

HOME LOANS
bay equity[®]



YOUR GUIDE TO BUYING A HOME WITH A VA LOAN



We're here to
get you home.

We're here to get
you home.

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Buying a home is one of the most important financial decisions you'll make. We're here to make the process less intimidating and more understandable for you. Whether you're buying your first home, looking for luxury home financing or building your portfolio through real estate, we'll guide you through the process toward getting your new keys — often in as few as 21 days!

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MEET JONATHAN



JONATHAN CONRAD

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With over two decades of invaluable experience in the mortgage industry, **Jonathan Conrad** has established himself as a seasoned Loan Officer, bringing unparalleled expertise and personalized service to his clients. At the heart of Jonathan's success is his unwavering commitment to honesty and transparency. He firmly believes that open communication and complete disclosure are the cornerstones of building lasting relationships with his clients. Jonathan takes the time to educate his clients, ensuring they fully understand the loan options available to them, empowering them

to make well-informed decisions about their financial future. **Jonathan has a deep admiration and respect for those who have served in the military.** As a passionate advocate for veterans and active-duty service members, he takes immense pride in assisting VA homebuyers to achieve their dreams of homeownership. His extensive knowledge of VA loan programs, combined with his empathetic approach, ensures that those who have served our country receive the utmost care and support throughout the homebuying process.

**Reach out to Jonathan today and let him put his expertise and dedication to work for you.
Your dream home awaits, and Jonathan is here to make it happen!**





The Bay Equity Family wishes a heartfelt **“Thank You”** to all members of America’s Armed Forces.

Thank you for your bravery and your dedication. Thank you for protecting the freedom we enjoy living, working and playing in our beautiful and amazing country.

Bay Equity Home Loans is mortgage lending and refinancing company committed to providing veterans with outstanding customer service. We offer a full array of VA loan products, including new purchase and refinance.

We’ve helped thousands of homeowners just like you achieve their home financing goals while providing the guidance and support to make the process as quick, easy and stress-free as possible.

So, whether you’re looking for a low down payment program, 100% financing or luxury home financing, we’ll help you choose and secure the right loan option to purchase or refinance a home — often within 21 days.

Bay Equity is family owned and operated. Bay Equity is currently licensed in 31 states and is expanding across the nation. Our operations department handles everything from the time the loan is originated to the time it’s funded. Our live 24/7 document portal allows real-time access to all documents for borrowers, real estate agents and loan officers.

Bay Equity Home Loans is a proud supporter of veterans. We donate a portion of each closed VA and FHA loan to the Warrior Foundation Freedom Station, a transitional housing community for injured veterans.

We’re here to get you home! We look forward to working with you.





Buying a home provides you with advantages...

PRIDE OF OWNERSHIP

Your home provides protection and a sense of community as you plant roots and create ties with your family, friends and neighbors. Making an investment for your future gives you and your family a sense of stability and security.

EQUITY BUILDING

As your debt decreases and you make investments to maintain or improve your home, the value of your home may increase. This could allow you to sell your home for more than you paid for it.

TAX DEDUCTIONS

Homeowners may be able to deduct mortgage interest and property taxes. Other aspects of your mortgage may also be tax deductible. Consult with a tax advisor to learn more.

STABLE PAYMENTS

With a fixed rate mortgage, your monthly payments stay consistent over the life of the loan.

TAKE CONTROL OF YOUR FUTURE

No more rent increases or canceled leases. Create a home that meets your unique needs.

Don't invest in your landlord's future, invest in yours!

Did you know the money you're paying in monthly rent could pay for a home? Check out this chart:

MONTHLY	5 YEARS	10 YEARS	15 YEARS
\$500	\$30,000	\$60,000	\$90,000
\$600	\$36,000	\$72,000	\$108,000
\$700	\$42,000	\$84,000	\$126,000
\$800	\$48,000	\$96,000	\$144,000
\$900	\$54,000	\$108,000	\$162,000
\$1,000	\$60,000	\$120,000	\$180,000
\$1,100	\$66,000	\$132,000	\$198,000
\$1,200	\$72,000	\$144,000	\$216,000
\$1,500	\$90,000	\$180,000	\$270,000
\$2,000	\$120,000	\$240,000	\$360,000
\$2,500	\$150,000	\$300,000	\$450,000





COST OF OWNERSHIP

When you buy a new home, it's important to think about how it will impact your financial habits and long term goals. A new home doesn't just mean a new monthly payment. It also means utilities, taxes, and maintenance. These additional costs impact not only you but your cash flow and ultimately your financial goals. If you aren't financially prepared for the additional cost of homeownership, the consequences can be life altering. Think about the costs that will impact your finances and work these costs into the affordability of the home or homes that you're looking at:

OUTDOOR UPKEEP
EMERGENCIES
UTILITIES

REPAIRS OR UPDATES
PROPERTY TAXES
TRASH SERVICE

FURNISHING YOUR HOME
INSURANCE
WATER

What makes up your loan?



PRINCIPAL

The actual amount of your loan



INTEREST

The amount a lender charges for borrowing



TAXES

Real estate taxes can be escrowed into your mortgage payment



INSURANCE

Homeowner's insurance and/or private mortgage insurance (PMI).

HOME LOANS
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PREPARING TO BUY

Start with a Financial Assessment

When thinking about buying your first home, one may face the simple question that may feel overwhelming: Where do I begin? It's easy to start looking around at real estate listings and perusing open houses, but don't get too far ahead of yourself. It's important to start with the biggest influencer of your home buying process: Your finances. Before you begin your in depth home search, you need to take a quick scan of the finances, otherwise known as a financial assessment. This process is where you look closely at your spending and savings activities and accounts and outline any future financial plans with a new house in the back of your mind. Wherever you are in your financial journey, use these questions as a starting place:

Do I have enough credit?

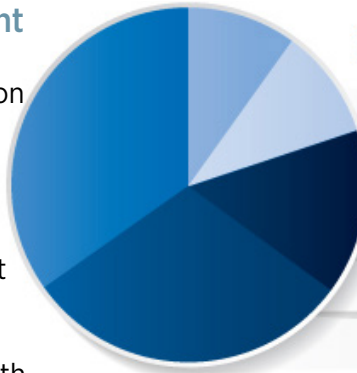
Lenders care about your credit - your credit score is a value that financial institutions look at to assess how trustworthy you are to lend to. For example, a credit score above 700 is more attractive to lenders, while anything below 620 could make it harder to get a loan.

When banks and lenders look at credit scores, they use your FICO score from the Fair Isaac Corporation. Used by 90% of lenders, only FICO includes accurate, up-to-date scores from all three Credit Reporting Agencies (CRAs). There are hundreds of different credit-scoring models, but none use the same risk criteria as FICO.

Beware of commercial sites like Credit Karma and Credit Sesame! They don't always give correct scores. These "free" sites are mostly affiliated with only one of the CRAs, and scores can swing by 100 points or more!

How much can I afford?

This is a complicated question, but an important one. Using a mortgage calculator is usually a good starting place to identify and record your ideal monthly payment. However, knowing what you can "afford" isn't always what you should commit to.



ELEMENTS OF YOUR CREDIT SCORE

PAYMENT HISTORY	35%
AMOUNTS OWED	30%
LENGTH OF CREDIT HISTORY	15%
TYPES OF CREDIT USED	10%
NUMBER OF INQUIRIES	10%

Things to keep in mind...

Algorithms used for determining each type of credit are different. For example, an auto lender will look at one score while a credit card company looks at another.

The FICO model is based on a max of 850, often the fake FICO given to consumers is based on models of 900 or even 950 which will trigger an incorrect score.

When pulling a mortgage credit report, we will use the middle FICO score. If there is more than one borrower, we use the lowest of the middle FICO score(s) for all borrowers.

Homeownership comes with additional costs outside of your mortgage payments. Consider committing to a monthly payment plan that gives you boundaries to address home improvement issues and home emergencies as they arise.

CREDIT BUREAU SCORE RANGES

Experian: 300 to 850

Equifax: 360 to 840

TransUnion: 300 to 850

EXCELLENT	750 & ABOVE
GOOD	700 - 749
FAIR	650 - 699
POOR	550-649
BAD	550 & BELOW

FINANCING & YOUR LENDER

Your credit score isn't the only factor in getting a mortgage, but it's an important part of determining your budget and an approved loan amount. Below are some tips to consider before meeting with a lender.

CHECK YOUR CREDIT

You can obtain a free credit report once a year by visiting annualcreditreport.com or viewing your FICO credit score at myfico.com for a nominal fee.

VERIFY ACCURACY

Report and dispute inaccuracies with the credit bureaus. Disputes in process may delay your loan approval.

PAY DOWN DEBT

By paying down applicable lines of credit before applying for a loan, you may qualify for a better interest rate.

SET UP PAYMENT PLANS

Call your creditors and work out a budget-friendly payment plan for any delinquent accounts prior to applying for a loan. Work out a plan that won't harshly affect your debt-to-income ratio but will still let lenders know you're serious about payment off your debts.

LENDER MEETING

Once you've identified how much you can afford and the ideal price range of your new home, you're ready to have a conversation with a lender. Your lender will play a big role in helping you understand the financial options that will fit into your home and lifestyle. In initial discussions, be prepared to share your financial background with your lender including your:

- » **Income**
- » **Debt**
- » **Assets**



Don't choose a lender based solely on rate, find someone reputable and trustworthy. When choosing a lender, find a reputable company that offers a wide variety of loan products and will work with you to get the best financing for your situation.

- » ***How does your application process work?***
- » ***How long will it take to get pre-approved?***
- » ***What documents do I need to qualify?***
- » ***How fast can you close a loan?***
- » ***Do you have a local number to call or is it a 1-(800) number?***
- » ***What kind of experience do you and your team have?***
- » ***How many loans did you close last year?***
- » ***Do you specialize in any particular loan products?***
- » ***What method of communication can I expect throughout the process?***
- » ***Can I meet you at your office, or will everything be done over the phone and Online?***
- » ***Do you provide any home buyer workshops?***
- » ***Are your rates and fees competitive?***
- » ***Do you have Online reviews I can review before using you?***
- » ***Do you have a preferred Realtor?***
- » ***What hours are you available during the week?***

PREQUALIFIED VS. PREAPPROVED

We can help you understand how much you qualify to borrow. Find out in minutes by talking with a licensed loan officer and obtain a written pre-approval that will help you set your budget, negotiate confidently and close quickly.

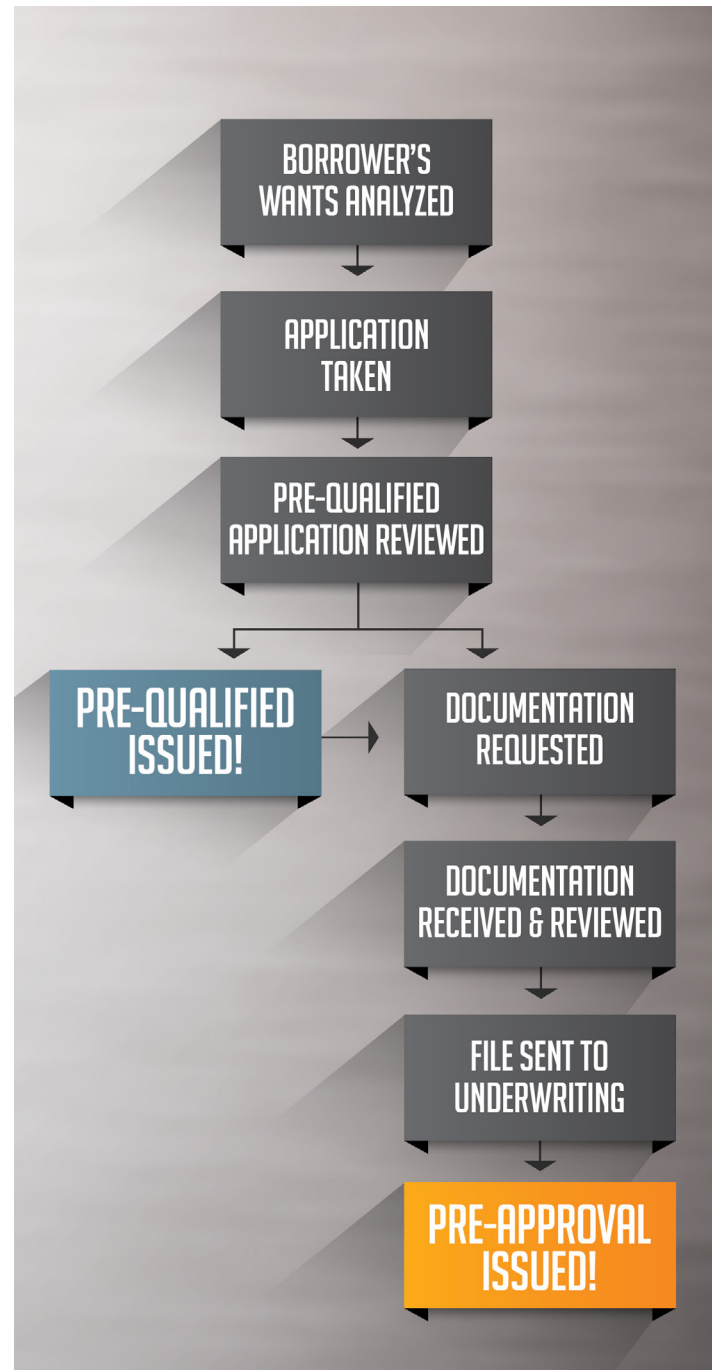
After the lender gets a general idea of your finances, you can start the process of pre-qualification. It determines if you qualify for a loan and if so, how much you qualify for. Loan pre-qualification does not include an analysis of your credit report or an in-depth look at your ability to purchase a home. Nothing official, but it gives a good rough estimate of the expected **APPROVED** loan amount.

Pre-Qualification: The first step in the mortgage process!

Our licensed loan officers will work with you to understand your financial situation, lifestyle and future plans to make a loan recommendation that's right for you. Getting pre-qualified is a good option if you're considering buying a home but haven't started searching yet. Talk with your loan officer about your ideal purchase price and the monthly payment you think you can afford. This will help them understand your current debt and income situation and your ability to repay a loan. You'll come away with an idea of the loan amount you may qualify for to buy a home.

Pre-Approval: It takes the mortgage process one step further!

With pre-approval, you will receive a conditional commitment in writing with the exact loan amount, it sets comfortable home shopping budget. A pre-approval could put you at the top of the list of the house you want if it is in a competitive market. It shows sellers you are serious about buying, and close to actual mortgage approval.



BENEFITS OF GETTING PRE-APPROVED

Get an idea of the maximum home **PURCHASE PRICE** you can afford

Find out your estimated monthly **MORTGAGE PAYMENT**

Learn how much your **DOWN PAYMENT** should be

Understand how much you may be able to **BORROW**

AFFORDABILITY WORKSHEET

WHAT'S MY PRICE RANGE?

It's easy to have a wide range when you first set out to find a home. Real estate websites usually give viewers a sliding scale to determine purchase price range. Be sure to only search for homes that match your monthly payment maximum. Identify and know your price range before you start your search. If you can't afford it, you shouldn't be looking at it. Review your income, debts and savings. How much you can put towards a down payment? How much can you pay each month?

DEBT-TO-INCOME RATIO (DTI)

$$\frac{\text{SUM OF MONTHLY DEBTS}}{\text{GROSS MONTHLY INCOME}} \times 100 = \text{DTI RATIO}$$

The ratio that determines your ability to repay a home loan. Higher DTI ratios indicate greater risk. Lenders look for DTI of 43% and lower.

MAXIMUM MORTGAGE AMOUNT

Gross Monthly Income \$ _____ (1)

Gross Monthly Income x _____ % = \$ _____ (2)

Gross Monthly Income x _____ % = \$ _____ (3)

Total Monthly Debt Payments = \$ _____ (4)

Subtract line (4) from line (3) = \$ _____ (5)

MAXIMUM MONTHLY MORTGAGE PAYMENT ALLOWED

Enter the lesser amount from line (2) or (5) \$ _____ (6)

ESCROWS

Multiply line (6) by 20% = \$ _____ (7)

Subtract line (7) from line (6) \$ _____ (8)

AFFORDABILITY

Divide line (8) by _____ = \$ _____ (9)

Multiply line (9) by \$1,000.00 = \$ _____ (10)
Factor Maximum Mortgage Amount



12 STEPS TO BUYING A HOME

As you begin to collect information about the homebuying process, use the house as a guide to understand where you are and what's coming next in your journey.



APPLY HERE • bayeq.com/jonathan-conrad

01



GATHER DOCUMENTS • You will receive a link to a secure online portal to upload all of your initial documents.

02



MEET WITH JONATHAN! • Schedule a 15-30 minute consultation with Jonathan to review your loan and put together a game plan.

03



PRE-APPROVAL • After meeting with Jonathan, our team will send you and your realtor a pre-approval letter confirming how much money you are approved to borrow.

04



SHOP FOR A HOME • If you don't have a Real Estate Agent, we would love to refer you to one we know, like, and trust.

05



NEGOTIATION • You make an offer and the seller accepts. Congratulations, you are now under contract!

06



APPLICATION • Within 48 hours, we will meet with you to complete your financing application, lock in your payment, sign disclosures, and collect updated documents.

07



VERIFICATION • We review all research on you and the property. We will email your appraisal when received.

08



CONDITIONS • The underwriter approves your loan! We collect any final documents needed and schedule your loan closing.

09



CLOSING • Your legal documents are sent, and money is wired to the title company. Your loan officer will call to prepare you for closing and review your final closing disclosures.

10



FUNDING • You sign the legal documents and the home is yours! Enjoy your home and tell everyone about our team.

11



REVIEW • Let us know how we did. Please leave us a review on Zillow, Google, and/or Facebook. Make sure you like us on Facebook for updates on our upcoming client appreciation events, financial classes, and military give back events.

12



It's important to understand actions that could impact the mortgage approval process. Use our tips below to make sure your loan approval and closing date stay on track.

MORTGAGE DOs

→ **KEEP ALL RECORDS IN GOOD ORDER**

Thoroughly complete your application and make sure your financial records are close at hand in case updates are requested.

→ **KNOW YOUR AVAILABLE ASSETS**

Disclose all of your loans and credit. Continue saving incoming account statements, and keep all numbered pages of each one, even if blank (example: page 1-8 of 8).

→ **TRACK YOUR INCOME**

Underwriters will verify income and tax documents through your employer, the IRS and/or your CPA. Hold on to new paystubs as they arrive.

→ **DOCUMENT THE GIFT**

If you're receiving any gift money from relatives, they'll need to sign a gift letter (we can provide) and confirm the source of the funds with a statement.

→ **CONFIRM YOUR CURRENT RESIDENCE**

If you're renting, continue paying rent on time and save confirmations. If you're selling your home, you'll need to show a HUD settlement statement. If you are renting out your old home, you may need to show sufficient equity, a signed lease and a deposit.

→ **KEEP UP YOUR CREDIT**

Continue to make all payments on time; your credit report may be pulled again and any negative change to your score could cause you to lose your approval.

→ **REMEMBER THINGS HAVE CHANGED**

Please respond promptly to questions and requests. There's more paperwork involved than in the past. Also please make yourself available as your closing date approaches.

MORTGAGE DON'Ts

→ **DON'T MAKE ANY MAJOR PURCHASES**

Don't make any big new purchases, like vehicles or furniture. Any changes can cause delays or possibly prevent your closing.

→ **DON'T OPEN NEW LINES OF CREDIT**

Don't co-sign on a loan or lease for anyone. Don't open any new lines of credit or let your credit fall behind. If you must open a new account, talk to your loan officer first and let them know.

→ **DON'T CHANGE JOBS, RETIRE OR VACATION**

If you are planning to retire soon or have been interviewing for a new job, let us know up front. Even moving from a salaried to a commissioned position can cause complications, and even though vacation time is necessary, taking unpaid time off from work during the loan process is not a good idea either.

→ **DON'T DEPOSIT LOTS OF CASH**

Cash isn't like a check; we usually can't confirm where it came from, so it will not be counted as part of your funds to close. Make copies of checks you've deposited, and the slips as well. Wait to withdraw from stocks or retirement. If you need to sell stocks or borrow money from your retirement account, it might take time for them to process the transactions. Also, your underwriter will need to confirm the transfer of funds. Don't delay by waiting until the last minute.

→ **DON'T FORGET TO BREATHE**

The process can be confusing and sometimes scary if you haven't purchased a house before. Even if you have, you might still have questions. We're here to help you at each step of the way, even long before you intend to buy. Call or email at any time!



DOCUMENT CHECKLIST

ALL

- ☐ Photo ID: Valid driver's license, state ID, social security card, passport, or permanent resident visa/green card (2 forms of ID required)
- ☐ Personal Federal Tax Returns (all pages of Forms 1040): Last 2 years (if applicable)
- ☐ W-2s, 1099, K-1s: Last 2 years (depending on source of income)
- ☐ Pay Stubs: Most recent - 30 consecutive days of income
- ☐ Bank and Asset Statements: Most recent/last 2 months stocks, bonds, investment account statements - all pages (if applicable)

OTHER

- ☐ VA Only: VA Certificate of Eligibility
- ☐ VA Only: DD-214: Member 4 copy, all pages (Former Military) or Statement of Service (Active Military)
- ☐ Award Letters: Most recent Social Security, pension, disability (if applicable)
- ☐ Child Support Order: Last 6 months (if applicable) Amt./month _____ Children's ages _____
- ☐ If You Pay Alimony: Amt./month _____ How long left to pay? _____

CREDIT INFORMATION

- ☐ A letter of explanation for any late payments, judgments, collections or other derogatory credit history items
- ☐ Source of funds documentation for any large deposits on asset or bank statements
- ☐ The judicial decree or court order of each obligation due to legal action
- ☐ Bankruptcy/discharge papers for all bankruptcies in your credit history

CURRENTLY OWN PROPERTY

- ☐ Mortgage Statement: Most recent statement(s) for all liens against all properties owned - all pages
- ☐ Homeowner's Insurance Declarations Page: Most recent for all properties owned (if applicable)
- ☐ Current Lease/Rental Agreement: Most recent for all investment properties owned (if applicable)

SELF EMPLOYED

- ☐ Business Federal Tax Returns for the last 2 years (all pages of Forms 1120, 1120S, or 1065 depending on self-employed business structure if applicable)
- ☐ A year-to-date profit and loss statement
- ☐ A complete list of all business debts

UNDER CONTRACT

- ☐ Fully Executed Sales Contract
- ☐ Homeowner's Insurance Quote for New Home
- ☐ Earnest Money Deposit: If included in contract, please provide a copy of the canceled check used as well as a transaction
- ☐ History showing the funds have been withdrawn if a bank statement provided does not include it.*

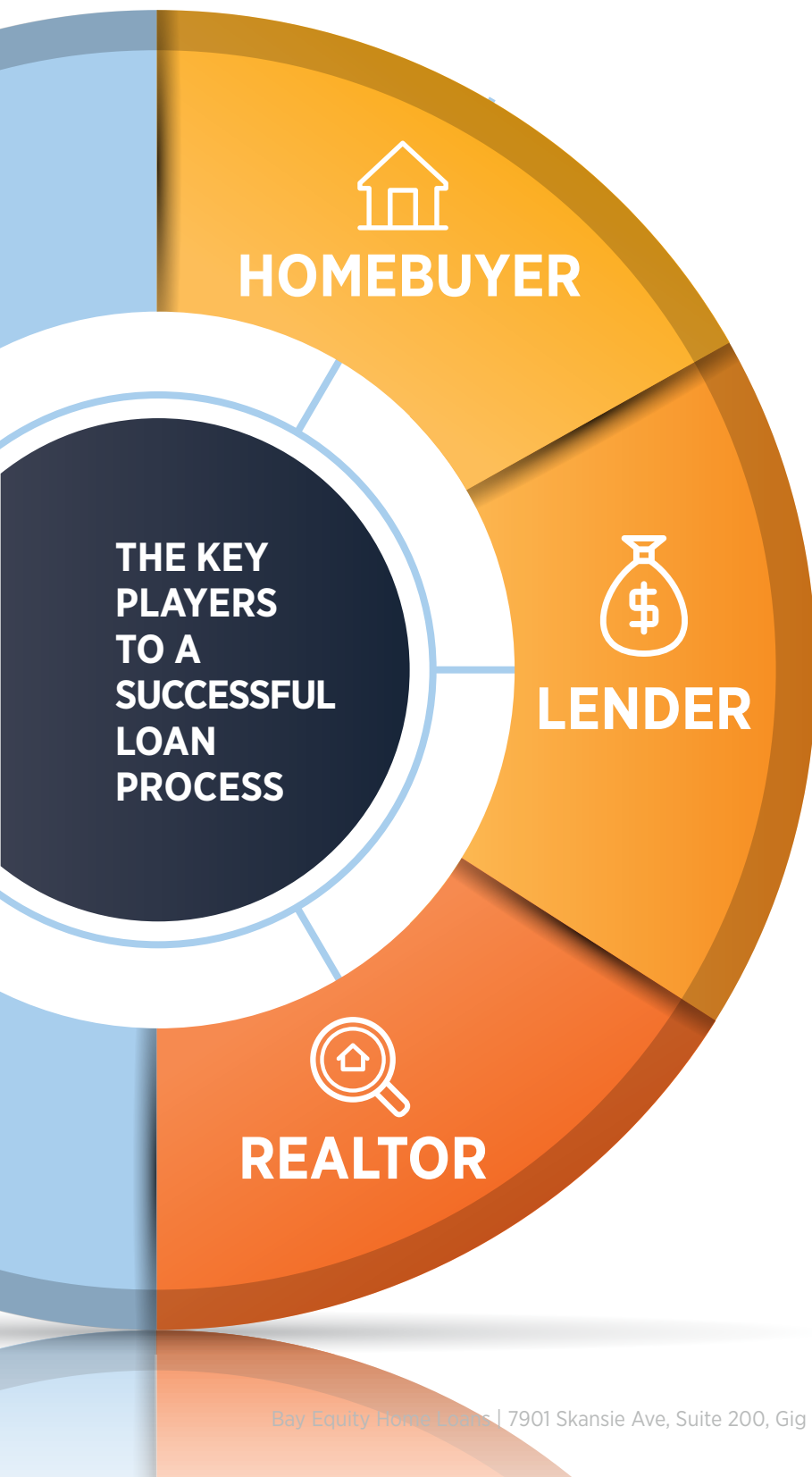
**Source of funds documentation for any large deposits on asset or bank statements*

GIFT LETTERS

Acceptable gifts may come from relatives, non-profit organizations, and government entities. Gift letters must be filled out and signed by all parties. Additional documentation required will include a copy of the gift fund check, a transaction history printed from your deposit institution proving the deposit has entered your account, proof that the gift has been released from donor's account i.e. transaction history of donor's account and 30-day bank statement. Non-profits and government gifts will require program specific documentation.



EFFECTIVE & FREQUENT COMMUNICATION



BAY EQUITY HOME LOANS

WHAT YOU CAN EXPECT FROM US

HOME SEARCH SUPPORT CALLS THROUGHOUT THE PROCESS

Searching for a home is an exciting time but can also be challenging. We're here to help make the home search process smooth and efficient. In addition to our home search support calls, we're always ready to answer any questions you may have. This includes questions from your Realtor, attorney, and insurance provider. Buying a home can be life changing — we are here to offer the practical assistance you may need along the way.

WEEKLY TUESDAY STATUS UPDATE GRAMS

It's our top priority to keep you informed throughout your home loan process. Our transparency in our Tuesday Status Update Grams will provide you with all of the information you should know to keep your loan moving forward. You'll always be up to date with details about the next steps and how you can help ensure a smooth loan process.



WHAT MORTGAGE IS RIGHT FOR ME?



Understanding the mortgage process is one of the most overwhelming but important parts of buying a home. There are various options to choose from, and it's important to work with your lender who will keep your best interests in mind.

LOCATION

What main areas do you want to live in? What school districts are important to you? What public features do you want nearby? Have a good idea of the location you'd like to move to and find a realtor who knows the area and surrounding housing market well.

MUST-HAVES

Make a list of the home features that you "need" or wanted in a new home. It's your realtor's job to show you homes that match your price range but also accommodate your must-have items (like yard size, floor plan requirements, square footage, etc.).

TIMING

When do you want to move? Do you have upcoming milestones, such as marriage, a baby on the way, or wanting to be settled before school starts? Understanding your own timeline will be helpful for your agent to determine the speed needed to conduct the house hunt.

REPAIRS OR REMODEL?

Are you interested in buying first and then remodeling? Understanding the amount of additional work you are willing to do on your home will be helpful for your agent to match the condition of the home with what you have in mind.

IMPORTANT QUESTIONS

To determine what mortgage structure may work for you, try asking yourself:

- ➔ Do I plan to be in my home for more than 10 years? ☐ YES ☐ NO
- ➔ How quickly do I want to pay off my mortgage?

- ➔ Do I expect my income to increase in the coming years? ☐ YES ☐ NO
- ➔ How will my cash flow change in the coming years? _____
- ➔ How will new life milestones impact my cash flow? _____
- ➔ Do I want lower payments during my first few years as a homeowner? ☐ YES ☐ NO

Knowing the answers to these questions will help your lender hone in on what type of mortgage is best for you, like an adjustable or fixed rate.



A FEW LOAN PROGRAMS

→VA

- » **100% financing for service members!**
- » **No mortgage insurance!**
- » Credit scores down to 580 accepted
- » The seller can pay up to 4% of the sale price toward their closing costs — total concessions may exceed 4% depending on type
- » No penalty fee if you pay off the loan early — funding fee waived for disabled veterans
- » Closing costs are limited by the VA
- » Can be reused for future VA loans
- » Can be used to purchase a 2-4 unit property with 0% down

→USDA

- » No down payment required, and closing costs can be financed into the loan amount
- » A 30-year fixed-rate mortgage
- » No max loan amount (must qualify)
- » Up to 6% seller concessions allowed
- » Single family homes, townhomes and manufactured homes allowed
- » Lower credit scores accepted — must meet property eligibility and income requirements

→CONVENTIONAL

- » Down payment as low as 3% with HomePossible® and HomeReady® programs
- » Loan terms from 10–30 years
- » Fixed rate is great if you plan to live in the home for more than 7 years
- » Adjustable rate (ARM) is great if you'll live in the home for less than 7 years
- » ARMs available with 3/1, 5/1, 7/1, and 10/1 fixed periods where your rate stays the same

→FHA

- » Only 3.5% down payment required — great for first-time homebuyers
- » Mortgage insurance is required
- » Available with a fixed or adjustable rate and terms from 10–30 years
- » Credit scores down to 580 accepted
- » The seller can pay up to 6% of the sale price toward the closing costs
- » A parent or relative can be a coapplicant on the loan with you to help you qualify
- » FHA 203(k) loan available for homes requiring rehabilitation

Two Common Mortgage Misconceptions

20% Down Payment Misconception

The greatest barrier to homeownership in America is the down payment. Many people think 20% is required to buy, but options with lower down payment requirements are available. State housing agency programs and other gifts and grants may be available that provide funds to use toward your down payment and closing costs. Some programs can be coupled with other low down payment loan programs, like FHA and VA.

High Credit Score Misconception

Knowing what kind of shape your credit is in can give you an idea of what kind of loan you may qualify for and what your down payment may be. Many people think that they need to have an excellent credit score in order to qualify for a home. This is simply not true. One of the best loan programs for someone with a lower credit score is an FHA home loan. You only need a 580 credit score or higher to qualify for a down payment of just 3.5%.





WHAT DO YOU WANT?

These general statements will help direct you to a purchase product that might be right for you. Simply complete the statement with an option that best fits what you're looking for. A licensed loan officer will work with you to determine a program that will fit your needs and financial situation.

I want to buy a home, and I...

... AM A VETERAN

If you're a veteran, then a VA home loan, insured by the U.S. Department of Veteran Affairs, can provide favorable terms, including up to 100% financing with no mortgage insurance. You don't need to be a first-time home buyer and you can reuse the benefit.

... WANT STABILITY IN PAYMENTS AND RATE

If you're looking to budget for a loan payment that won't change as market rates change, then a fixed rate mortgage might be for you. You'll have the security of knowing what your payment will be throughout the life of the loan.

... WANT A LOW INTEREST RATE AND PLAN TO LIVE IN THE HOUSE FOR A FEW YEARS

If you're looking for a rate that may be initially lower than a fixed rate mortgage or don't plan on living in your home long-term, then an adjustable rate mortgage might be right for you.

... WANT A PROPERTY THAT NEEDS RENOVATIONS OR IMPROVEMENTS

If your dream home is a fixer-upper or one that needs improvements, then an FHA 203(k) may fit your need to combine a home loan and qualified improvement costs together into one payment.

... WANT A LUXURY OR HIGH-PRICED PROPERTY

More expensive or luxury dream homes often require loans that exceed the limit of a conventional home loan. A Bay Equity jumbo mortgage can provide up to \$3 million in financing to help you secure your home purchase.

... AM LOOKING FOR A LOW DOWN PAYMENT

Bay Equity Home Loans offers many low down payment programs. An FHA home loan, which is insured by the Federal Housing Administration, has a 3.5% down payment requirement. FHA loans can benefit first-time homebuyers who may need a co-signer on the loan or have less than perfect credit. USDA and VA home loans also offer low down payment options for qualifying borrowers.

... WANT A HOME IN A RURAL AREA

Through a USDA rural home loan, purchasing a home in a designated rural area can provide the benefits of 100% financing, flexible credit requirements and the security of a fixed rate.





VA LOAN BENEFITS

You served us, now we'll serve you.

Jonathan Conrad at Bay Equity Home Loans is grateful for all that veterans have done and continue to do for our country. That's why we work closely with veterans and their families to help them secure the financing benefits they've earned and deserve. If you're a military veteran, are still in active service, or are another qualifying service member or family member, our VA home financing solutions will provide you with numerous benefits when the time comes to purchase or refinance a home. And our team will be there to walk you through the process from start to finish.

We look forward to working with you to achieve your goals, and again, thank you for your service!

VA Loan Benefits

→ 100% FINANCING

With full VA entitlement; otherwise a down payment may be required.

→ NO MORTGAGE INSURANCE (MI)

Whereas other loans require MI with less than 20% down, VA loans don't.

→ LIMITED CLOSING COSTS

The VA limits what you can be charged. Many costs can be financed.

→ NUMEROUS OTHER BENEFITS

No prepayment penalty, VA refinance opportunities and a variety of eligible property types.



VA ELIGIBILITY

What do I need to be eligible?

You must be the personal occupant of the home and must have sufficient income, suitable credit and a valid Certificate of Eligibility (COE). To obtain a COE, you must have been discharged under conditions other than dishonorable and meet certain service requirements as listed.*

STATUS	QUALIFYING WARTIME & PEACETIME PERIODS	QUALIFYING ACTIVE DUTY DATES	MINIMUM ACTIVE DUTY SERVICE REQUIREMENT
Veteran	WWII	9/16/1940 – 7/25/1947	90 Total Days
	Post-WWII	7/26/1947 – 6/26/1950	PMI Required
	Korean War	6/27/1950 – 1/31/1955	Increased Risk for Lenders
	Post-Korean War	2/1/1955 – 8/4/1964	181 Continuous Days
	Vietnam War	8/5/1964 – 5/7/1975 <i>For veterans who served in the Republic of Vietnam, the beginning date is 2/28/1961</i>	90 Total Days
	Post-Vietnam War	5/8/1975 – 9/7/1980 <i>The ending date for officers is 10/16/1981</i>	181 Continuous Days
	24-Month Rule	9/8/1980 – 8/1/1990 <i>The beginning date for officers is 10/17/1981</i>	24 Continuous Months <i>OR the full period (at least 181 days) for which you were called or ordered to active duty</i>
	Gulf War	8/2/1990 – Present	24 Continuous Months <i>OR the full period (at least 90 days) for which you were called or ordered to active duty</i>
Currently On Active Duty	Any	Any	90 Continuous Days
National Guard and Reserve Member	Gulf War	8/2/1990 – Present	90 Days of Active Service
	Six years of service in the Selected Reserve or National Guard AND <i>Were discharged honorably OR Were placed on the retired list OR Were transferred to the Standby Reserve or an element of the Ready Reserve other than the Selected Reserve after service characterized as honorable OR Continue to serve in the Selected Reserve</i>		

If you do not meet the minimum service requirements, you may still be eligible if you were discharged due to (1) hardship, (2) the convenience of the government, (3) reduction-in-force, (4) certain medical conditions or (5) a service-connected disability.

*Table taken from http://www.benefits.va.gov/HOMELoANS/purchaseco_certificate.asp on 12/9/2013. Eligibility requirements are subject to change as deemed necessary by the VA.



BENEFITS OF A VA LOAN

Your loan is guaranteed by Veterans Administration.

Interest rates on home loans are based on risk assumed by the bank to finance the loan. Because the VA backs each VA Loan with a guaranty, financial institutions carry less risk and can offer interest rates that are typically 0.5 to 1 percent lower than conventional interest rates.

DOWN PAYMENT SAVINGS

LOAN AMOUNT	0% DOWN	5% DOWN	10% DOWN	20% DOWN
\$150,000	\$0	\$7,500	\$15,000	\$30,000
\$250,000	\$0	\$12,500	\$25,000	\$50,000
\$350,000	\$0	\$17,500	\$35,000	\$70,000
\$450,000	\$0	\$22,500	\$45,000	\$90,000
\$550,000	\$0	\$27,500	\$55,000	\$110,000
\$650,000	\$0	\$32,500	\$65,000	\$130,000

No Private Mortgage Insurance

Private mortgage insurance (PMI) is an insurance that protects lenders in case of a borrower default. With a VA Loan, however, there is no PMI. This is because the federal government backs all VA Loans and assumes the risk on behalf of the borrower that is typically covered by the PMI. This VA Loan advantage allows you to build more and more equity in your house, effectively saving you thousands of dollars over the life of your mortgage.

PMI MONTHLY SAVINGS

LOAN AMOUNT	MONTHLY SAVINGS
\$150,000	Save approx. \$115/mo
\$250,000	Save approx. \$191/mo
\$350,000	Save approx. \$268/mo
\$450,000	Save approx. \$345/mo
\$550,000	Save approx. \$421/mo
\$650,000	Save approx. \$497/mo



VA IRRRL



VA IRRRL - Interest Rate Reduction Refinance Loans

If you already have a VA loan, a VA Interest Rate Reduction Refinance Loan (IRRRL) — also known as a VA Streamline Refinance — can help you benefit from a lower interest rate and monthly payments.

What are the benefits?

- » No appraisal or credit underwriting package is required.
- » You can include the costs of getting an IRRRL in the new loan.
- » You can refinance an existing VA ARM into a fixed rate VA loan.
- » You can reduce a 30-year mortgage into a 15-year mortgage to pay it off sooner.

Ready to learn more and see if you qualify? Call our team today!





Generally, all Veterans using the VA Home Loan Guaranty benefit must pay a funding fee. This reduces the loan's cost to taxpayers considering that a VA loan requires no down payment and has no monthly mortgage insurance. You have the option to finance the VA funding fee or pay it in cash, but the funding fee must be paid at closing time. VA funding fee is waived if the veteran has 10% or more service-related disability.

Purchase & Construction Loans

TYPE OF VETERAN	DOWN PAYMENT	% FOR FIRST-TIME USE	% FOR SUBSEQUENT USE
Regular Military	None	2.3%	3.6% *
	5% or more	1.65%	1.65%
	10% or more	1.4%	1.4%
Reserves/ National Guard	None	2.3%	3.6% *
	5% or more	1.65%	1.65%
	10% or more	1.4%	1.4%

Cash-Out Refinancing Loans

TYPE OF VETERAN	% FOR FIRST-TIME USE	% FOR SUBSEQUENT USE
Regular Military	2.3%	3.6% *
Reserves/National Guard	2.3%	3.6% *

**The higher subsequent use fee does not apply to these types of loans if the Veteran's only prior use of entitlement was for a manufactured home loan.*



VA REMOVES HOME LOAN LIMITS

Effective January 1, 2020, VA will allow for 100% financing on loan amounts up to \$1.5M.

HERE ARE SOME DETAILS:

- » Blue Water Navy Vietnam Veterans Act of 2019 passed June 2019
- » Eliminates loan limits
- » Increases funding fee
- » Provides disability benefits to certain Vietnam veterans and their children
- » Increases purchasing power in competitive markets

TAX ADVANTAGES OF VA LOANS

- ➔ **INTEREST:** The interest you pay on your mortgage is deductible.
- ➔ **PROPERTY TAXES:** Part of your monthly mortgage payment is property tax. Property taxes can be deducted each year as long as you own your home.
- ➔ **POINTS:** Some home loan programs, such as fixed rate mortgages, allow you to obtain a better interest rate by paying points — a fee that's equal to one percent of your loan amount. However, you can only deduct points the year that you paid them and if the loan was used for your primary residence, among other things.

ADDITIONAL VA LOAN INFORMATION...

- ➔ Cannot use on non-owner occupied housing
- ➔ Must intend to live in the residence for one year
- ➔ Up to \$6,000 of energy efficient improvements
- ➔ There are flexible credit requirements
- ➔ You can purchase up to a 4 unit home, as long as they are on the same tax parcel
- ➔ You can have more than one VA loan at the same time

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OVERALL COMPARISON

How does a Veterans Administration Home Loan stand up to a Conventional Home Loan?

Military homebuyers have access to one of the most unique and powerful loan programs ever created. See how the VA Loan compares to a traditional home mortgage.

VA LOANS

0% Down (for qualified borrowers)

VA Loans are among the last 0% down home loans available on the market today.

No PMI

Since VA Loans are government backed, banks do not require you to buy Private Mortgage Insurance.

Competitive Interest Rates

The VA guaranty gives lenders a greater degree of safety and flexibility, which typically means a more competitive rate than non-VA loans.

Easier to Qualify

Because the loan is backed by the government, banks assume less risk and have less stringent qualification standards for VA Loans, making them easier to obtain.

CONVENTIONAL LOANS

Up to 20% Down

Conventional loans generally require down payments that can reach up to 20% to secure a home loan, pushing them out of reach for many homebuyers.

PMI Required

Private Mortgage Insurance is a requirement for borrowers who finance more than 80% of their home's value, tacking on additional monthly expenses.

Increased Risk for Lenders

Without government backing, banks are taking on more risk which, in turn, can result in a less-competitive interest rate on your home loan.

Standard Qualification Procedures

Conventional options hold stricter qualification procedures that can put homeownership out of reach for some homebuyers.



HOMEBUYING TIPS

Now that you've initiated the pre-approval process and have an idea of how much you're comfortable spending, make sure you work with a real estate agent you can trust, who has a proven track record and who prioritizes your relationship. Get referrals from family and friends who've been through the homebuying process with a helpful agent.

→ AVOID DUAL AGENTS

A dual agent represents both the buyer and seller in a transaction. This is often a conflict of interest because the agent may not negotiate in the interest of the buyer in order to increase his or her own commission.

→ CHOOSE THE BEST FIT

Before choosing an agent, consider asking the following questions:

- » *How long have you worked in real estate?*
- » *How many sales have you completed?*
- » *Is this your full-time job?*
- » *Have you previously sold homes in the area in which I'll be looking? How many?*

Tips During House Hunting

→ MAKING AN OFFER

Keep several factors in mind as you and your real estate agent get ready to present an offer to the seller:

- » *The asking price of the home*
- » *Recent home sales in the area*
- » *Market conditions*
- » *Potential resale value*
- » *Satisfaction with the neighborhood and amenities*
- » *Condition of the home*
- » *How many other prospective buyers are looking at this home*

→ GET A HOME INSPECTION

Inspections are important to help you fully understand the condition of a home. They can also be helpful for negotiations to help drive prices down or have additional services stipulated in the contract.

→ WHEN NEGOTIATING, TAKE THE TIME TO GET COMMITMENTS IN WRITING

During the sales process, a seller may make a variety of verbal guarantees. For example, the seller may promise to fix the roof before move-in or provide all of the kitchen appliances. Make sure this information is included in writing in any agreements you sign. If an agreement is not explicitly written in a contract, the seller is not obligated to abide by it.





Define the type of home you're looking for to make your homebuying process more productive.

YOUR WISH LIST

Purchase Price Range: \$ _____

Monthly Payment Range: \$ _____

PROPERTY SIZE

Property Style: _____

PROPERTY TYPE

- ☐ Single-family
- ☐ Condo
- ☐ Townhome
- ☐ Multi-family
- ☐ Manufactured Home

FEATURES

of Bedrooms: _____

of Bathrooms: _____

- ☐ Family Room / Living Room
- ☐ Office
- ☐ Formal Dining Room
- ☐ Eat-In Kitchen
- ☐ Basement / Finished Basement
- ☐ Fireplace
- ☐ Air Conditioning
- ☐ Garage (# of Cars): _____
- ☐ Landscaping

LOCATION

School District:

Other (porch, patio, pool, view, etc.):



HOME BUYER CHECKLIST ✓

House date viewed _____

Address _____

Asking Price _____

TYPE OF CONSTRUCTION

- ☐ Brick ☐ Stucco
☐ Frame ☐ Other _____

STYLE OF HOME

- ☐ Ranch/single story
☐ Two story ☐ Split level
☐ Rambler ☐ Other _____

Year Built _____

Square Footage _____

Lot Size _____

Amount of Bedrooms _____

Amount of Bathrooms _____

FEATURES AND AMENITIES

- ☐ Formal Dining ☐ Family Room
☐ Fireplace ☐ Garage Stalls _____
☐ Storage Space ☐ Laundry Room
☐ Large Yard ☐ View _____
☐ Office

UTILITY BILL REVIEW

Natural Gas per Month \$ _____

Power/Electrical per Month \$ _____

Water per Month \$ _____

Real Estate Taxes per Year \$ _____

FEATURES RATING GOOD FAIR POOR

Location ☐ ☐ ☐

Room Size ☐ ☐ ☐

Layout ☐ ☐ ☐

STRUCTURE GOOD FAIR POOR

Roof ☐ ☐ ☐

Foundation ☐ ☐ ☐

Windows ☐ ☐ ☐

Fireplace/Chimney ☐ ☐ ☐

Driveway ☐ ☐ ☐

Carpet ☐ ☐ ☐

Kitchen ☐ ☐ ☐

Cabinets ☐ ☐ ☐

Appliances ☐ ☐ ☐

Paint ☐ ☐ ☐

SYSTEMS GOOD FAIR POOR

Heating/Furnace ☐ ☐ ☐

Hot Water Heater ☐ ☐ ☐

Water Softener ☐ ☐ ☐

Electrical ☐ ☐ ☐

Plumbing ☐ ☐ ☐

Septic ☐ ☐ ☐

Well ☐ ☐ ☐

Air Conditioner ☐ ☐ ☐



HOME PROFILES

Property Address: _____

PROPERTY LIKES

PROPERTY DISLIKES

What does your gut tell you about this house?

Property Address: _____

PROPERTY LIKES

PROPERTY DISLIKES

What does your gut tell you about this house?

Property Address: _____

PROPERTY LIKES

PROPERTY DISLIKES

What does your gut tell you about this house?



HOME LOANS
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THANK YOU

We look forward to working with you.



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