

Renter's Guide to Buying a Home



 **Castle & Cooke**
MORTGAGE, LLC
NMLS #1251 The key to your castle.™



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Stop Paying Someone Else's Mortgage!

With interest rates still near historic lows, now may be the perfect time to make your dream of homeownership a reality!

At Castle & Cooke Mortgage, LLC, we're here to help with a wide variety of loan options and down payment assistance programs that can get you into a home with little or no money down. In some cases, your monthly mortgage payment may be less than what you're paying in rent!

How Much Are You Paying to Rent?					
Monthly Rent	After 2 Years	After 3 Years	After 4 Years	After 5 Years	After 6 Years
\$900	\$21,600	\$32,400	\$43,200	\$54,000	\$64,800
\$1,000	\$24,000	\$36,000	\$48,000	\$60,000	\$72,000
\$1,100	\$26,400	\$39,600	\$52,800	\$66,000	\$79,200
\$1,200	\$28,800	\$43,200	\$57,600	\$72,000	\$86,400
\$1,300	\$31,200	\$46,800	\$62,400	\$78,000	\$93,600
\$1,400	\$33,600	\$50,400	\$67,200	\$84,000	\$100,800
\$1,500	\$36,000	\$54,000	\$72,000	\$90,000	\$108,000
\$1,600	\$38,400	\$57,600	\$76,800	\$96,000	\$115,200
\$1,700	\$40,800	\$61,200	\$81,600	\$102,000	\$122,400
\$1,800	\$43,200	\$64,800	\$86,400	\$108,000	\$129,600
\$1,900	\$45,600	\$68,400	\$91,200	\$114,000	\$136,800
\$2,000	\$48,000	\$72,000	\$96,000	\$120,000	\$144,000
\$2,100	\$50,400	\$75,600	\$100,800	\$126,000	\$151,200

Why Rent If You Could Buy?

EXAMPLES*

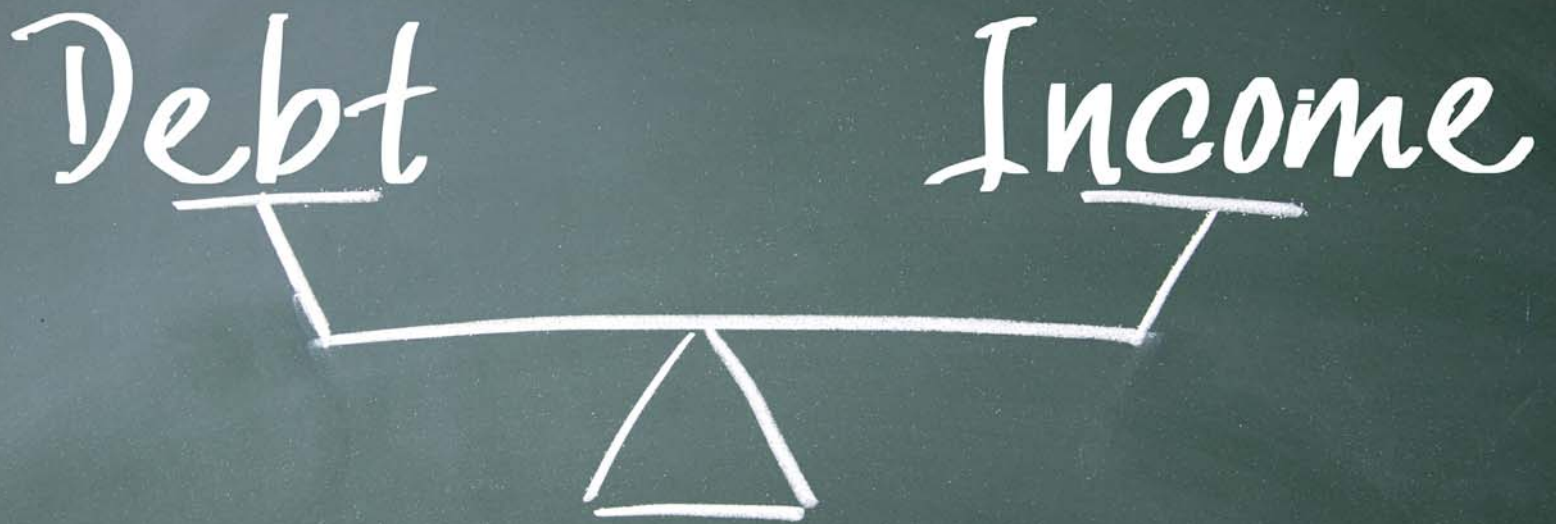


\$100K Home	\$140K Home	\$180K Home	\$220K Home	\$260K Home
\$683.08 Payment	\$921.32 Payment	\$1,162.56 Payment	\$1,395.78 Payment	\$1,641.02 Payment

HIGHLIGHTS

- Down payment assistance programs available
- Low down payments
- Affordable closing costs
- Easy credit qualifying process
- Mortgage payments less than rent costs

*Monthly payment estimates based on a 30-year Conventional loan with 5% down, 4.25% interest, an APR of 4.939% - 4.974%, annual taxes ranging from \$1050-\$1750 and annual hazard insurance of \$1440. Your interest rate may vary. These calculations do not reflect all costs of home ownership such as maintenance or insurance. The information provided on this document is general in nature and does not constitute as financial advice. Restrictions may apply. Not all who apply will qualify. Program qualifications and offerings are subject to change at any time.



Debt-to-Income Ratio

When considering your eligibility for a mortgage loan, your lender will consider your Debt-to-Income (DTI) ratio. Generally speaking, your DTI ratio is found by dividing your monthly long-term debt obligations by your monthly income. Essentially this indicates what percentage of your monthly income goes toward making payments on things like auto loans, student loans, credit cards, etc.

$$\frac{\text{Monthly Long-Term Debt Obligations}}{\text{Monthly Income}} = \text{DTI Ratio}$$

Fannie Mae's 2015 study, "What Do Consumers Know About the Mortgage Qualification Criteria," revealed that 60% of those surveyed did not know the maximum DTI ratio used by mortgage lenders. In fact, the majority of those who did pose a guess selected a more restrictive DTI than Fannie Mae's maximum of 45%.



60% of those surveyed did not know the maximum DTI ratio!
In fact, Fannie Mae's Maximum DTI Ratio is

45%



FHA Guideline Change Student Loan Documentation

Has your student loan debt made it difficult for you to qualify for a mortgage loan? A recent Federal Housing Administration (FHA) guideline change now makes it easier for buyers to qualify!

The FHA has published Mortgagee Letter 2016-08 (Student Loans), which changes the way student loan obligations are considered for use in a borrower's debt-to-income ratio calculation. This change helps ensure an appropriate balance between expanding access to credit and ensuring that the borrower is able to maintain successful, long-term homeownership.





Know Your Score!

One significant factor that impacts your ability to receive a mortgage loan and the interest rate you may receive is your credit score. Results of a study released by Fannie Mae in December 2015 indicate that almost half of individuals surveyed did not know their credit score.

49% Do not know their credit score.

Respondents also tended to overestimate the minimum FICO score required to qualify for a mortgage, with an average guess 652, which is actually 32 points higher than Fannie Mae's minimum of 620. A mere 13% of those surveyed selected the correct range for the minimum score required.

620 FICO score is the actual Fannie Mae minimum.

Minimum FICO score requirements will vary by loan program, with some providing options for borrowers with less than perfect credit scores and credit histories. Contact your loan officer to find the right loan for you.

Waiting Periods for Adverse Credit Events

Sometimes, no matter how stable your current income or steady your job, past issues with your credit or finances may block you from successfully making your next move. Challenges like these come in all shapes and sizes and each one with a unique waiting period.

At Castle & Cooke Mortgage, LLC, we are here to help you understand the rules, discuss your options and help you plan your next move.

	Conventional	FHA	VA	USDA
Foreclosure	7 years; 3 years ¹ : 90 max LTV	3 years from completion date	2 years from completion date	After 3 years
Deed in Lieu	4 years; 2 years ¹	3 years from completion date	2 years from completion date	After 3 years
Short Sale	4 years; 2 years ¹	3 years from completion date; 1 year ²	2 years from completion date	After 3 years
Chapter 7	4 years from date of discharge	2 years from date of discharge	2 years from date of discharge	After 3 years from date of discharge
Chapter 13	2 years from date of discharge; 4 years from date of dismissal	1 year of payout must have elapsed and have court approval	Upon completion of Ch-13 with satisfactory payment history	1 year of payout must have elapsed and have court approval
Consumer Credit Counseling		12 month satisfactory payment history and counseling agency approval of new credit	12 month satisfactory payment history and counseling agency approval of new credit	1 year from completion of payments with satisfactory history
Multiple Bankruptcies in Last 7 Years	5 years from most recent			

¹ With extenuating circumstances. ²Extenuating circumstances and if no late payments reported on credit. In general, extenuating circumstances must be temporary in nature, beyond the applicant's control, and are no longer in existence so re-occurrence of the extenuating circumstance is not likely. Examples of extenuating circumstances would be nonrecurring events that are beyond the borrower's control that result in a sudden significant and prolonged reduction in income or catastrophic increase in financial obligations. This would include but are not limited to serious illness or death of a wage earner, medical bills not covered by insurance and increases in expenses due to illness. Divorce or the inability to sell a property due to a job transfer or relocation is not viewed as an extenuating circumstance that is beyond the control of the borrower. Waiting periods for derogatory credit are subject to changes. All requirements for each loan program are not fully outlined. Please contact your Castle and Cooke Mortgage Professional for full disclosure

The Fast and Easy Path Home

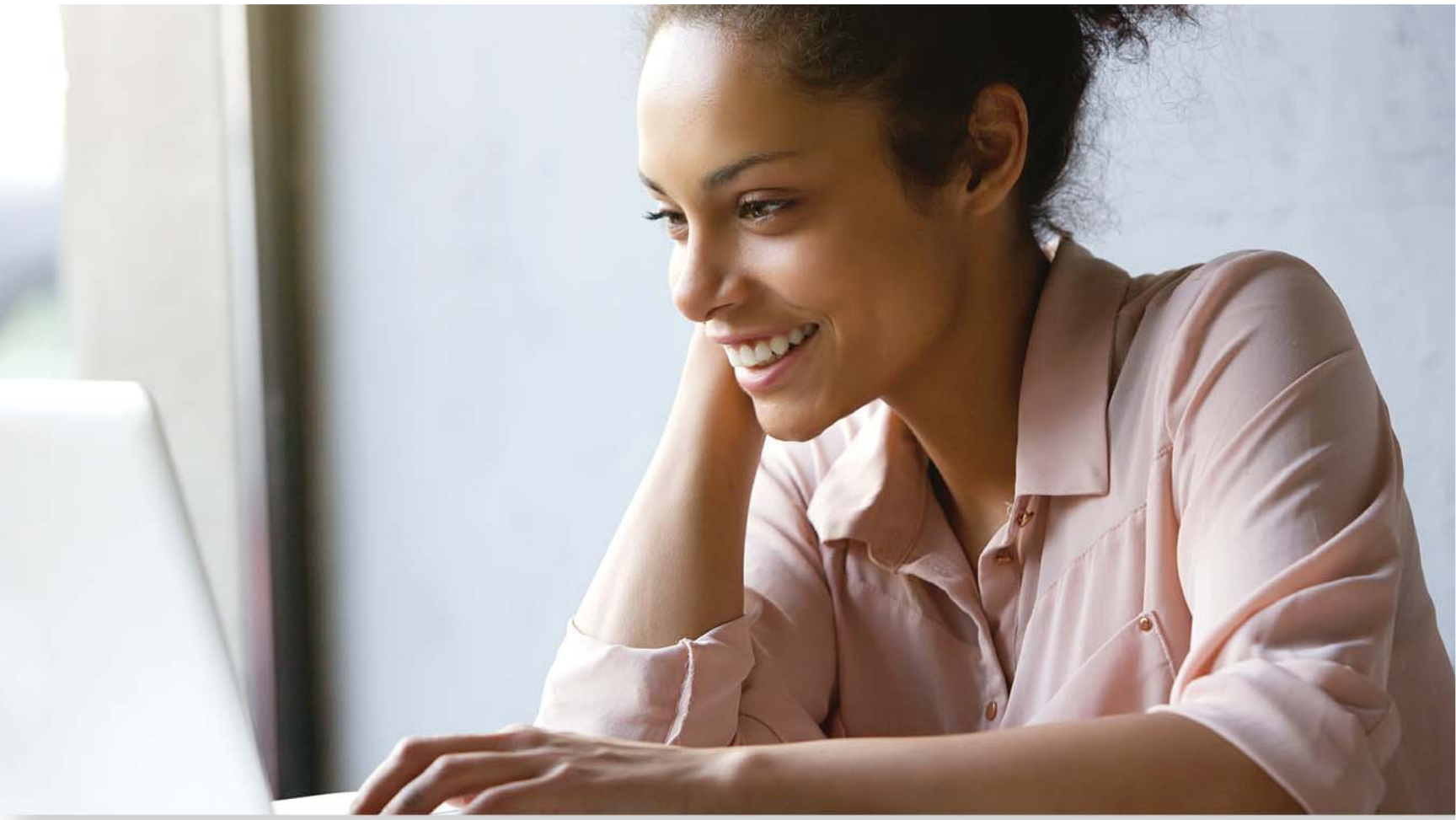
1. Get pre-qualified with one of our mortgage professionals
2. Meet with your real estate agent and find your dream home
3. Select your home, make an offer and get it under contract
4. Submit your loan application, receive the initial disclosures and submit all necessary documentation to start the loan approval process*
5. Express your intent to proceed with the loan. We will order the Appraisal (approximately 3- 5 days) and Title Commitment (approximately 3 days)
6. Set up homeowners insurance with an agent of your choice and provide us with their contact information
7. Loan is submitted to underwriting (approximately 24-48 hours); Underwriting may ask for clarification of information in the file*
8. If approved, the Closing Disclosure will be sent to you and must be acknowledged three days prior to closing
9. Closing documents are ordered and sent to the title company
10. Closing takes place at the title company
11. Funding and Recording occur

Congratulations!!!

You receive the key to your castle.

*Restrictions may apply. Not all who apply will qualify. Program qualifications and offerings are subject to change at any time.





Loan Options

Castle & Cooke Mortgage, LLC is an approved direct seller and servicer of Fannie Mae, Freddie Mac and Ginnie Mae loans. This means we can provide you with affordable solutions to meet your needs—without unnecessary lending overlays—so your loan closes faster!

Conventional Loans

- o Fixed rate and adjustable rate mortgage (ARM)
- o Minimum 620 FICO score
- o Financing amount subject to established limits

Federal Housing Administration (FHA) Loans

- o Designed for lower income, senior, and first-time homebuyers
- o Low down payment – may be gifted
- o Minimum 580 FICO score

VA Loans

- o Guaranteed by the U.S. Department of Veterans Affairs (VA)
- o Designed to support military veterans and active duty service members

- o No down payment, reduced interest rates, limited closing costs

U.S. Department of Agriculture (USDA) Loans

- o 100% financing option
- o Limited closing costs
- o Not restricted to “rural” areas

Bond Programs

- o Down Payment Assistance Programs available in some states for up to 100% financing

Refinance Loans

...And More!

- o Jumbo Loans
- o Renovation Loans
- o Lot and Construction Loans

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Buyer's Guide to Rate Shopping

Work only with an experienced, professional loan officer

o Your loan officer should be well versed in mortgage interest rates including what they are based on, and how they may change. They should also be abreast of the latest market conditions and foreseeable events or reports that may impact rates.

If it seems too good to be true, then it probably is

o Mortgage money and interest rates ALL come from the same places, so if something sounds unbelievable, be sure to ask more questions and find the hook. Is there a prepayment penalty? Are there extra fees? If fees are discounted, is it built into a higher interest rate? What is the length of the lock-in?

You get what you pay for

o Remember that the cheapest rate with the wrong strategy can cost you thousands more in the long-run in the form of missed closing dates or big last-minute changes to the interest rate, fees or closing costs. That said, our rates and costs are very competitive, but we have also invested in the systems and team we need to ensure the top quality experience you deserve.

Make correct comparisons

o When comparing estimates, don't simply look at the bottom line. Be sure to compare lender fees, as these are the only ones a lender controls. Lenders must quote other third-party fees associated with the loan, but some may underestimate these up front to make the bottom line appear lower. It is important to compare "apples to apples" because a super low interest rate quote is worth nothing if the loan can't close on time... or at all!



Interest rates and closing costs go hand-in-hand

o If you get an interest rate that is lower than the norm, you may pay more in closing costs. On the other hand, you may pay discounted fees, reduced fees or even no fees at all, but understand that this likely comes at the expense of a higher interest rate. A professional lender will be able to help you evaluate your financial goals and offer advice as to what balance is most appropriate for you.

Interest rates can change daily – even hourly

o That means if you are comparing lender rates and fees, this is a moving target – potentially on an hourly basis. So, for an accurate comparison of multiple lender quotes, you need to get them at the exact same time, on the same day, and with the same terms. You should also know the length of the rate lock, as longer rate locks typically have slightly higher rates.

Castle & Cooke Mortgage, LLC believes it is important for consumers to have the resources and information they need to make an informed purchasing decision. As you can imagine, we wouldn't be encouraging you to shop around if we weren't confident that we can give you great value and outstanding service. Please feel free to contact us with any questions.

Document Checklist

Items that you will need to provide:

- ◇ Proof of identity
- ◇ 30 days' most recent paystubs for all applicants
- ◇ Two years' most recent W-2 statements for all applicants
- ◇ Two years' most recent tax returns for all applicants (all pages)
- ◇ Two months' most recent bank statements (all pages)
- ◇ Most recent statement for 401(k), IRA or other retirement accounts
- ◇ Awards letters and 1099s for any Social Security, pension or disability income
- ◇ Copy of divorce decree (if applicable)
- ◇ Copy of bankruptcy discharge (if applicable)
- ◇ Name and telephone number of your real estate agent
- ◇ Name and telephone number of your homeowner's insurance agent
- ◇ Copy of your purchase contract (once received)
- ◇ Copy of your cleared Earnest Money check (once received)

Once you have all of these items gathered, contact your loan officer to schedule a time to go over all of the paperwork. Documents may be submitted via email, fax, standard mail or delivered in-person.

Please note that while this list is considered complete, lenders occasionally need additional details or documentation during the loan process. After meeting, if anything further is needed, Castle & Cooke Mortgage, LLC will contact you immediately to request those items to avoid any delay to the closing of your loan.

Castle & Cooke Mortgage, LLC looks forward to helping you with your new home loan! looks forward to helping you with your new home loan!

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Why MI? Understanding Mortgage Insurance

In most cases, if you put less than 20% down for your home purchase, you will be required to pay mortgage insurance (MI). This type of insurance protects the lender in the event that you fail to make your monthly payments. The type of mortgage insurance you will pay will depend on the type of loan you receive.

Private Mortgage Insurance (PMI) Conventional Loans

- Provided by a private mortgage insurance company
- Premium generally paid monthly, collected with mortgage payment
- Up-front, single-premium option possible, paid at closing
- Premiums vary based on type, terms and size of loan, as well as lender requirements and homebuyer credit quality and income
- PMI may be canceled by the homeowner once they achieve at least 20% equity (80% loan-to-value) in the property (Additional criteria may apply)
- PMI may automatically cancel on the date the loan is scheduled to reach 78% of the home's initial value, or on the date of the midpoint of the amortization schedule if that occurs first

Mortgage Insurance (MI) Government Loans

- **Federal Housing Administration (FHA) Loans**
 - Premiums paid to the FHA monthly, collected with mortgage payment
 - Required for all FHA Loans
 - Premiums will cost the same regardless of credit score, but will vary based on size of down payment
 - Additional up-front fee due at closing may be rolled into mortgage, increasing loan amount
- **US Department of Agriculture (USDA) Loans**
 - Similar to FHA, but may be cheaper
- **Department of Veterans' Affairs (VA) Loans**
 - Mortgage insurance replaced by VA guarantee
 - No monthly mortgage insurance premium
 - Up-front "funding fee" may be rolled into mortgage, increasing loan amount.
 - Fee amounts vary based on military service, disability status, size of down payment, buying vs. refinancing and whether it's your first VA loan