

Dear Henrietta House,

My family is considering purchasing a home because the prices seem to be staying about the same now and it seems like it may be a good time to purchase a home. We were reading your letter last month to Dazed and Confused on all the types of homes that are for sale and we were wondering if you could give us some information on financing and types of financing that may be available to us for our purchase.

Signed,

LOOKING for CASH!

Dear Looking For Cash,

It is a GREAT TIME to make your home purchase so get started today! First, you will want to start by speaking with a lender. If you don't already have relationships with a lender ask your REALTOR®, family, friends and associates for their recommendations. When you find the lender you feel comfortable with they will guide you through the loan process. The following is a link to the HUD (US Department of Housing & Government) which will guide you through their nine steps of buying your home.

http://portal.hud.gov/portal/page/portal/HUD/topics/buying_a_home#programs

There are many mortgage products out there today for you to pick from and the lender you choose will be able to help you determine the program that is right for your needs.

A CONVENTIONAL MORTGAGE is a type of mortgage in which the underlying terms and conditions meet the funding criteria of Fannie Mae and Freddie Mac. About 35-50% of mortgages, depending on market conditions and consumer trends are conventional mortgages. In other words, Fannie Mae and Freddie Mac guarantee or purchase 35-50% of all mortgages. Conventional mortgages may offer a fixed-rate or an adjustable interest rate.

A FIXED RATE mortgage is a good choice if you don't want to worry about fluctuating interest rates or if you plan to stay in your home for a longer period of time.

An **ADJUSTABLE RATE MORTGAGE (ARM)** may make sense for you to consider if you're not planning on staying in your home for a long period of time. That's because the initial interest rate is typically lower than a fixed rate mortgage. Just keep in mind that the interest rate on an ARM will adjust every year after the fixed rate expires.

FHA LOAN - The Federal Housing Administration (FHA) offers several programs to promote home ownership. In most cases, FHA loans are mortgages obtained with the help and backing of the United States government. Buyers utilizing FHA financing, can purchase their very own home with a down payment as low as 3% of the purchase price of the home. FHA loans make it easier for people to qualify for a mortgage by offering flexibility of the factors affecting a buyer's ability to purchase such as job history, credit score and the amount of cash the buyer has available. There is a limit to the price of the home you may purchase. The maximum loan amount for a FHA loan in the Worcester, Wicomico,

Somerset areas is \$417,000 and therefore they will not work for all buyers. You can obtain more information about FHA loans on the internet at <http://www.hud.gov/buying/loans.cfm>.

VA LOAN - The US Department of Veterans Affairs (VA) loan allows veterans (those who have served in the US military and received an honorable discharge) to borrow up to 100% of the sales price based and an appraisal. These types of loans also do not require PMI (private mortgage insurance). PMI is required on conventional loans when the mortgage is more than 80% of the value of the home when purchased. With VA loans, the monthly payment does not have to have this insurance premium and can aid a buyer in qualifying for a higher loan with the same payment which does require the insurance. The following link will tell you more about the VA loan and your lender can assist you in qualifying for this loan. <http://www.vamortgagecenter.com/>

HomePath mortgage renovation mortgage **HomePath** Financing is new and is available on Fannie Mae homes that display their logo. This financing includes low down payments and flexible terms even if your credit is less than perfect. There is no PMI (private mortgage insurance) and no appraisal fees on these loans and the financing is available to both primary homeowners and investors. HomePath also has a renovation mortgage available for those homes that need TLC (Tender Loving Care) in remodeling or updates which might needed due to neglect. To obtain more information go to, http://www.fanniemae.com/homepath/homebuyers/buying_fanniemaeowned.jhtml.

Finding the best professional to assist in the pathway to home ownership is the most important step in your journey. A list of REALTORS® and lenders can be found at the Coastal Association of REALTORS® website, www.coastalrealtors.org to help you get started on your NEW HOME PURCHASE.

GOOD LUCK & HAPPY HOUSE HUNTING

Henrietta



Ask Henrietta! Send your question via e-mail to info@coastalrealtors.org

Information deemed reliable and accurate and for education purposes only and is not considered legal or financial advice.

For more information go to www.coastalrealtors.org