get low scores, but it is more valuable to know the reason for the low scores.

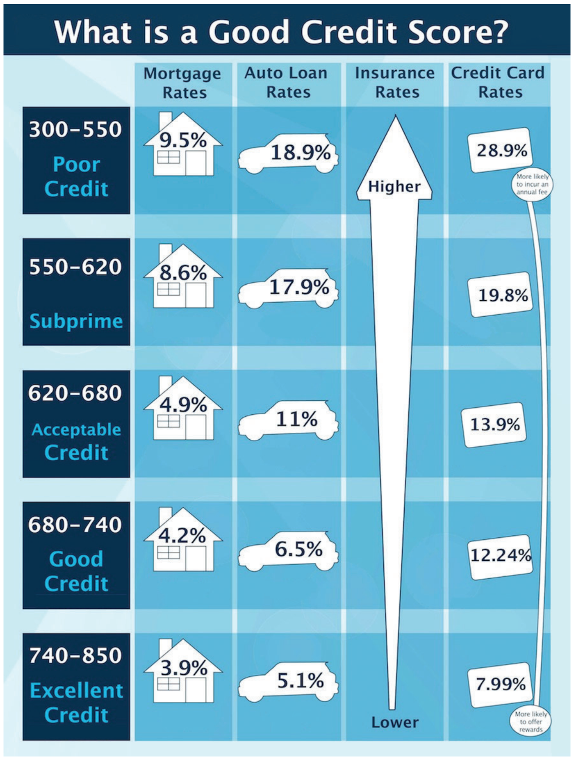
You can also go to www.annualcreditreport.com and receive your credit reports for free, if you do not mind waiting 45 - 60 days.

5. Purchase your FICO scores every 90 days to make sure your old scores are being updated with improved scores.

I cannot overstate the importance of continuing to purchase your updated credit scores every 90 days or so until you at least get a 700 score from all three bureaus. It is vital that you track and monitor your progress all the way to the finish line. Purchase your credit reports every 90 days to continue getting your official FICO® scores, which won't cause your credit scores to go down because of the inquiry.

6. Be patient and do not get discouraged, because it may take several months to see a drastic improvement!

If it took you four months to increase your credit scores to 675, 683 and 701, would the four months be worth the wait? Some people feel that five years of bad spending habits should only take thirty days to fix. However, you must be realistic. It will all be worth it when you have great credit and you can go to any car dealer in the area and qualify for a zero percent interest loan for the car you have always wanted. So do not give up on your dream!



Credit Repair for The Do-It-Yourselfers

If you are determined to repair your credit without the help of experts, here are some steps to follow: First, request your credit reports from each of the three major credit bureaus. After you receive your credit reports, the next step is to decide which items you want to dispute. You will start by listing the errors, omissions or problems, and then write dispute letters for the incorrect items to each credit bureau where the item appears incorrectly.

Be sure that when you mail in the dispute letter you should include who the credit account was with, the account number listed on their report and why you are disputing it. In your letter ask the credit bureau to investigate the claim and then remove the information from your report.

By law, the credit bureaus must remove derogatory information that they cannot confirm with the listed vendor within 30 days of receiving your letter. Make sure to ask for an updated copy of your report at the end of your letter to ensure that the credit bureau complied with your request.

Review your credit report annually to make sure it remains up to date and correct.

Quick Tips to Increase Your Credit Scores Immediately!

Here are some of the surest ways to increase your credit scores before, during and after buying a home:

- Know all three of your scores
- Avoid unnecessary inquiries
- Only use lenders that report your credit limit accurately
- Pay off your credit cards each month
- Do not max out credit cards each month
- Verify that lenders report correct payment history each month
- Stay away from finance companies
- Keep credit accounts open
- Do not believe that income can overcome every credit problem
- Bank/Debit cards won't help your credit rating
- Do not co-sign for another person
- Use credit instead of cash
- Keep a mixture of credit accounts
- Pay down debt instead of shifting it
- Maintain a few major credit cards
- Increase your credit limits regularly
- Eliminate mistakes on your credit reports
- Apply for credit at the right time
- Avoid debt consolidation loans
- Ignore preapproved offers in the mail
- Do not add a consumer statement to your credit reports
- Use the credit you have
- Pay your bills early or on time

Home Loan Helpful Resources

In this chapter you will find a glossary of important mortgage terms. To make finding what you're looking for a little easier just choose the first letter of the word and you will be directed to the page it is lcated on.

A	B	C	D
E	F	G	H
I	J	K	L
M	N	O	P
Q	R	S	T
U	V	W	X
Y	Z		

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Adjustable Rate Mortgage (ARM):
Mortgage loans under which the interest rate is periodically adjusted to more closely coincide are agreed to at the inception of the loan.

Alternative Documentation:
The use of pay stubs, W-2 forms, and bank statements in lieu of Verifications of Employment (VOE) and Verifications of Deposit (VOD) to qualify a borrower for a mortgage.

Amortization:
The systematic and continuous payment of an obligation through installments until the debt has been paid in full.

Annual Percentage Rate (APR):
A term used in the Truth-in-Lending Act to present the percentage relationship of the total finance charge to the amount of the loan. The APR reflects the cost of the mortgage loan as a yearly rate. It could be higher than the interest rate stated on the Note because it includes, in addition to the interest rate, loan discount points, miscellaneous fees and mortgage insurance.

Appraisal:
A report made by a qualified person setting forth an opinion or estimate of property value. (Appraisal also refers to the process through which a conclusion on property value is derived.)

Appraisal Amount or Appraised Value:
The fair market value of a home determined by an independent appraisal. The appraisal uses local real estate market sales activity as a major basis for valuation.

Appreciation:
An increase in the value of a property due to market conditions or other causes. The opposite is depreciation.

Balloon Mortgage:
A fixed-rate mortgage for a set number of years and then must be paid off in full in a single "balloon" payment. Balloon loans are popular with borrowers expecting to sell or refinance their property within a definite period of time.

Bankruptcy:
Legal relief from the payment of all debts after the surrender of all assets to a court-appointed trustee. Assets are distributed to creditors as full satisfaction of debts, with certain priorities and exemptions. A person, firm or corporation may declare bankruptcy under one of several chapters of the U. S. Bankruptcy Code: Chapter 7 covers liquidation of the debtor's assets; Chapter 11 covers reorganization of bankrupt businesses; Chapter 13 covers payment of debts by individuals through a bankruptcy plan.

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Cap:
The limit placed on adjustments that can be made to the interest rate or payments such as the annual cap on an adjustable rate loan (ARM) or the cap on a rate over the life of the loan.

Cash-out Refinance:
To refinance the mortgage on a property for more than the principal owed. This allows the borrower to get cash from the equity in their home. Loan products may vary on how much can be borrowed on a cash-out refinance.

Certified Mortgage Specialist (CMS):
The Certified Mortgage Specialist is the professional sales associate who communicates the needs of the agent and borrower to the operation team.

Client Coordinator (CC):
The Client Coordinator sets the tone throughout the application process and ensures that each customer is kept informed of all needs and status through clear and concise communication.

Closer:
The person who coordinates the closing time with the Client Coordinator and reviews and prepares the necessary closing documents.

Closing:
Also known as settlement, the finalization of the process of purchasing or refinancing real estate. The closing includes the delivery of a Deed, the signing of Notes and the disbursement of funds

Closing Costs:
Costs that are due at closing, in addition to the purchase price of the property. These costs normally include, but are not limited to, origination fee, discount points, attorney's fees, costs for title insurance, surveys, recording documents, and prepayment of real estate taxes and insurance premiums held by the lender. Sometimes the seller will help the borrower pay some of these costs.

Closing Statement:
An accounting of the debits and credits incurred at closing. All FHA, VA and Conventional financing loans use a Uniform Closing or Settlement Statement commonly referred to as the HUD-1.

Co-Borrower:
A party who signs the mortgage note along with the primary borrower, and who also shares title to the subject real estate.

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Collateral:
Property pledged as security for a debt. For example, real estate that secures a mortgage. Collateral can be repossessed if the loan is not repaid.

Combined Loan To Value (CLTV):
The mathematical relationship between the total of all loan amounts (first mortgage plus subordinate liens) and the value of the subject property.

Community Reinvestment Act (CRA):
This act requires financial institutions to meet the credit needs of their community, including low and moderate-income sections of the local community. It also requires banks to make reports concerning their investment in the areas where they do business.

Condominium:
A form of property ownership in which the homeowner holds title to an individual dwelling unit, an undivided interest in common areas of a multi-unit project, and sometimes the exclusive use of certain limited common areas. All condominiums must meet certain investor requirements.

Conforming Loan:
A loan with a mortgage amount that does not exceed that which is eligible for purchase by FNMA or FHLMC. All loans are considered as conforming or non-conforming, also known as jumbo.

Conventional Loan:
A mortgage loan not insured or guaranteed by the federal government.

Conversion Option:
Options to convert an adjustable rate mortgage or balloon loan to a fixed rate mortgage under specified conditions.

Co-Signer:
A party who signs the mortgage note along with the borrower, but who does not own or have any interest in the title to the property.

Creditor:
A person to whom debt is owed by another person who is the “debtor.”

Credit Rating:
A rating given a person or company to establish credit-worthiness based upon present financial condition, experience and past credit history.

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Credit Report:
A document completed by a credit-reporting agency providing information about the buyer's credit cards, previous mortgage history, bank loans and public records dealing with financial matters.

Deal Structure:
An Underwriters review of certain aspects of a loan application that do not meet standard guidelines.

Debt to Income Ratio:
Compares the amount of monthly income to the amount the borrower will owe each month in house payment (PITI) plus other debts. The other debts may include but not limited to car payment, credit cards, alimony, child support, and personal loans. This ratio is commonly used to see if the borrower has the capacity to repay the debt.

Deed of Trust:
A legal document that conveys title to real estate to a disinterested third party (trustee) who holds the title until the owner of the property has repaid the debt. In states where it is used, a Deed of Trust accomplishes essentially the same purpose as a Mortgage.

Default:
Failure to comply with the terms of any agreement. In real estate, this is generally used in connection with a mortgage obligation to refer to the failure to comply with the terms of the Promissory Note. Most often this default is a failure to make payments; however, there are other means by which a borrower may default, such as the failure to pay real estate taxes. Depreciation: A decline in the value of property. This is the opposite of appreciation.

Discount Points:
A percentage of the loan amount which is charged or credited by the lender upon making a mortgage loan. Loans that are made at the present market rate, with no points, are considered to be made at "par." Because of the lender's ability to charge or credit points on an individual loan, the lender is able to tailor a loan program and interest rate to fit the needs of each individual borrower. Discount points can be negotiated in the Purchase Contract to be paid by either the seller or the borrower.

Each point equals 1% of the mortgage loan. For example, a charge of 1 point on a $50,000 loan would result in a charge of $500; 1/2 point would be $250 ($50,000 x .50%).

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Down Payment:
The part of the purchase price which the buyer pays in cash and does not finance with a mortgage.

Earnest Money:
Deposit made by a purchaser of real estate as evidence of good faith.

Equal Credit Opportunity Act (ECOA):
Also known as Regulation B. A federal law that prohibits a lender from discriminating in mortgage lending on the basis of race, color, religion, national origin, sex, marital status, age, income derived from public assistance programs, or previous exercise of Consumer Credit Protection Act rights.

Equity:
The difference between the current market value of a property and the principal balance of all outstanding loans.

Escrow Account:
An account held by the lending institution to which the borrower pays monthly installments for property taxes, insurance, and special assessments, and from which the lender disburses these sums as they become due.

Fair Credit Reporting Act:
Regulated the collection and distribution of information by the consumer credit reporting industry. It also affects how financial institutions collect and convey credit information about loan applicants or borrowers.

Fair Housing Act:
Prohibits the denial or variance of the terms of real estate related transactions based on race, color, religion, sex, national origin, disability, or familiar status of the credit applicant. Real estate related transactions include a mortgage, home improvement, or other loans secured by a dwelling.

Federal Home Loan Mortgage Corporation (FHLMC):
Also known as Freddie Mac. A publicly owned corporation created by Congress to support the secondary mortgage market. It purchases and sells conventional residential mortgages as well as residential mortgages insured by the Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA).

Federal National Mortgage Association (FNMA):
Also known as Fannie Mae. A privately owned corporation to support the secondary mortgage

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market, it adds liquidity to the mortgage market by investing in home loans through the country.

FICO Score:
A credit score given to a person that establishes creditworthiness based on present financial condition, experience and past credit history.

Finance Charge:
The cost of credit as a dollar amount (i.e. total amount of interest and specific other loan charges to be paid over the term of the loan and other loan charges to be paid by the borrower at closing). Loan charges include origination fees, discount points, mortgage insurance, and other applicable charges. If the seller pays any of these charges, they cannot be included in the finance charge.

Financial Statement:
A summary of facts showing an individual's or company's financial condition. For individuals, it states their assets and liabilities as of a given date. For a company it should include a Profit and Loss Statement (P&L) for a certain period of time and balance sheet, stating assets and liabilities as of a given date.

First Mortgage:
A real estate loan that creates a primary lien against real property.

First Rate Adjustment - First rate adjustment after:
In association with an Adjustable Rate Mortgage loan, this is the number of months after which the loan has closed when the first interest rate adjustment will occur.

First Rate Adjustment - Maximum rate decrease:
In association with an Adjustable Rate Mortgage loan, this is the most the interest rate can decrease during the first adjustment period.

First Rate Adjustment - Maximum rate increase:
In association with an Adjustable Rate Mortgage loan, this is the most the interest rate can increase during the first adjustment period.

Fixed Rate Mortgage:
The type of loan where the interest rate will not change for the entire term of the loan.

Floating:
The term used when a purchaser elects not to lock-in an interest rate at the time of application.

Flood Insurance:
Insurance that compensates for direct physical damages by or from flood to the insured property subject to the terms, provisions, conditions and

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losses not covered by the policy. It is required for mortgages on properties located in federally designated flood areas.

Good Faith Estimate (GFE):

An estimate of settlement charges paid by the borrower at closing. The Real Estate Settlement Procedures Act (RESPA) requires a Good Faith Estimate of settlement charges be provided to the borrower.

Gift Letter:

A letter or affidavit that indicates that part of a borrower's down payment is supplied by relatives or friends in the form of a gift and that the gift does not have to be repaid.

Gross Income:

A person's income before deduction for income taxation.

Hazard Insurance:

Insurance against losses caused by perils which are commonly covered in policies described as a "Homeowner Policy."

Home Maintenance:

Costs associated with maintaining a home. This may include, but not limited to general repairs, replacement or repair of furnace, air conditioning, roof, plumbing and electrical systems.

Home Mortgage Disclosure Act (HMDA):

Also known as Regulation C. The purpose of HMDA is to provide disclosure of mortgage lending application activity (home purchase or improvement) to regulators and the public. Information is collected on each application, and is recorded on a log that is compiled to produce a report on application activity by geographic designation (census tract).

Homeowners Association (HOA):

A non-profit corporation or association that manages common areas and services of a Condominium or Planned Unit Development (PUD).

Homeowners Insurance:

Insurance that covers damage to the insured's residence and liability claims made against the insured subject to the policy terms, conditions, provisions, losses not insured provision and exclusions.

Housing Expense Ratio:

Ratio used to determine the borrowers capacity to repay a home loan. The ratio compares monthly income to the house payment (Principal, Interest, Taxes and Insurance).

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Index:
In connection with ARM loans, the external measurement used by a Lender to determine future changes which are to occur to an adjustable loan program. These will typically be published rates that are independent of the Lender's control, such as a Treasury Bill.

Initial Interest Rate:
The beginning interest rate at the start of an adjustable rate mortgage (ARM). It may be lower than the fully indexed rate or "going market rate" and it will remain constant until it is adjusted up or down on the adjustment date.

Interest:
The amount paid by a borrower to a lender for the use of the lender's money for a certain period of time. The amount paid by a bank on some deposit accounts.

Interest Income:
The potential income from funds which would have been used for the down payment, closing costs, and any difference (increase) between monthly rental payment and monthly mortgage payment.

Interest Rate:
The percentage of an amount of money that is paid for its use for a specific time; usually expressed as an annual percentage.

Judgment:
Decree of a court declaring that one individual is indebted to another and fixing the amount of such indebtedness.

Jumbo Loan:
A loan above the limit set by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Also referred to as a non-conforming loan.

Late Charge:
An additional charge a borrower is required to pay as a penalty for failure to pay a regular mortgage loan installment when due; a penalty for a delinquent payment.

Lien:
A legal claim against a property that must be paid off when the property is sold. A lien is created when you borrow money and use your home as collateral for the loan.

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Life of Loan - Maximum rate decrease:
In association with an Adjustable Rate Mortgage loan, this is the most the interest can decrease over the life of the mortgage loan.

Life of Loan - Maximum rate increase:
In association with an Adjustable Rate Mortgage loan, this is the most the interest can increase over the life of the mortgage loan.

Loan Application:
A source of information on which the lender bases a decision to make or not make a loan; defines the terms of the loan contract, gives the names of the borrower(s), place of employment, salary, bank accounts, credit references, real estate owned, and describes the property to be mortgaged.

Loan Balance:
The amount of remaining unpaid principal balance owed by the borrower.

Loan Term:
Number of years a loan is amortized. Mortgage loan terms are generally 15, 20, or 30 years.

Loan-to-Value (LTV):
The ratio of the total amount borrowed on a mortgage against a property, compared to the appraised value of the property. A LTV ratio of 90 means that the borrower is borrowing 90% of the value of the property and paying 10% as a down payment. For purchases, the value of the property is the lesser of the purchase price or the appraised value. For refinances the value is determined by an appraisal.

Loan-to-Value Ratio:
The ratio, expressed as a percentage, of the amount of the loan (numerator) to the value or selling price of real property (denominator). For example, if you have an $80,000 1st mortgage on a home with an appraised value of $100,000, the LTV is 80% ($80,000 / $100,000 = 80%). Lock-In: A written agreement between the lender and borrower for a specified period of time in which the lender will hold a specific interest rate, origination and/or discount point(s).

Margin:
Under the terms of an adjustable rate mortgage (ARM), the margin is a set adjustment to the index. The particular loan product determines the amount of the margin.

Median Income:
The middle income level. Half of the incomes would be higher than the median income and half of the incomes would be below the median income. This is not to be confused with an average income.

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Mortgage:
The written instrument used to pledge a title to real estate as security for repayment of a Promissory Note.

Mortgage Insurance:
Insurance written in connection with a mortgage loan that indemnifies the lender in the event of borrower default. In connection with conventional loan transactions, this insurance is commonly referred to as Private Mortgage Insurance (PMI).

Mortgage Note:
A written promise to pay a sum of money at a stated interest rate during a specified term. It is typically secured by a mortgage.

Mortgage Servicing:
Controlling the necessary duties of a mortgagee, such as collecting payments, releasing the lien upon payment in full, foreclosing if in default, and making sure the taxes are paid, insurance is in force, etc. The lender or a company acting for the lender, for a servicing fee, may do servicing. (Also called Loan Servicing.)

Mortgagee:
The institution, group, or individual that lends money on the security of pledged real estate; the association, the lender.

Mortgagee Clause:
This is the clause that is typically used for hazard insurance and flood insurance. For loans originated by the State Farm Bank it will read: State Farm Bank, F.S.B., Its Successor and/or Assigns, P.O. Box 2583, Ft. Wayne, IN 46801-2583.

Mortgagor:
The owner of real estate who pledges his property as security for the repayment of a debt; the borrower.

Net Income:
The difference between effective gross income and expense including taxes and insurance. The term is qualified as net income before depreciation and debt.

Non-Conforming:
A loan with a mortgage amount that exceeds that which is eligible for purchase by FNMA or FHLMC. All other loans above this amount are considered to be non-conforming or jumbo loans.

Non-Owner-Occupied Property:
Property purchased by a borrower not for a primary residence but as an investment with the intent of generating rental income, tax benefits, and profitable resale.

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Note:
A written promise by one party to pay a specific sum of money to a second party under conditions agreed upon mutually. Also called a "promissory note."

Note Rate:
The interest rate on the mortgage loan.

Origination Fee:
A fee paid to a lender for processing a loan application; it is stated as a percentage of the mortgage amount.

Origination Process:
Process in which a lender solicits business, gathers required information and commits to loan money, for the purchase of real estate.

Owner-Occupied Property:
The borrower or a member of the immediate family lives in the property as a primary residence.

PITI:
Term commonly used to refer to a mortgage loan payment. Acronym stands for Principal, Interest, Taxes, and Insurance.

PITI Ratio:
Compares the amount of the monthly income to the amount the borrower will owe each month in principal, interest, real estate tax and insurance on a mortgage. Lenders use it in deciding whether to give the borrower a loan. Also called "income-to-debt" ratio.

Planned Unit Development (PUD):
A housing project that may consist of any combination of homes (one-family to four-family), condominiums, and various other styles. In a PUD, often the individual unit and the land upon which it sits are owned by the unit/homeowner; however, the homeowner's association owns common facilities.

Pre-Approval:
A process in which a customer provides appropriate information on income, debts and assets that will be used to make a credit only loan decision. The customer typically has not identified a property to be purchased, however, a specific sales price and loan amount are used to make a loan decision. (The sales price and loan amount are based on customer assumptions)

Pre-Qualification:
A process designed to assist a customer in determining a maximum sales price, loan amount

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and PITI payment they are qualified for. A pre-qualification is not considered a loan approval. A customer would provide basic information (income, debts, assets) to be used to determine the maximum sales price, etc.

Prepaid Expenses or Prepaids:

The term used to describe the funds the Lender requires to be deposited to establish the escrow account for taxes and insurance at the time of closing (also refers to Prepaid Interest).
Prepaid Interest: Interest that the borrower pays the lender before it becomes due.

Prepayment:

A loan repayment made in advance of its contractual due date.

Prepayment Penalty:

A penalty under a Note, Mortgage or Deed of Trust imposed when the loan is paid before its maturity date.

Principal and Interest:

Two components of a monthly mortgage payment. Principal refers to the portion of the monthly payment that reduces the remaining balance for the mortgage. Interest is the fee charged for borrowing money.

Principal Balance:

The outstanding balance of a mortgage, not counting interest.

Principal, Interest, Real Estate Tax, Insurance Payment:

The total mortgage payment which includes principal, interest, taxes and insurance.
Private Mortgage Insurance (PMI): Insurance against a loss by a lender in the event of default by a borrower (mortgagor). A private insurance company issues this insurance. The premium is paid by the borrower and is included in the mortgage payment.

Processing:

Gathering the loan application and all required supporting documents (including the property appraisal, credit report, credit history, and income and expenses) so that a lender can consider the borrower for a loan.

Promissory Note:

A document in which the borrower promises to pay a stated amount on a specific date. The note normally states the name of the lender, the terms of payment and any interest rate.

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Property Taxes:
Taxes assessed on real estate. Property taxes are based on valuations by local and or state governments.

Purchase Agreement:
A written agreement between a buyer and seller of real property that states the price and terms of the sale.

Purchase Price:
The total amount paid for a home.

Qualifying Income Ratios:
Income analysis used by lenders in deciding whether to offer the borrower a loan. One type of analysis compares only the amount of the proposed monthly mortgage payment to the monthly income. Another compares the amount of the total monthly payments (for example car, credit card and proposed mortgage payments) to the monthly income.

Rate Index:
An index used to adjust the interest rate of an adjustable mortgage loan.

Real Estate Appreciation Rate:
Percentage increase in the value of real estate, expressed at an annual rate.

Real Estate Settlement Procedures Act (RESPA):
A consumer protection law that requires, among other things, lenders to give borrowers advance notice of closing costs.

Realtor:
A person licensed to negotiate and transact the sale of real estate on behalf of the property owner. A real estate broker or associate must hold active membership in a real estate board affiliated with the National Association of Realtors.

Recording Fee:
The amount paid to the recorder's office in order to make a document a matter of public record.

Regulation Z:
Federal Reserve regulation issued under the Truth-in-Lending Act, which, among other things, requires a credit purchaser to be advised in writing of all costs connected with the credit portion of the loan.

Rental Payment:
A payment made to use another's property. The amount of the rent is determined in a contract and is typically paid monthly.

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Renters Insurance:
Insurance against perils which are commonly covered in policies described as a "Renters Policy".

Repayment:
The payment of a mortgage loan over a period of time established when the loan is originated.

Rescind:
To avoid or cancel in such a way as to treat the contract or other object of the rescission as if it never existed.

Sales Contract:
A written agreement between parties stating all terms and conditions of a sale.

Savings Rate:
The interest rate a person expects to earn on a savings account or investment account.

Secondary Market:
An informal market where existing mortgages are bought and sold. It is the traditional aftermarket for mortgage loans that brings together lenders that sell mortgages with lenders, investors and agencies that buy mortgages.

Seller Contribution:
The seller may be paying some or all of the borrower's cost. The amount of the contribution has limitations.

Selling Costs:
The costs incurred in selling a home. This could include Realtor expenses and other miscellaneous expenses such as painting or minor repairs to prepare the home for sale.

Servicing:
All the management and operational procedures that the mortgage company handles for the life of the loan, up through foreclosure if necessary, including: collecting the mortgage payments, ensuring that the taxes and insurance charges are paid promptly, and sending an annual report on the mortgage and escrow accounts.

Servicing Released:
A stipulation in the agreement for the sale of mortgages in which the Lender is not responsible for servicing the loan.

Servicing Retained:
A loan sale in which the original lender's servicing department continues to service the loan after the sale to a secondary institution or investor.

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Settlement Statement:
Also referred to as a HUD-1 Settlement Statement. The complete breakdown of costs involved in the real estate transaction for both the seller and buyer.

Single-Family Attached Home:
A single-family dwelling that is attached to other single-family dwellings.

Single-Family Detached Home:
A freestanding dwelling for a single family.

Survey:
A measurement of land, prepared by a registered land surveyor, showing the location of the land with reference to known points, its dimensions and the location and dimensions of any improvements.

Subordinate Financing:
An additional lien against the real estate securing the borrowers first mortgage. This lien takes second priority to the first mortgage.

Subsequent Rate Adjustment - Maximum rate decrease:
In association with an Adjustable Rate Mortgage loan, this is the most the interest rate can decrease when it is scheduled for reevaluation and possible adjustment.

Subsequent Rate Adjustment - Maximum rate increase:
In association with an Adjustable Rate Mortgage loan, this is the most the interest rate can increase when it is scheduled for reevaluation and possible adjustment.

Subsequent Rate Adjustment - Next ARM Adjustment Date:
In association with an Adjustable Rate Mortgage loan, this is the date scheduled for the next reevaluation and possible adjustment.

Subsequent Rate Adjustment - Rate Change Frequency:
In association with an Adjustable Rate Mortgage loan, this is the frequency in which possible adjustments may be made to the interest rate amount for Adjustable Rate Mortgages after the initial adjustment.

Tax Rates:
Tax levied by the federal government and some states based on a person's income. Federal income tax rates vary depending on a person's adjusted gross income.

Tax Savings:
The amount saved on taxes by itemizing deductions on income tax returns.

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Title:
The evidence to the right to or ownership in property. In the case of real estate, the documentary evidence of ownership is the title deed, which specifies in whom the legal state is vested and the history of ownership and transfers. Title may be acquired through purchase, inheritance, devise, gift or through the foreclosure of a mortgage.

Title Insurance Policy:
A contract by which the insurer, usually a title company, indicates who has legal title and agrees to pay the insured a specific amount of any loss caused by clouds, claims or defects of title to real estate, which the insured has an interest as owner, mortgagee or otherwise.

(a) Owner's Title Policy:

Usually issued to the landowner himself. The owner's title insurance policy is bought and paid for only once and then continues in force without any further payment. Owner's Title Insurance policies are not assignable.

(b) Mortgagee's Title Policy:

Issued to the mortgagee and terminates when the mortgage debt is paid. In the event of foreclosure, or if the mortgagee acquires title from the mortgagor in lieu of foreclosure, the policy continues in force, giving continued protection against any defects of title which existed at, or prior to, the date of the policy.

Treasury Bills:
Interest bearing U.S. Government obligations sold at a weekly sale. The change in interest rates paid on these obligations is frequently used as the Rate Index for Adjustable Mortgage Loans.

Truth in Lending (TIL):
The name given to the federal statutes and regulations (Regulation Z) which are designed primarily to insure that prospective Borrowers of credit received credit and cost information before concluding a loan transaction.

Underwriting (Mortgage Loans):
The process of evaluating a loan application to determine the risk involved for the lender. It involves an analysis of the borrower's creditworthiness and the quality of the property itself.

Verification of Deposit (VOD):
Form used in mortgage lending to verify the deposits or assets of a prospective borrower when monthly statements are unavailable or unusable.

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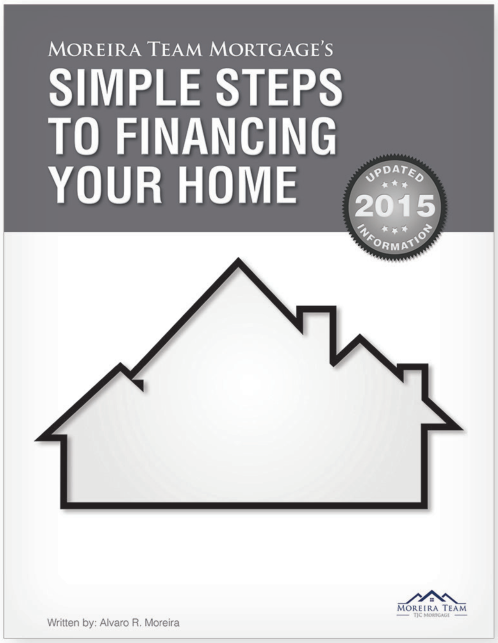
Verification of Employment (VOE):
Form used in mortgage lending to verify the employment and income of a prospective borrower when pay stubs and W2 forms are unavailable or unusable.

Verification of Rent:
Form used in mortgage lending to verify monthly rents paid and late payments, if any.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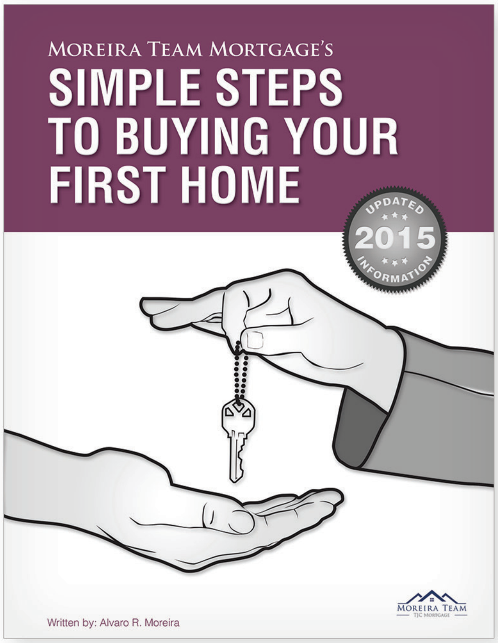
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Who We Are

The Moreira Team is one of the fastest growing 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.

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