

HOMEBUYER'S MORTGAGE GUIDE



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Premium
MORTGAGE CORPORATION



4240 N. Buffalo Rd Orchard Park, NY 14127
NMLS# 1213669 | Licensed Mortgage Banker NYSDFS

MEET YOUR LOAN OFFICER



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Scan the QR code above to view my digital business card. Add it to your home screen. Then you can share me with your friends and family!

Carissa DiRado has a unique understanding of what it takes to get families the financing needed to purchase their home. A licensed Loan Officer since 2013, she has over 11 years' experience as a credit and student loan counselor, providing a perspective from both ends of the credit industry. Her reputation as a credit expert is reinforced by her ability to educate borrowers about their options and the mortgage process, and by her passion for helping people improve their economic self-sufficiently through homeownership. Carissa is a resident of East Aurora, enjoys hiking and outdoor activity, and spending time with her son.

Your local experts in home financing!

Premium Mortgage provides the very best that is available in the mortgage market today: authorized, educated, and experienced Loan Officers, and an operations team that is committed to providing the best possible service in each market we serve.

Whether you're a first-time buyer or well versed in the process of applying for a home loan, you can have complete confidence in the professionalism, expertise and integrity that Premium Mortgage is renowned for.



How to scan a QR Code

USING YOUR CAMERA:

- Open the camera on your phone.
- Point the camera at the code so that it is centered on your screen.
- A pop-up will appear at the top of your screen containing the link.
- Tap the link in the pop-up to open my business card.

USING A QR CODE READER APP:

- Open your phone's app store.
- Download a QR code reader app.
- Open the app and hover your phone over the code so that it's inside the square on the screen, and the link will open up to my business card.



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Updated: 8/29/19

THE ROAD TO BUYING A HOUSE

Who Does What and When

The road to home ownership will be an enjoyable experience, following this step-by-step timeline. Each step is color-coded showing involved parties.

- With Your Loan Originator
- Homebuyer
- With Your Agent
- With Your Lawyer
- Premium Mortgage

Please note that this is a guideline for common mortgages, the timeliness of each step and order can be determined by the complexity of your financial situation and other factors.



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MORTGAGE FINANCING OPTIONS



This is a general overview of our most common mortgage products.

Suitability and availability of loan products will depend on the particulars of the borrower and the property.

Conventional:

Available as a 10, 15, 20, 25, or 30 year term, this program has a fixed rate for the life of the loan. A down payment is required for this type of loan and generally the larger the down payment the better the mortgage rate will be. The minimum down payment is 5%.

FHA:

Insured by the Federal Government, these loans are 15 or 30 year fixed rate mortgages that have a low down payment requirement (currently 3.5%) and do not rely as much on the credit score as a Conventional mortgage would.

USDA Rural Housing:

100% fixed rate financing with no down payment, this program is designed to increase home ownership in select rural areas. Borrowers must meet certain income eligibility requirements. Almost every county in the state has some areas designated as rural. For use with owner-occupied, single family homes, borrowers need minimal to no cash savings and there is minimum mortgage insurance payment.

203K:

A great option for homeowners who need to make improvements to their new home immediately. It provides money for both the purchase of the home and the funds needed to complete home improvement projects.

VA:

Available to those who have served in our nation's armed forces and, in certain cases, to spouses of deceased veterans. The main benefit of a VA loan is that there is no down payment requirement and no monthly mortgage insurance.

SONYMA:

Dedicated to providing homeownership opportunities for New Yorkers, the State of New York Mortgage Agency (SONYMA) offers several programs to assist first-time and low-to-moderate income home buyers. SONYMA programs feature competitive interest rates, low down payments, and no pre-payment penalties for qualified buyers.



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PROGRAM COMPARISON

	FHA	CONV.	VA	USDA	HomeReady™	Home Possible	SONYMA
Down Payment Required	3.5% Down	5% Down 3% Down First Time Home Buyer	0% Down	0% Down	3% Down	3% Down Single Unit 5% Down 2-4 unit <small>*3% of borrower's own funds required</small>	3% Down 1-2 Unit 10% 3-4 Unit <small>*1% of borrower's own funds required at application (unless 20% down)</small>
Housing Ratio (PITI)/ Total Debt Ratio	31/43 <small>*Can be exceeded w/ Automatic Underwriting approval</small>	Up to 50 with Automatic Underwriting approval	60 with Automatic Underwriting and residual income	31/43	50 with Automatic Underwriting	45 with Automatic Underwriting	40/45
Private Mortgage Insurance Required	0.80 - ≤ 95 LTV	Varies based on credit & down payment	NONE	0.35% annually	Reduced MI/ Varies based on credit	Reduced MI/ Varies based on credit	Reduced MI/ Varies based on credit
Funding/ Guarantee Fee	1.75% upfront fee	N/A	Varies: 2.15% - 3.30%	1% upfront fee	N/A	N/A	N/A
Income Limits	NONE	NONE	NONE	Varies per County	80% of area median income	80% of area median income	Varies per County
LTV Limits *BASED ON SALE PRICE	96.5%	95% <small>*97% First Time Home Buyer</small>	100%	100%	97%	97% for Single Unit 95% for 2-4 Unit	97% for 1-2 Unit 90% for 3-4 Unit
Loan Limits	\$314,827 <small>(Most NYS Counties)</small>	\$484,350 <small>(Most NYS Counties)</small>	\$484,350 <small>(Most NYS Counties)</small>	Varies per County	\$484,350 <small>(Most NYS Counties)</small>	\$484,350 <small>(Most NYS Counties)</small>	Purchase Price Limit Based on County
Eligible Properties	1-4 Unit	1 unit: 5% down 2-4 units: 20-25% down	1-4 Units Approved Townhouses	1 Unit	1 Unit Condo & Townhouse	1-4 Unit Condo & Townhouse	1-4 Unit Condo & Townhouse
Allowable Terms	15-30 years	10-30 years	15-30 years	30-years	10-30 years	10-30 years	30-years
Closing Cost - Seller Concessions	Up to 6% concession	Up to 3% concession <small>(up to 6% with 90 LTV)</small>	All closing costs Total concessions can exceed 6% of purchase price	Up to 6% concession	Up to 3% concession <small>(up to 6% with 90 LTV)</small>	Up to 3% concession <small>(up to 6% with 90 LTV)</small>	Up to 3% concession <small>(up to 6% with 90 LTV)</small>
Credit Requirements	620 Minimum <small>with Automatic Underwriting Approval - Certain Restrictions Apply</small>	620 Minimum <small>(LTV varies based on score)</small>	620 Minimum <small>with Automatic Underwriting Approval</small>	620 Minimum <small>with Automatic Underwriting Approval</small>	620 Minimum <small>with Automatic Underwriting Approval</small>	720 <small>with Automatic Underwriting Approval</small>	620 & 3 Trade Lines

Not all buyers will qualify. Rates subject to change without notice. This is not an offer to lend. A loan is not guaranteed. Rates Quoted are for Primary Dwelling Loans. Contact Premium Mortgage Corporation for further information about rates and fees. Program guidelines subject to change. LTV = Loan-to-Value, PITI = mortgage payment that is the sum of monthly principal, interest, taxes, and insurance.



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WHAT HAPPENS AFTER YOU'VE FOUND YOUR PERFECT HOME?

THE MORTGAGE PROCESS

There are quite a few things that happen from the beginning to the end of the process. Here's an overview:

1. APPLY FOR A MORTGAGE PRE-APPROVAL

2. MAKE AN OFFER

3. THE SELLER ACCEPTS YOUR OFFER

4. SCHEDULE A HOME INSPECTION

5. APPLY FOR THE MORTGAGE

6. PROPERTY APPRAISAL

7. PROCESSING - During processing, the loan file is examined to ensure that all information is complete and accurate and meets the end investor's requirements. Verifications, appraisals, credit reports and other necessary documents will be ordered at this time. The goal during processing is to gather accurate facts that will be used to make decisions about the loans. Once the loan file is complete, the processor turns the file over to the underwriter.

8. UNDERWRITING - Underwriting involves the evaluation of the loan application file. All documents will be verified and reviewed for completeness and accuracy. The underwriter will compare the factual information contained in the loan package to the guidelines of the lender and when the information completely reviewed, will submit the application to the lender.

9. ARRANGE HOME OWNER'S INSURANCE

10. CLOSING - This is the final step! At closing documents are prepared, assembled, signed and recorded. The mortgage is created and funds are dispersed. The title of the property passes from the seller to the buyer who makes legal obligation to repay the debt.



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WHAT NOT TO DO AFTER YOU APPLY



It typically takes 45-60 days to close a mortgage. In some cases the process can go faster while in others it may take longer. Regardless of the time frame, your application and supporting documents will be reviewed with a fine tooth comb.

DON'T do any the following:

- **DON'T** apply for a new credit card or line of credit (this includes going to a furniture store and buying furniture for your new home and using the "2 Years Same As Cash" option).
- **DON'T** make any large purchases - like a car, flat screen TV, or appliances.
- **DON'T** change jobs or quit your job or otherwise change your employment circumstances without informing your Loan Officer.
- **DON'T** change or close any bank accounts.
- **DON'T** make any large deposits or withdrawals to or from your checking account(s), savings account(s), or retirement account(s).
- **DON'T** allow anyone to pull your credit report or go online and check it yourself.
- **DON'T** make any late payments, pay all bills when due.
- **DON'T** co-sign a loan for anyone.
- **DON'T** spend any money that is set aside for closing costs.

***Any of these could result in a change in your credit score which could result in an increase in your mortgage rate.**

Be prepared for:

- Any deposits over \$500 will need documentation.
- Tax Returns for the calendar year must be filed.

Statements are general in nature and nothing in this document is legal, tax or investment advice; consult an attorney, tax or investment advisor relative to decisions of the legal, tax or financial nature.



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REHAB LOANS: WHAT YOU NEED TO KNOW

What is a Rehab Loan?

We have 30-year fixed rate mortgage options which allow for improvement costs to be financed into the purchase or refinance of a primary dwelling as one convenient loan.

Find a contractor to determine scope of work:

They need to be a *professional* contractor. They *cannot* be family members. We will require a copy of their insurance and license (if required by the municipality). If you have a bigger job and think you are going to require more than 2 contractors, it will be required to hire a General Contractor that will sub out.

We recommend collecting licenses and insurance up front from the contractor.

- **Self help is NOT allowed:** All work being included in the rehab is required to be completed by the contractor.
- **Estimates are required:** Must be on company letterhead, each line item must be broken out by labor and materials, and be signed by the contractor and borrower. Estimate to state if any structural work is being done.
- **Contractors will have to complete a contractor resume:** We will verify supplier and customer references. (We will provide this form). We will also verify the contractor's business through Lexis Nexis to ensure the company is reputable.
- **A homeowner/contractor agreement:** Must be signed and state the amount of the work to be completed. An agree must be executed within 6 months of closing and in good workman-like manner (We will provide this form).
- **Typically 10-15% of the rehab estimate:** will be placed in a contingency reserve to cover any cost overruns. (Underwriters discretion up to 20% maximum).

If repairs will be **structural or over \$35,000**, a plan reviewer/HUD consultant will need to be involved. They work with you and the contractor to draw up a specification of repairs. **There is an additional fee depending on the amount of work being done, which can be financed into your mortgage.**



Refinances Only: Building Permits are required to be submitted prior to closing. (Please be advised some permits will require stamped plans before issuing permit).

FHA 203K Loans: Painting that is being completed as part of the rehab in houses built prior to 1978 are required to be done by a contractor that is licensed in lead based paint removal.

Sales contract must state the following: "Borrower has applied for Section 203 (K) and the contract is contingent upon mortgage approval and the buyer's acceptance of additional required improvements as determined by the lender".

*For most transactions no up front money will be given for material, estimate cannot indicate money to be given as a deposit.

We will work with you to determine which financing program best fits your needs & individual circumstances!



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MORTGAGE TERMINOLOGY

ADJUSTABLE RATE MORTGAGE (ARM)	A mortgage whose rate of interest is adjusted periodically to reflect market conditions.
ANNUAL PERCENTAGE RATE (APR)	The annual rate that is charged for borrowing (or made by investing), expressed as a single percentage number that represents the actual yearly cost of funds over the term of a loan. This includes any fees or additional costs associated with the transaction.
BRIDGE LOAN	Short-term mortgage made until a longer-term loan can be made. Used when a person needs money to purchase a home before the present one has sold.
CLOSING	The final step in the sale and transfer of ownership. The buyer signs the mortgage and pays costs of the settlement.
CLOSING COSTS	The amount of money, in cash, needed at the time of signing ownership documents on the mortgage. Closing costs generally include: down payment, first year taxes, lawyers fees, survey/abstract fees, homeowner's insurance, etc. At the time of loan approval, we will give you a Loan Estimate of closing costs.
CONCESSIONS	Concessions are anything that sweetens the pot in a real estate deal. In the case of sales, they might be in the form of cash back to the buyer, a reduction in sales price, or the inclusion of a few appliances in the deal. Most commonly, however, concessions involve sellers picking up some or all of the closing costs.
CONTINGENCY	Generally part of a purchase or sales contract that will honor or cancel a contract if an event occurs.
ESCROW	A financial instrument held by a third party on behalf of the other two parties in a transaction. The funds are held by the escrow service until it receives the appropriate written or oral instructions or until obligations have been fulfilled. ie. Property tax payments, with your monthly mortgage payments, can be held in escrow and paid automatically when the tax bill is due.
FICO	A type of credit score that makes up a substantial portion of the credit report that lenders use to assess an applicant's credit risk and whether to extend a loan. Using mathematical models, the FICO score takes into account various factors in each of these five areas to determine credit risk: payment history, current level of indebtedness, types of credit used, length of credit history, and new credit.

INTEREST RATE	Interest is essentially a rental, or leasing charge to the borrower, for the asset's use. When the borrower is a low-risk party, they will usually be charged a low interest rate; if the borrower is considered high risk, the interest rate that they are charged will be higher.
LOAN OFFICER	Also known as a Loan Originator. They are representatives of banks, credit unions and other financial institutions that find and assist borrowers in acquiring loans. Some specialized loan officers, called loan underwriters, analyze and assess the creditworthiness of potential borrowers to see if they qualify for a loan. Loan officers usually work on either consumer or mortgage loans.
LOAN-TO-VALUE RATIO (LTV)	A lending risk assessment ratio that financial institutions and others lenders examine before approving a mortgage.
MORTGAGE BANKER	Mortgage bankers use their own funds, or funds borrowed from a warehouse lender, to fund mortgages. After a mortgage is originated, a mortgage banker might retain the mortgage in portfolio, or they might sell the mortgage to an investor. Additionally, after a mortgage is originated, a mortgage banker might service the mortgage, or they might sell the servicing rights to another financial institution. A mortgage banker's primary business is to earn the fees associated with loan origination. Most mortgage bankers do not retain the mortgage in portfolio.
PITI	Acronym for Principal, Interest, Taxes and Insurance.
PRIVATE MORTGAGE INSURANCE (PMI)	A policy provided by private mortgage insurers to protect lenders against loss if a borrower defaults. Most lenders require PMI for loans with loan-to-value (LTV) percentages in excess of 80%.
POINTS	The initial fee charged by the lender, with each point being equal to 1% of the amount of the loan. It can also refer to each percentage difference between a mortgage's interest rate and the prime
PRINCIPAL	Principal is the money used to pay down the balance of the loan. Monthly mortgage payments usually include Principal, Interest, Insurance, and Taxes. Principal is the actual balance on the loan.
RATE LOCK	A "rate lock period" is customary while we're processing your information. It's a lender's promise to hold a certain interest rate and points for a specified amount of time, preventing customers from following the application process from start to finish, only to be surprised with an interest rate higher than they'd applied for. At Premium Mortgage, the average rate lock period lasts for 60 days.



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