

# Real Estate Perspective

By Loretta Arrington Hall



## Mortgage tools you can use to open more doors to homeownerships

For most prospective homebuyers the difference between renting and owning is not a monthly payment, it is the need for a downpayment. Today, homes are commonly available with as little as 5 or 3 percent down, and sometimes nothing.

FannieMae has developed several marketing tools that make it easier for you to open more doors to homeownership. Below are a list of some of the different programs available to qualified buyers.

FannieMae's Community Home Buyer's Program was developed to help low and moderate income potential home buyers achieve a dream of

homeownership. Five percent down payments, higher ratios of 33/38, no cash reserves needed at closing, less income needed to qualify, closing cost assistance is acceptable, and nontraditional credit histories are permitted. FannieMae's Community Home Buyer's Program turns homeownership dreams into reality.

FannieMae 97 Program; This 3 percent down payment mortgage loan opens more doors for home buyers who have difficulty accumulating the cash needed for a down payment. And, nonprofits, government agencies, and family members can pay for the closing costs.

### The LAS VEGAS SENTINEL-VOICE

Fannie 97 is ideal for potential home buyers who can handle monthly mortgage payments but have difficulty raising the funds needed to close. Up to 97 percent of the appraised value or sales price of the house may be borrowed, whichever is less.

FannieMae 3/2 Option is a low-down payment mortgage loan available under FannieMae's Community Lending products umbrella. The 3/2 Option offers increased flexibility for potential home buyers by making it easier to obtain a 5 percent down payment. With the 3/2 Option, borrowers must provide 3 percent from their own funds; the remaining 2 percent can come from either a gift, grant, or unsecured loan from a nonprofit organization, government

agency, or, under certain conditions, secured financing from a government agency or nonprofit organization. Also, higher debt is allowable, with qualifying ratios of 33/38. The 3/2 Option is available in a 15 or 30 year, fixed-rate mortgage loan. Up to 95 percent of the appraised value or sales price of the house may be borrowed, whichever is less.

The FHA loan program, for example, requires downpayments that amount to roughly 5 percent of the purchase price for applicants who qualify. Under the current FHA formula, for example, a home priced at \$145,000 could be financed with \$7,750 down (5.34 percent). In addition, with FHA-backed mortgages many closing costs can be financed, another feature

that reduces the need for buyer cash.

The VA program is even better: qualified individuals can borrow as much as \$184,000 with no money down. The VA program does have a 1.25 percent "funding fee" at this time, but given a choice of paying \$2,300 up front or a higher amount at closing for a loan valued at \$184,000, you can bet that most people would opt for the smaller payment.

Another approach to deal with little or no money down works like this: assume a seller's current mortgage and have a seller take-back financing. For example, if I am selling my home for \$200,000 and has an assumable loan with a current balance of \$150,000, then a deal might work like this: You assume

the mortgage and I (the seller) take back a second mortgage (or second trust) worth \$50,000. Now the property has been sold for the full \$200,000 but the deal was accomplished with little or no money down. Another term for this is "owner-financing."

These are just a few ways you can open the doors to homeownership with available mortgage tools. I can list many more, for additional information, please give me a call, I would be happy to help you help yourself to homeownership.

As always, please contact a professional for all your Real Estate needs or write or call me c/o REAL ESTATE PERSPECTIVE, Las Vegas Sentinel-Voice, 900 East Charleston Blvd, Las Vegas, NV 89104, (702) 494-5432; Fax (702) 457-0114.

## Checkup

(Continued from Page 4)

many people put off retirement planning until it's too late to do anything about it. As a result, they have to work longer than they expected, or they have to adjust to a reduced standard of living once their careers are over. By starting to save early and by evaluating your progress each year, you can get a much better idea of how you're progressing. If it appears that you're not accumulating enough you may want to alter your budget to set more aside with each paycheck or seek a higher return on your investments.

**Signal Lights — Estate Planning.** The signal lights in your estate plan are the

provisions you make in your will for family members or other beneficiaries. You must decide who to name as your heirs and how much each will inherit.

Some people simply divide their estate equally among their heirs, while others consider the special needs or circumstances of each person and divide the estate accordingly. In addition, you may want to make special bequests to someone outside your family or to charitable organizations.

Reviewing your financial plan, like bringing your car in for an inspection, does not have to be a difficult or time-consuming task especially if you do it on an annual basis.

## Cyberspace

(Continued from Page 4)

Leadership Network will provide techniques, strategies and processes for solving problems and improving the lives of African Americans. The network will be a valuable contribution to training and developing new leaders. To get to the Network use the keyword Urban League. To receive free Leadership Network software for the National Urban League or America Online please call 1-800-652-0808.

The National Urban League homepage is sponsored by Public Access Networks Corp. The Leadership Network is sponsored in part by a grant from the Kellogg Foundation.

For further information phone B. Keith Fulton, Director of Electronic Communications National Urban League, at (212) 310-9244 (or on the Internet bkfulton@nul.org).

Founded in 1910, the National Urban League was

established to help African Americans attain social and economic equality. The nonprofit organization has affiliates in 114 cities, in 34 states and the District of Columbia.

## Protest

(Continued from Page 3)

capital. The group's 260,000 members have a long history of supporting diversity and opposing racism, officials said.

The late Rev. Pauli Murray, an African American woman and minister, founded the group in 1966 by and co-authored the group's Statement of Purpose. Aileen Hernandez, also African American, was the group's second president in 1971, and two years later the group formed its affirmative action committee.

African-Americans now make up one-third of the organizations national board and staff.

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