

Program Cheat Sheet

REQUIRED INSPECTIONS

termite

- Conventional/FHA/USDA – Only if called for by appraiser.
- VA – Required.

well certification

- Conventional/FHA – Only if called for by appraiser.
- VA/USDA – Required if private well only.

septic certification

- Conventional/VA/FHA/USDA.

MAX SELLER CREDITS

conventional

Primary Residence & Second Homes

- 3% max when less than 10% down.
- 6% max when 10-25% down.
- 9% max when greater than 25% down.

Investment Properties

- 2% max regardless of down payment.

fha/usda

- Seller can contribute up to 6% max toward closing costs and prepaid items.

va

- Seller can contribute up to 4% max toward prepaid items along with NO limits on closing costs and reasonable discount points.

PROCEED WITH CAUTION

Condos

- Need to be approved.

Multiple parcels on one transaction

- Need to be deeded together.

Zoning other than residential

- Consider property's highest and best use.

Private roads

- Is there an easement or private maintenance agreement in place?

Mobile homes

- Must be built after 1976; limited financing options.

Multi-family property (3-4 units)

- Larger down payments apply in many cases.

Investor-owned properties, short sales, property flips and foreclosure sales

- All have different rules and closing costs.

Properties that have transferred to more than one owner in a 12-month period

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USDA

- No money down
- 620 minimum credit score
- Geographic restrictions and income limits apply
- More conservative debt ratio, typical cap of 41%
- Minimum trade lines required
- Property condition should be satisfactory
- Guarantee fee remains for the full term of the loan
- Bankruptcy/Foreclosure generally needs to be at least 3 years old
- Fixed payment student loans: A permanent amortized, fixed payment may be used in the debt ratio when the lender retains documentation to verify the payment is fixed, the interest rate is fixed, and the repayment term is fixed.
- Non-fixed payment student loans: Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable, and other types of repayment agreements which are not fixed cannot be used in the total debt ratio calculation; 1 percent of the loan balance reflected on the credit report must be used as the monthly payment; no additional documentation is required

VA

- Must be a Military Veteran
- 500 minimum credit score
- No money down
- No income limit or geographic restrictions † Property condition should be satisfactory
- Chapter 7 Bankruptcy/Foreclosure generally needs to be at least 2 years old; 1-2 year exceptions with extenuating circumstances
- If a student loan is in repayment or scheduled to begin within 12 months from the date of a VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and calculate the payment at a rate of 5 percent of the outstanding balance divided by 12 months (example: \$25,000 student loan balance x 5% = \$1,250 divided by 12 months = \$104.17 monthly payment for debt ratio purposes)

FHA

- 3.5% down
- No income limit or geographic restrictions
- 500 minimum credit score
- Debt ratio determined by Automated Underwriting System
- Property condition important
- PMI never comes off
- Foreclosure/Short Sale must be 3 years old
- At the time of a case number assignment, at least 2 years must have elapsed since the date of a Chapter 7 bankruptcy discharge; an elapsed period of less than 2 years, but not less than 12 months, may be acceptable if due to documentable extenuating circumstances.
- Student loan payment calculated as the greater of:
- 1 percent of the outstanding balance on the loan, or
- The monthly payment reported on the borrower's credit report, or
- The actual documented payment, provided the payment will fully amortize the loan over its term

CONVENTIONAL

- 3+% down; special conditions for 3% down
- 620 minimum credit score
- No geographic restrictions
- Property condition flexible but must be livable
- School loan payments flexible; agreed upon payment can be used
- Foreclosure 3 years old for extenuating circumstances, 7 years if the foreclosure was not included in a bankruptcy
- Short sale 2 years old for extenuating circumstances, 4 years if due to financial mismanagement
- PMI comes off at 78% equity possession

Realtor Checklists

BEFORE MAKING AN OFFER

- Is buyer fully underwritten and approved?
- Has buyer met with financial planner/HUD counselor?
- Has buyer confirmed current interest rates/payments with lender?
- Has buyer confirmed insurance payment on the property?
- Is the property in a flood zone? – online check -
<https://www.floodsmart.gov/flood-map-zone>
- If property is a condominium
 - Has lender reviewed HOA docs?
 - Has lender confirmed HOA dues?
 - Are there any special assessments?

WHEN IN CONTRACT

- Send lender purchase contract
- Send lender escrow information
- If condo, send lender HOA contact
- Communicate best appraisal contact to lender.
- Immediately alert lender if there is a price/credit renegotiation in progress.
- Do you know of any reason why the buyer will be difficult to reach?
work/travel/sickness/out of area/etc..

Call, text, or email if you have any questions!



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