THE MORTGAGE RUNDOWN

OFFICIAL NEWSLETTER OF MEMBER MORTGAGE SERVICES

IN THIS ISSUE: TWO LOAN OFFICER FACEBOOK LIVE SESSIONS, REAL ESTATE AND MARKET UPDATES

Loan Officer Live Session 1.21

Topic of Discussion: FHA Loans

We begin this second live session with a brief reintroduction of Emily, our marketing coordinator and host as well as introducing our guest speaker, Loan Officer Chris Pugh. Chris has been with Member Mortgage Services for 6 years and primarily works with credit unions but can work with anyone through MMS. During this session, our topic of discussion is FHA loans and how they relate to conventional loans for the first-time home buyer. So why would FHA be more ideal? You can come to FHA with a lower down payment, this can be as low as 3.5%. With FHA, you can also qualify for a lower rate even if you have less than stellar credit. Market wise, what is the difference between FHA and conventional? Depending on the market, FHA pricing is a little bit better if you do have lower credit. For example, someone is looking for a home in the $140,000 area, what would that look like as far as how much I need to have to put down of my own money? As previously stated, I would need at least 3.5%, however this does not have to be my personal money. This can be a gift from an immediate family member. However, if they are not an immediate family member it would need to be verified, they are someone invested in your future. If you put down a larger down payment, and you do not have the best credit, is there any leniency? When qualifying for a loan, loan officers look at 4 factors. 1. Qualifying Credit. 2. Collateral. 3 Capitol (assets). And 4. Your capacity to pay the loan. So, if you put a higher down payment down it shows you have higher assets, and it will grant you some leniency on the end of having qualifying credit. Does FHA require private mortgage insurance? PMI protects the lender against default on the loan, PMI on FHA stays on for the life of the loan vs. conventional staying on for 10 years. What are 'pre-paid costs'? Pre-paid costs are the lenders term to refer to costs you pay to do the loan, title fee, appraisal fee etc. VS. Prepaid items which have nothing to do with getting the loan and has to do with Escrows. Escrows are taxes and insurance you must pay every year. What is 'waiving escrow prorations'. You cannot waive escrow on FHA. You can on conventional.

Do you think FHA is the ideal way to go for a first-time homebuyer? Everyone is different, LO needs to be asking the right questions and letting the borrower know of every option available. Just depends on how much you want to put down or what your credit looks like. Thank you, Chris Pugh, for this insight and information on behalf of someone who is a future first time home-buyer and wants to be educated on what type of loan they should have.

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*For Full video, please visit our website https://www.membermortgage.com/facebook-live/

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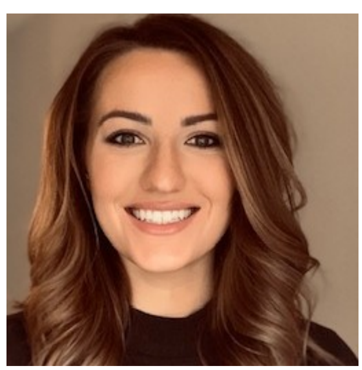
Loan Officer Live Session 2.4

Topic of Discussion: Fannie Mae/Freddie Mac Loans and Programs

Member Mortgage Services presents the 3rd session of 'Advice for first time home buyers'. As always, we have our host and marketing Coordinator Emily and we have a new guest with us, Loan Officer Jordan Combs. Jordan has been with MMS for about a year now and works with the West Michigan team. Today we will be talking about Freddie Mac and Fannie Mae. What are those? They are government owned organizations who make mortgages but do not provide the loan, what this means is they own the loan; however, the lender (MMS) would service the loan. Servicing the loan just means the lender processes the payments and makes sure everything is paid on time, but Freddie Mac and Fannie Mae own the loan. Previously we have talked about the terms and conditions of a loan, needing a down payment, which can be your own money or a gift of equity or cash and seller concessions. Do Freddie Mac and Fannie Mae have programs available for the first-time home buyer? Freddie Mac offers the Home Possible program, this is designed for low to moderate income borrowers, based on household income which is based on county. The down payment is 3% for a single family, advantages include interest rate benefits and benefits with private mortgage insurance. You also do not necessarily have to be a first-time home buyer to qualify. Fannie Mae offers the Home Ready program. Again, this is for a 3% down payment, and there is no household income limitation. However, one or more of the borrowers cannot have owned a home in the past 3 years. Does a borrower's credit score come into play or are there accommodations with these programs? All programs have a minimum, but the most forgiving is the previously discussed FHA loan. You may have heard of the term "alternative credit", what is this and how does it work with these types of programs? Alternative credit is any non-traditional type of credit, this could be your Netflix account, rent history or auto insurance. Basically, any consecutive 12-month payment history to show you can make on time payments. This is used on a case-by-case basis and is an option if the borrower does not have any traditional credit requirements. Emily, our marketing coordinator has just graduated from university and is been working in the field her degree prepared her for 6 months, and is looking to buy a home for the first time soon, how does she look to a lender? Most programs look for a 2-year work history but if you go to university, graduate and work in the field you were studying you can use those college years as work history. Basically, looking to see if you have the stability and have history within that work environment. Jordan is asked, what is one thing that you run into with first-time home buyers that hurts or lessens their ability to qualify for a loan and is there anything they can do to remedy this? She answers, what she usually sees is first-time home buyers having too much debt, most commonly maxing out credit cards or not having enough established credit.
The best thing to do would be look into going to your financial institution and see if they offer products or services to help you build or establish credit. The best thing you can do is understand what you can afford. Once you know what price range you're in, have a savings set aside for unexpected expenses. The best advice Jordan has to give is to look into getting pre-approved and see what is possible. Especially for those who are in their early 20's and do not believe it is possible to own their own home. Thank you, Jordan, for your time and advice.



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*For Full video, please visit our website https://www.membermortgage.com/facebook-live/

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FEBRUARY 2021

Real Estate Update

Macomb County

	January 2021	% Change from Dec. 2020
Closed Sales :	709	+31.6%
Days on market:	29	+3.5%
Average Sales Price:	$240,941	+3.4%

Oakland County

	January 2021	% Change from Dec. 2020
Closed Sales :	985	-36.6%
Days on market:	35	+12.9%
Average Sales Price:	$340,383	-4.2%

Livingston County

	January 2021	% Change from Dec. 2020
Closed Sales :	175	-6.7%
Days on market:	40	-4.7%
Average Sales Price:	$367,081	+5.3%

Washtenaw County

	January 2021	% Change from Dec. 2020
Closed Sales :	201	-37.9%
Days on market:	38	+18.7%
Average Sales Price:	$345,431	-6.9%

Wayne County

	January 2021	% Change from Dec. 2020
Closed Sales :	1,119	-32.6%
Days on market:	33	+3.1%
Average Sales Price:	$185,718	-5.2%

Market Update

30-Yr FRM

2.73% 0.00 1-Wk
0.74 1-Yr

0.7 Fees/Points

15-Yr FRM

2.19% 0.02 1-Wk
0.78 1-Yr

0.6 Fees/Points

*Rates provided by Mortgage Rates - Freddie Mac

**To see current daily market rates, visit www.membermortgage.com

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