



**THE ESSENTIAL
MORTGAGE LOANS
OPTIONS GUIDE**

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Whether it's your first home, an upgrade to your home, home improvements or a refinance, this guide covers all Contour Mortgage loan options available to you.

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GET STARTED WITH REFINANCING

ADJUSTABLE RATE MORTGAGE MAY BE JUST WHAT YOU NEED!

Most Adjustable Rate Mortgage (ARM) products offer low introductory rates that are fixed from one to 10 years -after which it adjusts either annually or every six months for the life of the loan. Our ARM programs come with a lifetime cap on the rate, which means that even if industry rates skyrocket, your rate will never go above a certain level, giving you peace of mind.

Is an ARM right for you?

- Do you plan to stay in the home for less than three to 10 years?
- If Interest rates are high, you will benefit when rates begin to fall.
- Do you plan to take out a short-term cash/out loan?

How Can You Benefit From Refinancing

- Decrease your monthly payments or shorten the length of your loan
- Use cash to pay off high interest credit card debt
- Combine a first mortgage with a home equity loan
- Take out cash to pay off student loans or other large expenses
- Switch into a fixed-rate mortgage to take advantage of historically low interest rates

For more information on FHA loans, see HUD.gov

Fixed Rate Loans Offer Stability

Fixed loans are optimal if you are looking for a consistent payment over a long period of time with no surprises. The peace of mind of a fixed-rate loan will offset the slightly higher overall long-term payment. When rates are very low, you can refinance into a fixed-rate loan to lower your monthly payment or convert the fluctuations of an adjustable rate to a steady fixed-rate.

Great news! If you have a large Home Equity Loan or high interest credit cards that are not fixed, you have the option of refinancing them all into a fixed-rate loan which will save you thousands of dollars over the life of the loan.

Cost of a Refinance

Refinancing is an investment that does cost the borrower money. Refinancing costs should range from 3-6% of the outstanding principal balance of the loan being refinanced. However, oftentimes these costs can be minimized by making minor adjustments to the interest rate or rolling them into the new loan to avoid out-of-pocket expenses.

REVERSE MORTGAGE

THE HOME EQUITY CONVERSION MORTGAGE

Reverse Mortgages vary for different situations. Most common is the Home Equity Conversion Mortgage (HECM), which is insured by the federal government. Following recent legislation, there are new increased borrowing limits are available along with the ability to purchase a new home with this program.

- Eliminate your existing mortgage payments
- Available for individuals 62 years old and older
- No monthly payments are required
- (Borrowers must continue to pay taxes, insurance and maintain the home in good condition)
- Delivers tax free monthly income (consult your Tax Advisor)
- Allows homeowner to live in their home
- Title to the home remains in the homeowners name
- The customer can now also use a Reverse Mortgage to purchase their new home.



Reverse Mortgage loans made throughout the United States are increasing at a dramatic rate. The reason? More and more seniors and their families are educating themselves about the benefits of Reverse Mortgages and realizing that it can be the best solution. You may be asking yourself “Is a Reverse Mortgage right for me?” or “Is a Reverse Mortgage right for my parents or older relatives?” In the Tri-state area, Contour Mortgage is the best source for information on Reverse Mortgages. Read on to help decide.

How Can You Benefit From A Reverse Mortgage

Reverse mortgages are special home loans designed with seniors in mind. If you have considerable equity in your home, you may be able to convert that asset into income. Payments are made to you, and as long as you live in the home, the loan never has to be repaid.

Reverse mortgage can provide you with cash today — with no requirement to ever pay it back for as long as you live in your home.

The disbursement options on a reverse mortgage loan are flexible. You can access money by:

- Taking a lump sum
- Establishing a line of credit to use as needed
- Arranging a combination of the above options

When and if the home is left permanently, the balance on your reverse mortgage becomes due. Selling the home itself can pay for this—any remaining equity belongs to you or your heirs.

**PAYMENT
OPTIONS CAN
ADJUST TO FIT
YOU FLEXIBLE
NEEDS.**



FHA FINANCING

FHA FINANCING IS A SAFE AND AFFORDABLE LOAN OPTION FOR MANY HOMEOWNERS. THE ONLY REQUIREMENT IS A LOW DOWN PAYMENT.

Contour Mortgage is an approved FHA direct lender.

This means you receive the benefits directly, which include:

- As little as low down payment
- Lock in a low 30-year fixed-rate.
- More lenient credit score requirements and explainable credit challenges permitted.
- Quick and easy approval and closing process directly with Contour Mortgage!
- No pre-payment penalty.
- Loans are insured by the Federal Housing Administration but issued directly by Contour Mortgage.

For more information on FHA loans, see HUD.gov

What is an FHA Loan?

An FHA loan is a mortgage insured by the Federal Housing Administration (“FHA”), a government agency within the U.S. Department of Housing and Urban Development. These loans are a safe, viable option for building credit in today’s tough real estate market. Your down-payment can be as low as 3.5% of the purchase price, and in many cases your closing costs and fees can be included in the loan. The FHA allows home sellers, builders and lenders to pay some of the borrower’s closing costs, which include appraisal, credit reports and/or title expenses.

Two Mortgage Insurance Premiums are required on all FHA loans. The first is the upfront premium and the second is the annual premium. Contact your mortgage professional to learn more about these premiums and the current annual premiums for your loan amount.

FHA also offers a special loan product designed to finance home repairs and improvements called a 203K.

**Contour Mortgage Corporation is an FHA-Approved lender.*

MULTI-FAMILY LOANS

BUYING A HOME FOR AN INDIVIDUAL CAN BE A DIFFICULT AND DETAILED DECISION-MAKING PROCESS.

When you are buying a home for a family, that difficulty and level of detail increases significantly.

Individual family members each have his or her own unique and constantly changing needs that all need to be satisfied by a single real-estate transaction. This can be a tough situation. However, Contour Mortgage has the experience and the know-how to lead home buyers through this process. The key to making the right decision is in weighing all the family-related factors that go beyond basic real estate considerations.



From getting the right financing to deciding whether or not your kitchen has all the right upgrades, you must think ahead — far ahead — about how your family will grow, what it will need today, and what it will need 10 years from now.

Here are some considerations that should be part of your home-buying process:

- The long haul. Are you starting a family? Do you already have children? Do you plan to have more? Having an idea of how big a family is will help you determine how large a home you'll need, how many bedrooms, bathrooms, kitchen size, sufficient storage space needed, and even enough garage space.
- Activity level. Does your family like to stay active? If so, the home must provide adequate resources, such as a large yard, or basement or loft spaces that can be converted into recreation areas. If you tend to hang out in the home more often, ensure living areas are big enough, or that you have more than one place where family members can relax or play.
- Location, location, location. It's one thing to buy into a good area in terms of your real estate investment, but location takes on even more importance when family planning comes into the equation. Ensure you'll have the right education resources, as well as adequate parks and resources for families. Look for sports, arts and other local programs that will provide your children with good development opportunities and peer groups.
- The neighborhood. You'll likely note a neighborhood with other families of similar ages so that your children will have plenty of playmates. Moreover, local parents will be key peers for you, as well. A good tip is to visit the neighborhood on weekends or on family-oriented holidays, such as Halloween, to get a sense of how many families live there.
- Home age can steer your search. As a rule of thumb, generally the older the home, or neighborhood, the more likely you are going to find older families, or perhaps even empty nesters. If you look at newer areas and newer homes, you are more likely going to find younger families and more of them.
- Safety. Ensuring a safe home, especially if your family has small children, is critical. How easy will it be for you to childproof kitchens, bathrooms and stairways? If the home has a pool or spa, have they been properly fenced, gated and covered to prevent accidents?
- Accessibility. If your family includes members that have special access needs, ensure the home you are considering either provides the right access options, or can accommodate upgrades in the future. Remember that medical conditions and accessibility needs can change over time.

Take advantage of living in one portion of your home, while covering the mortgage expenses with rental income from the other portions of your property.

- Buy a 2 to 4 unit home to create rental income

203K LOANS

MAKE YOUR NEW OR EXISTING HOUSE THE HOME OF YOUR DREAMS WITH AN APPROVED FHA RENOVATION LOAN, INSURED BY THE FEDERAL HOUSING ADMINISTRATION.



There are two versions of 203k loans. A 203K Streamline is best for when repairs come to less than \$31,500. The “full k” or standard 203k which can cover up to \$625,500 for the purchase price and repairs.

- Low down payment requirements
- Relaxed guidelines

STANDARD 203K OPTION IS BEST FOR MAJOR STRUCTURAL REPAIRS SUCH AS ROOM ADDITIONS, FOUNDATION REPAIRS, FIRE DAMAGE, FLOOD DAMAGE OR MAJOR SITE IMPROVEMENTS.

How Can You Benefit From 203K Loans

Streamline 203K option is best for non-structural repairs and can may allow you to qualify for a loan amount up to \$35,000 (requires a reserve fund for 10%) These non-structural repairs would be repairs such as new paint, carpets, appliances, kitchen or bathroom remodels, plumbing, electrical work, and/or HVAC or septic systems.

Borrower Benefits

- Turn an average home into a dream home. Qualified homebuyers can improve less-than-perfect homes in desirable locations or address property shortcomings immediately without draining your savings.
- Make the home your own — removing the previous owner’s style. Everyone has different tastes — you don’t have to live with the previous owner’s choices.
- Fix things the previous owner may have ignored — windows, roof repairs, etc.
- Get more house for the money. REOs and foreclosures are still a large part of the real estate inventory. Buyers can take advantage of reduced home prices.
- Rolling rehabilitation costs into the mortgage allows borrowers access to repair funds at lower rates.



Product Eligibility

- Down payment as low as 3.5% of total amount of purchase plus costs of repairs
- Gift funds are allowed
- Seller may contribute 6% of purchase prices toward closing cost and pre-pays
- Purchase of owner occupied primary residence
- Commercial properties are not eligible
- Required \$5,000 minimum renovation cost

NON-WARRANTABLE CONDO/CO-OPS

LOOKING TO ENTER TODAY'S REAL ESTATE MARKET?

A condo or co-op just might be your best bet.

Condos and co-ops offer a lower-priced entry point into real estate ownership and are often an attractive option for first-time buyers, as well as homeowners looking to downsize. And if you are looking to invest in a condo or co-op, Contour Mortgage specializes in condo and co-op financing. Benefit from our vast experience in getting you the right loan product.



In the simplest terms, a non-warrantable condo/co-op is a property that does not meet the guidelines set by Fannie Mae and Freddie Mac, both of which are government-sponsored enterprises (GSEs) and play a big role in the US property market. Although obtaining a loan on non-warrantable properties can pose unique challenges, Contour is able to create opportunities in this growing segment of the market.

Co-op Borrower Benefits

- No personal liability on the co-op mortgage. The cooperative association is responsible for paying off any mortgage loans. This can often make it possible for those whose income might not qualify them for an individual mortgage to buy a membership in a limited equity co-op.
- Equity. Co-ops can provide for accumulation of individual member equity. For market-rate co-ops, the accumulation of equity and resale prices is based on the market. Limited-equity co-ops establish limitations on the accumulation of equity to assure long-term affordability to new members.
- Elimination of Outside Landlord. Co-ops offer control of one's living environment and a security of tenure not available in rental housing. The information contained herein does not constitute tax advice. Please consult a tax advisor regarding the deductibility of taxes and interest.



Condo Borrower Benefits

Contour Mortgage Corporation offers very exclusive product options for Condominium properties. Some of the Condo project types we are able to provide financing for include Fannie Mae Warrantable Condos, FHA Approved Condos, New Projects and Non-Warrantable Condos.

Non-Warrantable features MMI can lend on:

- Low Project Presale
- High Investor Concentration
- High Commercial Concentration
- Single Entity Ownership up to 25%



VA LOANS

CONTOUR IS GRATEFUL FOR THE SERVICE THOSE IN UNIFORM PROVIDE OUR COUNTRY.

We are determined to do our best to thank them for their sacrifice.

Our VA loans offer these benefits:

- No down payment may be required
- A great benefit for service to your country
- Benefit from extremely competitive interest rates
- Have the option to assume an existing mortgage from another veteran

VA loans offer tremendous mortgage benefits to active-duty service members, veterans, and some surviving spouses. A VA home loan can be used for a number of purposes, including purchasing or building a new home, refinancing a current mortgage, repairing or improving your existing home, or installing home efficiency measures.

How Can You Benefit From A VA Loan

- No down-payment options available
- No monthly mortgage insurance premium
- Limits on buyer's closing costs
- Assumable mortgages are subject to VA approval of the assumer's credit
- Penalty-free prepayment
- Should you experience temporary financial difficulties, the VA extends forbearance and financial counseling to help you avoid losing your home
- Other requirements and restrictions may apply