

All Island Mortgage & Funding Corp.

"The Mortgage Specialist"

**** Consumer Mortgage Guide ****



All Island Mortgage & Funding Corp.

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www.allislandmortgage.com

New York, New Jersey, Florida, Connecticut, Montana



Why All Island Mortgage & Funding Corp?

All Island Mortgage & Funding Corp. - A family owned and operated mortgage brokering business. Established in 1989, we service all of New York, New Jersey, Florida, Montana & Connecticut.

All Island Mortgage has established a reputation in the mortgage industry that has placed us with many banking institutions as their "best broker" to deal with.

We look at every clients' situation individually. We pride ourselves on being honest, professional, and extremely knowledgeable with all our loan products. There are never any surprises in dealing with All Island Mortgage.

We totally understand the needs of our clients and are here to help in any way we can. You will never deal with a maze of people. One Mortgage Specialist will be assigned to you from application to closing. Many of our clients remark on how pleasant and smooth the entire process was.

All Island Mortgage & Funding Corp. is a member of National Reverse Mortgage Lenders Association. We are obligated to adhere to a strict code of conduct.

The entire "code of conduct" is in the back of this booklet.

If you're considering a Purchase, Refinance or a Reverse mortgage now or in the future, we at All Island Mortgage & Funding Corp. would be very grateful for the opportunity to serve you.

"In all thy ways acknowledge the Lord, and he shall direct thy paths"

Bob Schiano, Pres.

Conventional Financing



Conventional loans

Who they're for: Conventional mortgages are ideal for borrowers with good or excellent credit.

How they work: Conventional mortgages are "plain vanilla" home loans. They follow fairly conservative guidelines for:

- Borrower credit scores.
- Minimum down payments.
- Debt-to-income ratios.

Debt-to-income ratio

Percentage of monthly income that is spent on debt payments, including mortgages, student loans, auto loans, minimum credit card payments and child support. Cannot exceed 50%.

Cost: Conventional loans typically have cheaper closing cost than VA and FHA as there is no up-front Finance Charge.

What's good: Low rates and reduced monthly mortgage insurance payments with good credit scores. The option to put as little as 5% down and have no monthly mortgage insurance.

What's not as good: Debt to income ratios cannot exceed 50%.

FHA Financing



Who they're for: Federal Housing Administration mortgages have flexible lending standards to benefit:

- People whose house payments will be a big chunk of take-home pay.
- Borrowers with low credit scores.
- Homebuyers with small down payments and refincancers with little equity.

How they work: The Federal Housing Administration does not lend money. It insures mortgages.

The FHA allows borrowers to spend up to 56% or 57% of their income on monthly debt obligations, such as mortgage, credit cards, student loans and car loans. In contrast, conventional mortgage guidelines tend to cap debt-to-income ratios at around 45% and sometimes less.

For many FHA borrowers, the minimum down payment is 3.5%. Borrowers can qualify for FHA loans with credit scores of 580 and even lower.

Cost: Each FHA loan has 2 mortgage insurance premiums:

- An upfront premium of 1.75% of the loan amount, paid at closing.
- An annual premium that varies from a low of 0.45% to a high of 0.85%. This premium is rolled into the monthly mortgage payment for the life of the loan. Check with your loan officer how the premiums vary by loan term and amount of equity.

What's good: Low interest rates despite less than perfect credit. High debt to income ratios allow borrowers to more easily qualify to purchase or refinance.

What's not as good: FHA PMI is for the life of the loan unless you are making a down payment of 10% or more. If making a down payment of 10% or more the PMI will be eliminated after 11 years.

VA Financing



VA loans

Who they're for: Active-duty military and veterans qualify for Veterans Affairs mortgages. Many reservists and National Guard members are eligible. Spouses of military members who died while on active duty or as a result of a service-connected disability may also apply.

How they work: No down payment is required from qualified borrowers buying primary residences. The VA does not lend money but guarantees loans made by private lenders.

Cost: The VA charges an upfront VA funding fee, which can be rolled into the loan or paid by the seller. The funding fee varies from 0% to 3.3% of the loan amount.

The VA allows sellers to pay closing costs but doesn't require them to. So the buyer might need money for closing costs.

What's good: VA borrowers can qualify for 100% financing. Veterans do not have to be first-time buyers and may reuse their benefit. Unlike other loans, the VA has no mortgage insurance, even if you are borrowing 100% of the home's value.

What's not as good: There are limits on loan amounts. The limits vary by county.

Purchase with a Reverse mortgage



- *All Island mortgage has both FHA and Non FHA reverse mortgages available for a home purchase.*
- *FHA reverse mortgage has a maximum purchase price of \$625,500.*
- *The non FHA reverse purchase product has no maximum purchase price and has a maximum loan amount of \$2,250,000.*
- *FHA reverse mortgages are available on One to Four family homes and FHA approved condos.*
- *Non FHA reverse mortgages are available on One and Two family homes and condos with a minimum purchase price of \$500,000.*
- *The exact amount allowed to borrow depends on the actual purchase price and the age of the youngest borrower.*
- *One person must be at least 62 years old.*
- *The home buyer needs to bring to closing the difference between the loan amount and the purchase price and closing cost.*
- *The home must be the primary residence of the buyers.*
- *The reverse mortgages used for purchases are fixed rate mortgages.*
- *No mortgage payments are ever required as long as they live in the home.*
- *Property taxes, homeowners insurance, and any common charges must be kept current at all times.*

FHA 203 K Loans

The Streamlined (k) program is intended to facilitate uncomplicated rehabilitation and/or improvements to a home for which plans, consultants, engineers and/or architects are not required. The Streamlined (k) program includes the discretionary improvements and/or repairs shown below:

- Repair/Replacement of roofs, gutters and downspouts
- Repair/Replacement/upgrade of existing HVAC systems
- Repair/Replacement/upgrade of plumbing and electrical systems
- Repair/Replacement of flooring
- Minor remodeling, such as kitchens, which does not involve structural repairs
- Painting, both exterior and interior
- Weatherization, including storm windows and doors, insulation, weather stripping, etc.
- Purchase and installation of appliances, including free-standing ranges, refrigerators, washers/dryers, dishwashers and microwave ovens
- Accessibility improvements for persons with disabilities
- Lead-based paint stabilization or abatement of lead-based paint hazards
- Repair/replace/add exterior decks, patios, porches
- Basement finishing and remodeling, which does not involve structural repairs
- Basement waterproofing
- Window and door replacements and exterior wall re-siding
- Septic system and/or well repair or replacement
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What are the minimum and maximum amounts for repair costs under this program?

Given the need for homeowners to make minor repairs without exhausting personal savings, and in consideration of the increasing cost of materials, the minimum repair cost of \$5,000 is eliminated and the ceiling is now raised to \$35,000. This revised maximum repair/rehabilitation amount recognizes the cost of making older homes more energy efficient. Note that as described below, when the repairs exceed \$15,000, the mortgagee must perform or obtain an inspection to determine that all listed repairs were completed.

Commercial Loans

Traditional:

- *Rates as low as 6.49%*
- *Funding from \$75K to 5 million*
- *LTVs up to 75%*
- *650 Mid FICO to qualify*
- *No balloons, 30 year amortized term*
- *These investor properties include single family homes, 2-4 unit buildings, condos, and town homes. As long as the property is non -owner occupied and is used for investment purposes. The max loan amount is \$1 million at 70% ltv, or \$2 million at 65% ltv.*

Traditional 1:

- *These loans are for multi-family (5+ units) and mixed-use buildings. Maximum loan amount is \$5 million at 75% ltv. Impounds required.*

Traditional 2:

- *This program is designed for office buildings, general retail, warehouse, self-storage and automotive services. Maximum loan amount is \$5 million with an ltv of 70%.*

Loans are assumable at the lender's discretion.

Pre-Approval



Generally All Island Mortgage can pre qualify borrowers with a few hours of receiving the information required. You can fax this information to 631-979-3360 Attn: Pre-approval department and a return phone number for us to contact you back.

Items we would need:

- *Present name, address, date of birth and social security numbers for all borrowers.*
- *Permission to run a credit report for all borrowers.*
- *Approximate purchase price of the home your looking to buy. Yearly property tax amount.*
- *Common charges if it's a condo purchase.*
- *Total funds available in the bank.*
- *Gross monthly income.*
- *AGI income if self employed. Average for two years.*
- *Years at present employment and/or self employed.*

You can fax all this information to 631-979-3360 Attn: Pre-Approval. Or you can email this information to aimfc@aol.com. Please include your phone number and your email address so we can send you the pre approval letter and a copy of the credit report.

Please include the name, phone number and email address of your real estate agent if you would like us to contact them with this information as well.



NATIONAL REVERSE MORTGAGE LENDERS ASSOCIATION PLEDGE TO REVERSE MORTGAGE BORROWERS

The mission of the **National Reverse Mortgage Lenders Association** is to educate you about reverse mortgages and to help you determine if one might be the right choice for you. We know your home is a prized possession of you and your family. We are sensitive to the fact that utilizing your home equity while you remain in the home is a major financial and emotional decision. All NRMLA members are required to abide by a Code of Ethics & Professional Responsibility in which we pledge to serve you with integrity. Your best interests are our primary consideration.

Prior to you getting a reverse mortgage, as a NRMLA member we will:

- Know and comply with all State and Federal laws and regulations that protect reverse mortgage borrowers.
- Present you with the full range of reverse mortgage products available from our company.
- Clearly explain the terms, benefits and costs of each product we present.
- Inform you of your responsibilities as a reverse mortgage borrower including paying real estate taxes on time, keeping the property properly insured and maintaining the home in sound condition.
- Work with you and, if you request, with your family and financial advisors either face-to-face or on the telephone as frequently as you choose to educate you, answer any and all questions and help you assess whether a reverse mortgage might be beneficial to you.
- Explain the benefits of and statutory requirement that you have reverse mortgage counseling.
- Provide you with a list of HUD-approved independent housing counseling organizations that employ exam qualified counselors to serve you. The choice of the organization is yours and yours alone.
- Help you prepare for your counseling session to make it most effective by providing you with questions you might ask and information you should be prepared to provide to the counselor.
- Prepare loan comparison projections and an amortization table for the loan being proposed to review at your counseling session.
- Not charge any fees prior to the completion of mandatory counseling.
- Help you analyze your financial ability to meet your responsibilities under the reverse mortgage.
- Recommend that you seek professional advice if you are receiving assistance from SSI, Medicaid or other government programs.
- Recommend you seek professional tax advice when appropriate.
- Allow you to decide when to close on the reverse mortgage loan and not pressure you to make a decision.
- Provide you with opportunities during the loan process to change your mind and not take the loan.
- Pay off the existing liens shown of record, verify taxes are paid, and make sure that you have proper insurance upon closing.

Once you have a reverse mortgage, a NRMLA member loan servicer will:

- Notify you promptly if you have fallen behind in your tax and insurance obligations and direct you to seek advice in the event you are not able to fulfill your responsibilities.
- Keep you informed of your current loan balance and of all costs by providing regular statements detailing your account.
- Be available to answer any questions you may have about your account.

You can BORROW WITH CONFIDENCE from a NRMLA member.

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