

# YOUR LOCAL, EXPERIENCED LENDER







The Path to Homeownership  
Starts with Fairway

# Home Loans **YOUR** Way, That's the **FAIR WAY!**








## **BENEFITS OF HOMEOWNERSHIP**

-  Financial health and wealth
-  Equity in your home
-  The possibility of qualifying for federal tax deductions\*
-  The ability to increase your home's value with renovation or upgrades

## **HOW MUCH CAN I AFFORD?**

### **Factors that affect your financing:**

-  Debt-to-income (DTI)\*\* ratio
-  Assets
-  Debt
-  Credit
-  Affordability

\*This does not constitute tax advice. Please consult a tax advisor regarding your specific situation. \*\*Debt-To-Income (DTI) ratio is monthly debt/expenses divided by gross monthly income.

# TO RENT or Buy?



At Fairway Independent Mortgage Corporation, we understand that purchasing a home is generally one of the most important financial decisions you will make in your lifetime. It is essential to evaluate your options, and make a plan that best fits your lifestyle and financial needs. Let's schedule a no-obligation mortgage consultation today to see if purchasing

a home fits into your long-term and short-term financial goals.

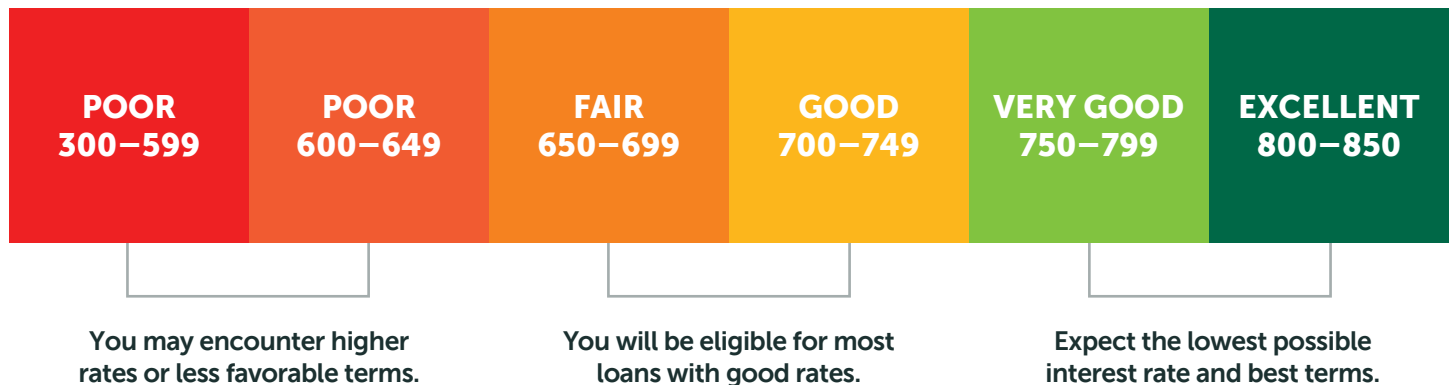
The chart below demonstrates how much your rent payments could add up over the years, which is money that you could be investing in the home of your dreams.

MONTHLY RENT	AFTER 2 YEARS	AFTER 5 YEARS	AFTER 10 YEARS	AFTER 15 YEARS
\$900	\$21,600	\$54,000	\$108,000	\$162,000
\$1,000	\$24,000	\$60,000	\$120,000	\$180,000
\$1,200	\$28,800	\$72,000	\$144,000	\$216,000
\$1,400	\$33,600	\$84,000	\$168,000	\$252,000
\$1,600	\$38,400	\$96,000	\$192,000	\$288,000
\$1,800	\$43,200	\$108,000	\$216,000	\$324,000
\$2,400	\$57,600	\$144,000	\$288,000	\$432,000

*A home purchase is generally the largest financial transaction most people make, so it's important to work with an experienced professional. To learn more about Fairway and the diverse products that we offer, please give us a call today. Together, we can turn your rent money into equity in your own home.*

# YOUR Credit Score

Your credit score is a numerical representation of your statistical likelihood to repay the credit that is extended to you. A credit score is a snapshot of a specific moment in time but can and will change with new actions and the passage of time.



## CREDIT SCORE BREAKDOWN

### PAYMENT HISTORY = 35%

- On-time or late payments
- Length of positive credit history
- Severity & quantity of delinquencies

### AMOUNT OWED = 30%

- Too many credit cards with balances can lower a score.

### LENGTH OF CREDIT HISTORY = 15%

- The longer the history, the better
- How long have your credit accounts been established?
- How long has it been since you used certain accounts?

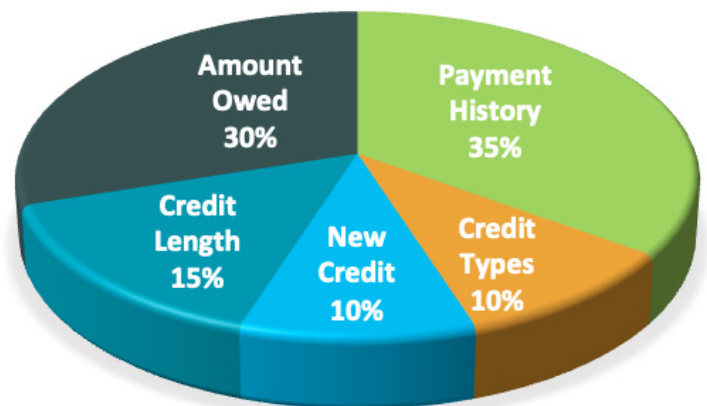
### NEW CREDIT = 10%

- Research shows that opening several credit accounts in a short period of time represents greater risk, especially for people who do not have a long established credit history.

### TYPES OF CREDIT IN USE (HEALTHY MIX) = 10%

*Example of ideal credit mix:*

- 2 installment loans
- 3 revolving accounts with balances
- Balances on revolving debt below 30% of the high credit amount
- No collection accounts
- No public records
- No foreclosures
- No late payments



# Maintaining Favorable **CREDIT SCORES**

## **1. MONITOR YOUR CREDIT.**

Order a copy of your free credit report from each of the three major bureaus annually from [www.annualcreditreport.com](http://www.annualcreditreport.com).

## **2. PAY ALL OF YOUR BILLS ON TIME OR EARLY.**

Even a 30-day late notice on a small credit card can have a significant negative impact on your scores.

## **3. DON'T CO-SIGN LOANS!**

Their late payments are your late payments and will negatively impact YOUR credit scores!

## **4. DON'T CLOSE OLD REVOLVING ACCOUNTS NO LONGER IN USE.**

It helps your scoring when accounts are open with zero balances.

## **5. DON'T OPEN NEW ACCOUNTS UNLESS ABSOLUTELY NECESSARY.**

Inquiries may or may not affect your score depending on the rest of your credit history.

## **6. REPORT FRAUD IMMEDIATELY.**

If you find yourself the victim of fraud, immediately contact the credit bureaus, your credit card companies, banks and the FTC at [www.ftc.gov](http://www.ftc.gov).

## **7. DO NOT EXTEND OR OPEN NEW CREDIT ACCOUNTS**

Don't open new accounts while in the mortgage application process to purchase or refinance a home.



# HOME FINANCING Process Steps

## **STEP 1:** Initial Consultation

This initial consultation covers:

- How long you plan on living in the home
- How much down payment you will need
- How much you want your monthly payments to be

## **STEP 2:** Pre-Approval\*

- Simplifies the home-buying process from the start
- Helps you determine how much home you can afford before you start shopping for homes
- Lets sellers know you're serious about purchasing a home

## **STEP 3:** Processing

After you have completed a loan application, your loan file is submitted to the loan processor.

- The processor reviews your file and orders your property appraisal.
- Depending on your situation, the processor may need additional documentation during this step.
- Once your loan file is completed, the processor submits it to underwriting for approval.

## **STEP 4:** Underwriting

- The underwriter reviews your loan file to ensure all guidelines are met for the specific loan program and issues a loan decision.
- Once your mortgage has been approved and all conditions have been cleared, your loan is moved to "Clear to Close" status.


## **STEP 5:** Pre-Closing

 You will receive a loan commitment letter that contains details of your loan, including:

- Rate, amount and term
- Outstanding conditions that need to be addressed before the file is sent to closing

Once everything is cleared by the underwriter, our closing department will complete your final documents

## **STEP 6:** Closing — Congrats! You are now a homeowner!

 During closing, you will sign a variety of final documents. Be sure to bring:

- Photo ID
- Proper form of payment to cover down payment, closing costs, prepaid interest, taxes, insurance or any additional costs

\*Pre-approval is based on a preliminary review of credit information provided to Fairway Independent Mortgage Corporation which has not been reviewed by Underwriting. Final loan approval is subject to a full Underwriting review of support documentation including, but not limited to, applicants' creditworthiness, assets, and income information, and a satisfactory appraisal.

# Mortgage Application **CHECKLIST**

In order to start your mortgage application, you will need to gather the following standard documentation. Some of the additional required information will vary based on your personal situation.



## **ALL BORROWERS:**

- W-2s for the previous two years
- Paycheck stubs for the last 30 days
- Employment history for the last two years (address any gaps of employment)
- Checking and savings account statements for last two months (all pages).  
*Note: All non-payroll deposits must be documented. Please make a copy of the check before you deposit it.*
- Statements for 401(k)s, stocks and other investments (most recent)
- Signed federal tax returns from the last two years
- Residency history over the last two years, with name, phone number, address and account number of landlord or mortgage company
- If you paid off a mortgage in the last two years, copies of HUD-1 or Release/Satisfaction
- Photo identification (valid driver's license or passport) for applicant and co-applicant
- Check or credit card information for credit report and appraisal fee



## **DOCUMENTS NEEDED FOR VA LOANS:**

- Veteran DD214 or Veteran Reservists DD256  
*Note: Additional items may be requested during the loan underwriting phase if more information is required to guarantee your loan.*



## **ADDITIONAL DOCUMENTS FOR SELF-EMPLOYED BORROWERS:**

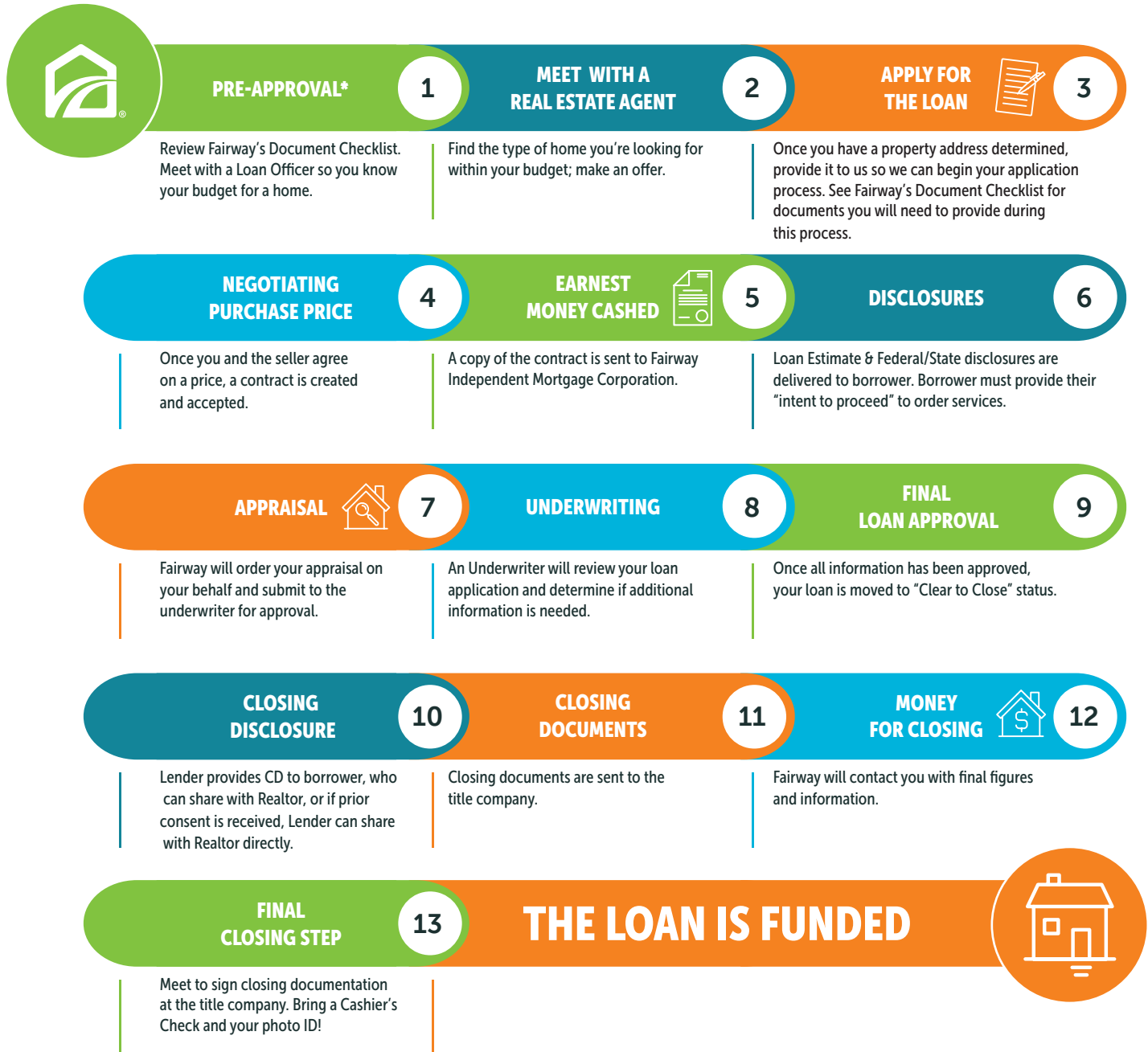
- Copies of most recent two years of corporate tax returns (with all schedules)
- YTD profit & loss statement and balance sheet
- Copy of business license or CPA contact information
- 1099s or K1 forms



## **DOCUMENTS THAT MAY BE REQUIRED:**

- If refinancing: Copy of Note, Deed of Trust or Mortgage, HUD-1 Settlement Statement, survey and homeowners insurance information
- If you've previously filed for bankruptcy: Copies of Petition and Discharge, including supporting schedules A through K
- If applicable: Divorce Decree
- If relocation is financed by employer: Relocation Agreement
- If you receive other monies: Documentation supporting monies received from Social Security/retirement/disability, i.e., copies of direct deposit bank statements, awards letter and evidence that income will continue for at least three years
- If you own one or more rental properties: Copies of leases, mortgage statements, homeowners insurance, and property tax statements

# HOME BUYING Process



*You are now a homeowner!*

\*Pre-approval may be based on a preliminary review of credit information provided to Fairway Independent Mortgage Corporation. Final approval is subject to a full review of creditworthiness, underwriting approval based on program guidelines and, including but not limited to, a satisfactory appraisal.



# Helpful “**DOS** & **DON'TS**” When Applying for a Mortgage



**DO** Keep originals or be able to access on your employer/bank websites all pay stubs, bank statements and other important financial documents.

**DO** Provide your Earnest Money Deposit from your own personal bank account or acceptable gift funds. Please talk to your Loan Officer or Loan Coordinator for additional clarification. This will present a very difficult problem if not managed properly in the beginning.

**DO** Provide all documentation for the sale of your current home, including sales contract, closing statement and employer relocation/buy-out program, if applicable.

**DO** Notify your Loan Officer or Loan Coordinator if you plan to receive gift funds for closing. Gift funds are acceptable only if certain criteria are met. Advances from credit cards for down payment/closing costs are never acceptable.

**DO** Notify your Loan Officer or Loan Coordinator of any employment changes such as a recent raise, promotion, transfer, or change of pay status (for example, salary to commission).

**DO** Be aware that a new credit report could be pulled just prior to closing.



**DO NOT** Close or open any asset accounts or transfer funds between accounts without talking with your Loan Officer about the proper documentation required for your loan. For example, before transferring all funds from your savings to your checking, check with your Loan Officer.

**DO NOT** Deposit any monies outside of your automated payroll deposits, particularly cash or sale of personal property, without notifying your Loan Officer or Loan Coordinator. Many guidelines require substantial documentation as to the source of these deposits.

**DO NOT** Change jobs/ employer without inquiring about the impact this change might have on your loan.

**DO NOT** Make major purchases prior to or during your contract, such as a new car, furniture, appliances, etc. as this may impact your loan qualification.

**DO NOT** Open or increase any liabilities, including credit cards, student loans or other lines of credit during the loan process as it may impact your qualifying loan amount.

# Home Loans **YOUR** Way, That's the **FAIR WAY!**

Fairway offers several home financing products that can help make homeownership more affordable with the speed and service you deserve, including, but not limited to:



## **CONVENTIONAL:**

- Lower interest rates for borrowers with good credit
- Flexible mortgage insurance options
- Fewer penalties and fees
- Flexible loan terms



## **FHA:**

- Low down payment options
- Fixed- and adjustable-rate loans
- Lower credit scores may be approved if there are compensating factors
- Loans for 1- to 4-unit properties and condos may be available
- Down payment funds can be a gift from a relative or employer



## **JUMBO:**

- Financing for homes over the maximum loan amount established by the Federal Housing Finance Agency
- Higher purchase limits
- Convenience of one loan for the entire loan amount
- Primary residence, second home or investment property
- Fixed-rate or adjustable-rate mortgages (ARM)s



## **USDA:**

- Zero down payment options with Rural Housing Program\*
- Low FICO score requirements
- Low interest rates
- Low closing costs
- Gift funds can be used for closing costs
- 30-year, fixed-rate mortgage



## **VA:**

- Zero down payment options\*\*
- No prepayment penalties
- No private mortgage insurance (PMI)
- VA financing fees can be rolled into the loan amounts
- Variety of eligible property types, including townhomes and VA-approved condos
- 30- or 15-year loan terms

\*USDA Guaranteed Rural Housing loans subject to program stipulations and applicable state income and property limits. \*\*A down payment is required if the borrower does not have full VA entitlement, or if the loan amount is greater than \$453,100. Fairway is not affiliated with any government agencies. These materials are not from HUD or FHA and were not approved by HUD or a government agency.

# Fixed- vs. Adjustable-Rate **MORTGAGES**

## **FIXED-RATE MORTGAGES**

### **PROS**

- Consistent monthly payments and interest rates
- Protection from rising interest rates
- Mortgage tax interest deduction\*
- Different term length options (30-, 20- or 15-year term)

### **CONS**

- Cannot take advantage of falling interest rates
- Your interest rate may be locked in when the market is high
- It can initially be more expensive
- The rate cannot be customized to a borrower's needs

## **ADJUSTABLE-RATE MORTGAGES (ARM)**

### **PROS**

- Lower initial monthly payments
- Possibility to qualify for higher loan amounts
- Interest rates and payments may decrease based on the index rate

### **CONS**

- Your interest rates could unexpectedly increase
- Your interest rates are dependent upon the market
- Risk of defaulting if interest rates dramatically increase
- Terms and conditions of the loan program can be more difficult to understand



\*This advertisement does not constitute tax advice. Please consult a tax advisor regarding your specific situation.

# Second Homes and Investment Properties

## SECOND HOME

Second homes are a great way to escape the hustle and bustle of everyday life and relax with friends and family.



### TYPICAL SECOND HOME CRITERIA

- Must be located a reasonable distance away from the borrower's primary residence
- Must be occupied for a portion of the year
- Borrower must have control of the property
- Property cannot be controlled by a management company



### CONFORMING 2ND HOME CRITERIA

- Maximum loan-to-value (LTV)\* 90%
- Minimum credit score 620
- One-unit property
- Ability to finance up to 10 properties

## INVESTMENT PROPERTIES

Purchasing an investment home can be a smart financial decision. You might consider purchasing a rental property as a second home or a ski resort cabin for weekend trips with family and friends.










### PRODUCT HIGHLIGHTS:

- Cash-out refinance available on investment properties, if the borrower has four or fewer total financed properties
- Fixed-rate financing
- Adjustable-rate mortgages (ARMs)
- 1- to 4-unit properties
- Conforming loans
- Financing for multi-use properties
- Refinancing



\*Loan-to-Value (LTVs) and Combined Loan-to-Value (CLTVs) may vary by loan amount

# 7 Costly Homebuyer **MISTAKES**

-  **NOT GETTING PRE-APPROVAL\***
-  **LACK OF ORGANIZED DOCUMENTATION**
-  **NOT CONSULTING WITH A LENDER/REALTOR EARLY IN THE PROCESS**
-  **NOT UNDERSTANDING THE MARKET**
-  **USING ZILLOW, TRULIA OR REALTOR.COM**
-  **NO BUYER AGENCY**
-  **WANDERING ABOVE PRE-APPROVAL\*\* LIMIT**



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# Selecting the Right Mortgage for You

## **When you decide to purchase your first home, make sure you:**

- Work with experienced mortgage and real estate professionals
- Become educated about the mortgage process
- Know how much home you can reasonably afford
- Get pre-approval\*
- Review a variety of loan programs to make sure you find the best option for you — your Fairway Loan Officer will be your best resource
- Have any additional costs, renovations or upgrades in mind
- Have a general idea of how long you plan to stay in your new home



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# FairwayNOW Mobile App

# FAIRWAY<sup>®</sup> NOW

by Fairway Independent Mortgage Corporation | NMLS# 2289

**FEEL IN CONTROL OF YOUR HOME  
LOAN WITH THE FAIRWAYNOW APP!**

*What can **YOU** expect from the  
FairwayNOW mobile app?*

- Apply for a loan in under 10 minutes
- Quickly and securely scan loan documents with your phone's camera
- Calculate loan scenarios with full monthly payments
- Connect to home searching sites in the app
- Easily track loan progress with real-time push notifications



*National Strength,  
Hometown Service.*



## Our way is the **FAIR WAY!**

Whether you are buying your home, moving across town or refinancing your current mortgage, Fairway Independent Mortgage Corporation is here to help. We offer several financing products that can help make homeownership more affordable with the speed and service you deserve.

*Contact us today for more information or apply online!*



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