

# Employee Benefits Monthly

March 2005

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- Valued Merchants

Monthly local offering only given to you; brought to you by Robert and Brian of First Security Loan  
- Offered to employees of Miss Sandie's School, WBE Inc., Novato Unified School District, and the City of Novato

## Welcome to Employee Benefits Monthly....

This is **your** monthly benefits newsletter. Because you are a valued employee, your company is allowing us to offer the below special deals with local merchants. These are discounts not offered to the general public. Below you will find the merchants and their offers as well as your Employee Benefit Card. Please make sure to bring this card or the whole newsletter with you when visiting these merchants. The offers will rotate monthly. These offers are being sponsored by Robert Sundberg and Brian Dixon, Real Estate Loan Consultants with First Security Loan of Novato, along with your Employer at NO COST to you. We hope you enjoy and are able to take advantage of this benefit your employer is offering you.

## Types of Real Estate Purchase Loans

Many people think of purchase loans as solely for their home. There are a few ways in which purchase loans can be used.....

**Primary Residence:** This is the basic way most people use purchase loans. First time buyers and seasoned homeowners have many options open to them when buying their main residence. Loan scenarios are available up to 100% of the property's value as high as \$1,250,000+. Loans are available for those with excellent credit as well as very poor. The standard loan will qualify the borrowers on documented income with the goal of the debt ratio (monthly expenses divided by gross income) not exceeding 45% (some lenders will stretch this as much as 55%+ based on credit scores, etc.). For the borrower whom it may be difficult to document their income, there are stated income and No Doc loans available...On a Stated Income loan, the borrower states what they are making, but no documentation to back it up is required. On a No Doc loan, the borrower does not state employment or income...Both of these types of loans are offered at a higher rate than a standard loan. A Primary residence can be a single family home, condo, townhouse, or PUD. It can also be a 2-4 unit residence if the purchaser occupies one of the units...

**Second Home:** A second home is a residence that is not the primary home, but it is not planned to be rented. Many lenders will want a second home to be located in an area where it is reasonable that people would vacation, and it should be some distance from the primary residence. Someone living in Novato could not do a second home purchase in Novato. For the most part, these loans are treated like a primary residence. Some lenders will do a slight add to the rate and some will restrict loan amounts. On these loans the borrower has to qualify for their primary and second home without the benefit of any rent. They still have to meet the maximum debt ratios (45%).

**Investment Property:** From a residential standpoint, an investment property is one that has 1-4 units and is fully rented. Generally these loans are at a higher interest rate than the Primary or Second home loans by as much as .50. These loans will generally require more of a down payment. A few lenders will offer up to 100% finance on these, but for the most part you are looking at 20%+ down payment for more favorable terms. The potential rent on the property is utilized to offset the debt ratio. Lenders will usually take 75% of the rent, then subtract mortgage, tax and insurance payments to determine if there is a positive or negative cash flow. They will be looking at the same debt ratio caps as on the Primary and Second home.

\* Popular loans for all the above are the Interest only and the Option ARM...These both offer much lower payments than the standard 30 year fixed rate loans.

**Other:** When you are 5+ units, the property is an apartment and different guidelines and loan options apply...Other real estate purchase loans would include commercial, land, and industrial. Call with questions on these ...



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**Representing many lenders and 100's of loan programs to fit your Real Estate Finance needs....**



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