

THE HOME LOAN

CHEAT SHEET FOR AGENTS

BUYING "FLIP" HOMES

- Flips allowed for Conventional Conforming Loans.
- If a property is re-sold in 90 days or fewer following the date of acquisition by the seller, the property is **NOT** eligible for a mortgage insured by FHA. Exceptions include the sale of property by HUD (REO), resale of homes by local and state governments, non-profits, and state and federally chartered financial institutions.
- The guidelines regarding flips vary among jumbo loan programs.

RULES ABOUT CO-BORROWERS/CO-SIGNERS

CONVENTIONAL CONFORMING LOANS:

Allowed

Loan-to-value is limited to 95%

FHA LOANS:

Allowed

LTV is limited to 75%. Unless the co-signer is a family member, then maximum LTV is 96.5% (some exclusions apply).

VA LOANS:

Allowed

Must be submitted to VA for prior approval.

BUYING A HOME AFTER: SHORT-SALE, FORECLOSURE, BANKRUPTCY

| | FORECLOSURE | SHORT SALE [DEED-IN-LIEU] | CHAPTER 7 BANKRUPTCY | CHAPTER 13 BANKRUPTCY |
|-------------|---|---|--|---|
| FANNIE MAE | 7 years from when title is transferred from the borrower's name | 4 years (includes Deed-in-Lieu) | 4 years from discharge or dismissal date* | 2 years from discharge date* 4 years from dismissal date* |
| FREDDIE MAC | No waiting period requirement for loans receiving Loan Advisor Accept/Eligible recommendation | No waiting period requirement for loans receiving Loan Advisor Accept/Eligible recommendation | No waiting period requirement for loans receiving Loan Advisor Accept/Eligible recommendation | No waiting period requirement for loans receiving Loan Advisor Accept/Eligible recommendation |
| FHA | 3 years from the latter of the date title transferred from the borrower's name or the date a claim was paid by FHA; includes Deed-in-Lieu and FHA Short Sale | 3 years but can be shortened under certain conditions | 2 years from discharge or dismissal date | 1 year of the payout must elapse and payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage |
| VA | 2 years from when title is transferred from the borrower's name (includes Deed-in-Lieu) | If the loan was not current at the time of the short sale, the foreclosure waiting period is required | 2 years from discharge or dismissal date | 1 year of the payout must elapse and payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage |
| USDA RURAL | 3 years for a manual underwrite (includes Deed-In-Lieu); no waiting period for a GUS accept | 3 years from completion date for a manual underwrite; no waiting period for a GUS accept | 3 years for a manual underwrite; no waiting period for a GUS accept | No waiting period for a GUS accept Refer, Refer with Caution, and Manual Underwriting – No documents required for plans completed 12 months prior to the new loan application date |

Waiting time may be reduced with documented extenuating circumstances. Jumbo loans will be based on specific investor guidelines. See your Loan Officer for details.

**Multiple bankruptcies within the most recent seven years require a five-year waiting period. Fannie Mae and Freddie Mac require an AUS approval. Cornerstone is not affiliated with the U.S. Government. Effective July 2021.*

DOWN PAYMENT, LOAN AMOUNTS & CREDIT

| CONVENTIONAL CONFORMING | PRIMARY HOME | SECOND HOME | RENTAL HOME |
|-----------------------------|--|-----------------|-----------------|
| Down Payment (min)/ max LTV | 3% (97% LTV) | 10% (90% LTV) | 15% (85% LTV) |
| Max Loan Amount** | \$548,250 | \$548,250 | \$548,250 |
| JUMBO | PRIMARY HOME | SECOND HOME | RENTAL HOME |
| Down Payment (min)/ max LTV | 10.01% (89.99% LTV) | 20% (80% LTV) | 30% (70% LTV) |
| Credit Score (min) | 740 | 720 | 740 |
| FHA | PRIMARY HOME | SECOND HOME | RENTAL HOME |
| Down Payment (min)/ max LTV | 3.5% (96.5% LTV) Based on location of property | ⊗ Not Available | ⊗ Not Available |
| Base Loan Amount (max)** | 580 w/ automated underwriting Approval/accept eligible 580-619 subject to a maximum DTI of 50% | ⊗ Not Available | ⊗ Not Available |
| Credit Score (min) | | ⊗ Not Available | ⊗ Not Available |
| VA | PRIMARY HOME | SECOND HOME | RENTAL HOME |
| Down Payment (min)/ max LTV | 0% (100% LTV) to \$2 million*** | ⊗ Not Available | ⊗ Not Available |
| Loan Amount (max) | 580 for AUS approved loans | ⊗ Not Available | ⊗ Not Available |
| Credit Score (min) | | ⊗ Not Available | ⊗ Not Available |

MAXIMUM SELLER CONCESSIONS ALLOWED

| CONVENTIONAL | PRIMARY HOME | SECOND HOME | RENTAL HOME |
|--------------|---|---|-------------|
| | 3% if LTV > 90%, 6% if LTV > 75% and ≤ 90%, 9% if LTV ≤ 75% | 3% if LTV > 90%, 6% if LTV > 75% and ≤ 90%, 9% if LTV ≤ 75% | 2% |
| JUMBO | Varies by Program | Varies by Program | 2% |
| FHA | 6% | ⊗ | ⊗ |
| VA | 4%* | ⊗ | ⊗ |

*Only certain costs are calculated into the 4%

GIFT FUNDS FOR DOWN PAYMENTS

| CONVENTIONAL | PRIMARY HOME | SECOND HOME | RENTAL HOME |
|--------------|--|--|-------------------|
| | Yes, 5% must come from borrower's personal funds for a 2-4 unit property | Yes, 5% must come from borrower's personal funds for a 2-4 unit property | Gifts not allowed |
| JUMBO | Yes, 5% must come from borrower's personal funds. | Yes, 5% must come from borrower's personal funds. | Gifts not allowed |
| FHA | Yes | ⊗ | ⊗ |



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