



760 CREDIT™
Helping you help yourself.



HOME LOAN GUIDE

MORTGAGE CHEAT SHEET

760CREDIT.BIZ

CONTENT

PART 01:
HOME LOAN REQUIREMENTS

PART 02:
ISSUES WITH YOUR CREDIT? - WHAT TO DO



PART 01: HOME LOAN REQUIREMENTS

Buying a home is exciting, and mostly complicated.

Before house-hunting ever begins, it is good to be aware of all the requirements for a loan. By planning ahead, time will be saved in the long run : Applying for loans that may be turned down and bidding on properties that cannot be obtained are avoided.

We will review important information regarding the following loans:

- FHA Loan
- VA Loan
- USDA Loan
- Conventional Loans (Fannie Mae and Freddie Mac)



A) CREDIT SCORE:

Many factors are involved are involved in qualifying for a mortgage, but your credit score is the most important one. Your FICO score if the first thing a lender will check.

CATEGORY	RANGE
Excellent	750 & Above
Good	700-749
Fair	650-699
Poor	550-649
Bad	550 & Below

Check Your FICO Score For Free: [CLICK HERE](#)

B) DEBT TO INCOME RATIO (DTI):

The “debt-to-income ratio” or “DTI ratio” is the way a bank or lender determines what you can afford in the way of a mortgage payment.

By dividing all of your monthly liabilities (including the proposed housing payment) by your gross monthly income, they come up with a percentage.

You must make sure to include all of your obligations:

- Mortgage payment
- Car payment
- Credit card payment
- Student loans/personal loans
- Child support/alimony payments
- Other obligations and subscriptions

And remember to include taxes, insurance, and private mortgage insurance in this figure.



MORTGAGE REQUIREMENTS:

Here are the typical minimum credit and maximum DTI ratio requirements for each type of loan:

FHA LOAN	VA LOAN	USDA LOAN	CONVENTIONAL LOAN
MINIMUM CREDIT SCORE 580+ credit score (500-579 score is possible but unlikely)	MINIMUM CREDIT SCORE 620+ credit score (some lenders require 580)	MINIMUM CREDIT SCORE 640+ credit score	MINIMUM CREDIT SCORE 620+ credit score
MAXIMUM DTI Potentially as high as 55% (or even higher case-by-case)	MAXIMUM DTI 41% is max acceptable DTI (may go as high as 41-50% with compensating factors)	MAXIMUM DTI Up to 41% DTI (automated underwriting may allow higher limits)	MAXIMUM DTI Up to 43% DTI (may go as high as 45-50% with compensating factors)
OTHER REQUIREMENTS <ul style="list-style-type: none">• 18 years of age• Steady employment and be able to prove income with recent tax returns, W2’s, and paycheck stubs• Two years of employment at the same company.	OTHER REQUIREMENTS <ul style="list-style-type: none">• If you’ve served in the active military for 6 months or in the reserves or National Guard for six years, you will likely qualify.	OTHER REQUIREMENTS <ul style="list-style-type: none">• Be a U.S. citizen, non-citizen national or qualified alien• Occupy the property as your primary residence• Home must be in an eligible location• Work with a USDA-approved lender	OTHER REQUIREMENTS <ul style="list-style-type: none">• Income will be verified by reviewing recent pay check stubs, tax returns and W2s.• Bank and investment statements will be verified . These funds must be able to cover a down payment plus associated closing costs.

PART 02: ISSUES WITH YOUR CREDIT? - WHAT TO DO

Many consumers have run into credit issues that can hamper their ability to secure a mortgage loan.

There are a number of factors that go into calculating your credit score, and various lenders have different definitions of which scores they consider to be good or bad. There are, however, a few issues that will always drop your score dramatically and send up red flags to lenders. For example:

- **Bankruptcies:** Having been legally relieved of legitimate debt you could not pay.
- **Judgments:** Money a judge orders you to pay in settlement of a civil or criminal lawsuit.
- **Short Sales:** An agreement with your mortgage lender to sell your home at a loss in order to satisfy a mortgage you cannot afford



A) BANKRUPTCY

Filing for bankruptcy doesn’t have to put a damper on your home buying dream—at least not for long. Lenders have eased requirements, opening the door for bankruptcy filers to get back into a home sooner than in the past.

These are the waiting periods for each type of loan:

FHA LOAN	VA LOAN	USDA LOAN	CONVENTIONAL LOAN
CHAPTER 7 BANKRUPTCY In most cases, you’ll need to wait two years from the discharge. Keep in mind: a discharge date isn’t the same as filing date. The court sends out the bankruptcy discharge just before your case closes.	The VA considers your credit re-established after bankruptcy when you’ve had two years of clean credit. Keep in mind, however, that individual lenders participating in the VA program can require a specific credit score. Also, even though a bankruptcy, foreclosure, or low credit score will not disqualify you automatically, there’s an exception: You’ll have to pay back any money owed if you previously purchased a house with a VA loan and lost it due to foreclosure.	CHAPTER 7 BANKRUPTCY Applicants will be eligible three years after receiving a discharge. However, if you demonstrate that the bankruptcy was beyond your control (exceptional circumstances), you might be able to qualify 12 months after the discharge.	CHAPTER 7 OR 11 BANKRUPTCY You'd be eligible 24 months after the discharge or dismissal if the bankruptcy were beyond your control, or after 48 months if the discharge was due to financial mismanagement.
CHAPTER 13 BANKRUPTCY This is a 3- to 5-year process—but you can obtain a loan before if: <ul style="list-style-type: none">You’ve paid 12 months of plan payments.Court lets you purchase a house with an FHA loan.You demonstrate the reason you filed for bankruptcy won't occur again.		CHAPTER 13 BANKRUPTCY A Chapter 13 bankruptcy filer can apply after 12 months of successful plan payments, or sooner on a showing of exceptional circumstances.	CHAPTER 13 BANKRUPTCY You’ll need to wait 24 months after receiving your discharge, or 48 months after a dismissal (cases often get dismissed for failing to complete a plan).

B) JUDGMENT

Getting a mortgage with a judgment on your credit isn't impossible, but it's certainly no easy task. Most lenders won't talk to you at all if the judgment remains open. You'll find yourself better received once you've paid off the judgment or made a serious plan to do so.

- RENEW:

A judgment will stay on your credit report for seven years. A creditor may renew a judgment indefinitely until it's satisfied or vacated. If you want to get a mortgage, you'll have to have to deal with the judgment.

• **VACATED JUDGMENTS**

You can often have a judgment vacated if there was a procedural error or by winning an appeal. If it does get vacated, the judgment goes away as if it never happened.

• **SATISFIED JUDGMENT**

You may qualify for a mortgage after satisfying your judgment. A satisfied judgment may continue to appear on your credit report for seven years, but a satisfied judgment is much less damaging than an open one.

• **ARRANGED PAYMENTS**

You may be able to show a 12-month history of on-time payments. If the judgment isn't at least 12 months old, a shorter payment history may be acceptable as long as there's a repayment plan immediately after the judgment.

• **LETTER OF EXPLANATION**

Creditors will see that there is a judgment and for how much, but they won't get any other details about the situation. To help facilitate mortgage approval, consider providing potential lenders with a letter explaining why you have a judgment against you.

C) SHORT SALES

Certain limitations are in place before you can request a home loan after a short sale. Here's how long you'd have to wait:

FHA LOAN	VA LOAN	USDA LOAN	CONVENTIONAL LOAN
<p>Following a short sale, you'd have to wait a minimum of three years before being able to secure another loan.</p> <p>The waiting period may be greatly reduced if you can demonstrate extenuating circumstances caused the hardship.</p>	<p>There's no strict guideline for a waiting period, or seasoning period, after a short sale. However, after foreclosure, the VA encourages a two-year seasoning period.</p>	<p>An applicant is generally not eligible for a new mortgage loan for three years from the date of pre-foreclosure sale.</p> <p>However, there are exceptions in accordance with existing USDA credit exception guidelines.</p>	<p>Typically the short sale wait time is four years after a short sale.</p>



We can help you avoid the embarrassment of rejection and **it won't hurt your credit** like when you go to a loan officer or bank.

When they make a hard pull inquiry pulling your credit report it could drop your scores up to 15 points!

For a limited time we are offering our mortgage strategy session for **FREE!** (normally \$79)

[**CLICK HERE TO SCHEDULE YOUR MORTGAGE-READY STRATEGY SESSION FOR FREE**](#)