

## **LONG TERM HOME MORTGAGE LOANS (\$50,000 MINIMUM LOAN)**

*Seek lender advice on the type of loan best for you.*

*Below are the basic types. None of the loans have a prepayment penalty.*

### **Notes:**

- If property is in Oklahoma, a down payment assistance program is available and provides up to 4.0% of the loan amount as a “gift.” A minimum 640 credit score is needed.
- If property is in Texas, there are 2 type of assistance programs available:
  1. Fixed rate loan with Down Payment Assistance up to 5% of the total loan amount
  2. Mortgage Credit Certificates that provide a special tax credit

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**Minimum required credit scores will vary per loan product. Your lender can help you select the best loan type. The down payment amounts mentioned below refer to purchase transactions.**

**CONVENTIONAL loans (minimum 5% down payment)** - These loans are intended for borrowers with better income and credit scores. Higher scores usually result in lower closing costs. If borrowing 80% or less, there is no monthly \*mortgage insurance and you have the option to escrow or not. Both variable rates and 10-30 year fixed rates are offered. A minimum 620 score is required. (\*Mortgage insurance is an insurance policy that insures the lender in case of borrower default. If the loan is above 80%, this insurance is required and is included in your mortgage payment.)

**HOME POSSIBLE ADVANTAGE loans (minimum 3% down payment)** – These loans require **NO “up-front” mortgage insurance** premium like FHA, and the annual premium is low. Only purchases and some refinances are eligible; manufactured homes are ineligible. This program is NOT restricted to First Time Homebuyers. A minimum 680 credit score is required.

**FHA loans (minimum 3.5% down payment)** – The perks of FHA are many--lower down payments and lower scores (620-640) are acceptable, borrowers get into a house with very little money, purchases or refinances are acceptable, non-occupying co-borrower is acceptable, and rates can be fixed up to 30 years. These loans are assumable.

**VA loans (0% down payment)** – The best features of VA are that you can borrow 100%, no mortgage insurance is required, and lower scores (620-640) are acceptable. Loan terms are usually 30 years with a fixed rate. These loans may be assumable to qualifying applicants.

**RURAL DEVELOPMENT - USDA loans – (0% down payment)** – These loans are ideal for 100% financing on rural homes. Purchases and refinances are allowed. The credit score requirements and the interest rates are typically lower than on Conventional loans. These loans have no prepayment penalty and are assumable.

**SECTION 184 TRIBAL loans (minimum 2.25% down payment)** – One borrower must be an enrolled member of a federally recognized tribe. Property must be your primary residence and be in a qualifying state (i.e. currently all of Oklahoma is eligible and part of Texas). Mortgage insurance is much less than on other loans types. Loans can be used both on and off native lands for purchase and refinance. Tribal assistance is acceptable.

If you would like to expedite your loan processing, below are some of the documents you may upload if applying online:

- **2** most recent paystubs
- **2** years Federal tax returns (all pages - personal & business, if applicable— complete with W2s, 1099s, K-1s, etc, if applicable) Note: If strictly W2 income and the loan is Conventional, we will not need tax returns.
- **2** months bank statements (**all pages** – on bank stationery or teller stamped to authenticate)
- Proof of other income, if applicable (i.e. award letters for pension, social security, disability, etc.)
- Contract signed by all parties and copy of earnest money check, when available
- Driver's license
- Landlord rent agreement, if applicable
- Insurance Agent's name and phone no. (This will be who you choose to insure the house.)
- Property tax information if any property is currently owned (i.e. tax stmt. or online printout)

For refinances, add to the above:

- Recent mortgage statement
- Property tax information on all real estate now owned
- Insurance declaration page (This is the 1-2 pages with the terms--name, premium, coverage, etc.)on all improved real estate owned,) – Need homeowner insurance agent name and phone #, if this information isn't on the declaration pages.
- Copy of deed

For more information, contact [bwright@bankanb.com](mailto:bwright@bankanb.com).