



# Getting a Home Loan in Los Angeles County



## *Your Local Real Estate and Lending Professionals*

WLM Financial is a Community First Business, which means we lend assistance to the community in any way possible inside and outside of the office.

We work closely with a multitude of lenders and other financial institutions to find the lowest possible rates for our clients.

Our mission is to accommodate our clients with the best advice and financing solutions to fit their needs.

We lead with loyalty, operate with honesty and close with integrity. At WLM Financial, we have a deep level of commitment to our clients, their family and goals.

If you're looking to buy a home, residential or commercial investment property, or vacation home, contact our mortgage specialists today, contact us today!

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Odest is a Principal at WLM Financial, He specializes in consulting and advisory services for corporate clients, law firms, technology firms, education, government, and non-profit organizations throughout Southern California. His practice encompasses a broad spectrum of transactional disciplines including transaction negotiations, tenant buy-outs, tenant relocations, lease restructuring and marketing. He is an expert in strategy, market analysis, and team building. He excels in devising creative solutions to difficult situations. Odest has spent the last decade providing clients with real estate consulting and expertise to achieve his client's needs.



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Tomas Johnson, CCIM candidate and CO-owner of WLM Financial. He is an accomplished real estate broker and finance expert. His expertise spreads across a wide spectrum asset classes and loan products. Tomas has closed Residential, Multi-family, mixed use, and retail commercial properties. He frequently works on complex finance scenarios in other countries for investors. As a Los Angeles native Tomas was able to gain experience in the real estate market through multiple transactions with multiple hurdles along the way. Tomas is no stranger to development, his family has been in the construction field for over 50 years. Tomas holds licenses has a California Real Estate Broker, Mortgage Banker, and is currently seeking his CCIM designation. This designation is among the highest in commercial real estate. Tomas also owns a Minuteman Press, a print and Marketing Design franchise that slogan is "We Design Print and Promote you. " We can put your logo on anything you think of.

# 5 WLM Steps to Prepping Your Credit for Buying a Home

As the housing market heats up and more consumers consider buying a home, it's important to consider the role that your credit score plays in your ability to secure a mortgage. While WLM Financial excels on getting creative with a client's challenging background, ([link to WLM Gets Creative with Home Loans](#)), conventional mortgage lenders will typically want a **FICO score of at least 720**.

With that in mind, here's a look at WLM's 5 Major Steps to prepare your credit before applying for a mortgage.

## **1. Review your credit report.**

Several months before you plan to get a mortgage, check your credit report for any issues. If you generally pay your bills on time, then check your credit two to three months in advance just in case you need to correct any mistakes. For those who know they have late payments or other derogatory items on their account, start six to nine months in advance to clear up those issues.

## **2. Dispute any inaccuracies.**

A report from the FTC earlier this year shows that roughly a quarter of the reports examined by the commission contained at least one "potentially material" error. If your credit report contains errors, you'll want to file a dispute with all three of the credit report bureaus.

## **3. Stop buying on credit.**

In the excitement of buying a house, some people rush out to charge new appliances or furniture before closing. But even if you're in escrow, having a debt utilization ratio above 30 percent right before closing could disqualify your loan. Also hold off on getting a car loan, as car financing tends to be more lenient than mortgage criteria.

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#### **4. Leave older credit lines open.**

If you have older accounts leave them open. Even if you don't use them all the time, the older credit cards reflect positively on your account. Try to use those credit cards every few months and pay the balance in full so those lines remain active.

#### **5. Avoid opening new credit lines.**

The credit bureau doesn't know how you're going to handle that new credit, so because there's that uncertainty, it's a risk factor. Once you're six months away from applying for a mortgage, stop opening new credit lines, as this can temporarily lower your score.

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# What Is The Best Loan For You? (Part 1)

Understanding what loan is best for you isn't always as simple as it might seem. With so many different kinds of loans, many of us end up in situations that might not be in our financial favor.

Most of us just want to own a home, so when someone tells us they have a way of making that happen we don't ask too many questions. The problem is once we have signed on the dotted line and that 30-year mortgage is already in place, we start to ask questions, and it's already too late.

An FHA loan is a mortgage insured by the Federal Housing Administration. Borrowers with FHA loans pay for mortgage insurance, which protects the lender from a loss if we default on the loan. Because of that insurance, lenders can – and do – offer FHA loans at attractive interest rates and with less stringent and more flexible qualification requirements. The FHA is an agency within the U.S. Department of Housing and Urban Development.

To get a mortgage with a down payment as low as 3.5%, the borrower needs a credit score of 580 or higher. Those with credit scores between 500 and 579 must make down payments of at least 10%. People with credit scores under 500 generally are ineligible for FHA loans. The FHA will make allowances under certain circumstances for applicants who have what it calls "nontraditional credit history or insufficient credit" if they meet requirements. But you will have to ask your FHA lender or an FHA loan specialist if you qualify.

FHA borrowers can use their own savings to make the down payment. But other allowed sources of cash include a gift from a family member or a grant from a state or local government down-payment assistance program.

However, seeing as the FHA is not a lender, but rather an insurer, we need to get our loans through an FHA-approved lender (as opposed to directly from the FHA). Not all FHA-approved lenders offer the same interest rate and costs – even on the same FHA loan.



With the FHA loan, you will have to pay two mortgage insurance premiums. The upfront premium is 1.75% of the loan amount – \$1,750 for a \$100,000 loan. This is paid when you get your loan. It can be added into the total cost of the home purchase.

The second is called the annual premium, although it is paid monthly. It varies based on the length of the loan, the amount borrowed and the initial loan-to-value ratio, or LTV.

You also get FHA insurance, which isn't intended to be an easy out for people who feel unhappy about their mortgage payments. But loan servicers can offer some help to us if we have an FHA-insured loan, have suffered a serious financial hardship and are struggling to make our payments. That relief might be a temporary period of forbearance, a loan modification that would lower the interest rate or extend the payback period, or a possible deferment of interest.

Just remember it's all about finding the loan that fits you and your family best. At WLM Financial & Realty, our goal and my dream is to teach people how to get in the position to be financially free, and with a little bit of hard work and endurance you can get there.

If you have any question on anything from how to find an FHA lender, or just to get more details, feel free to call me anytime at **310-905-7420**, email

**Odest@WLMFinancial.com** or visit our Facebook page at

**[www.facebook.com/WMLFinancial](https://www.facebook.com/WMLFinancial)**. We will be giving money saving tips all year long.

# What Is The Best Loan For You? (Part 2)

Mortgages now need three basic elements to qualify: cash, good credit and income.

Conventional mortgages are “plain vanilla” home loans. They follow fairly conservative guidelines for:

- Borrower credit scores
- Minimum down payments

Debt-to-income ratios (Percentage of monthly income that is spent on debt payments, including mortgages, student loans, auto loans, minimum credit card payments and child support)

Conventional mortgage loans usually require a minimum down payment of 5 percent, with 10 percent required on condominium purchases. Borrowers who need to finance more than the conforming loan amount of \$417,000 will need a higher credit score of 700 or above and a larger down payment.

While it is possible to get a conventional loan with a credit score as low as 620, the interest rate will be higher because of the added risk of the low credit score, However, with a score of 620 or less you will need to make a down-payment of at least 20 percent because you can't qualify for mortgage insurance with a credit score of 620.

Conventional loan programs usually require the borrower to have at least three months' of cash reserves after closing. Lenders can require as much as 12 months' cash reserves depending on the loan size, amount of down payment and your credit score.



You will also need to prove your income and assets with current pay stubs, W-2 forms, bank statements and job histories. If you are a 1099 contractor or are self-employed, you will need to provide two years of tax returns.

In English, all of this means a conventional loan is very good for those of us with a 700 or higher credit score, money in the bank for a 10-20 percent down payment, closing cost, and at least 2 years of job history with W2s and tax returns that do not show large losses for the past 2 years.

The benefit of having all of these things in order is a lower interest rate over the term of your loan. For those of you in this position, a conventional loan is waiting for you. And for those who do not, there are programs available with down payment assistance such as LIPA (Low Income Purchase Assistance). There are programs to fit every borrower; you just need to work with the right real estate and lending professionals.

At WLM Financial, our goal and my dream is to teach people how to get in the position to be financially free, and with a little bit of hard work and endurance you can get there.

If you have any question on anything from how to find a lender, or just to get more details, feel free to call me anytime at **310-905-7420**, email **odest@WLMFinancial.com** or visit our Facebook page at **[www.facebook.com/WLMFinancial](https://www.facebook.com/WLMFinancial)**. We will be giving money saving tips all year long.

# Gift Funding for Purchasing A Home



There are 4 key things you need to know when getting gift funds from a family:

Number one, you need to make sure that they're writing a letter that states that gift funds are a gift and not loan.

For conventional loans you can use gift funds for either a primary residence or for a second home where three FHA only allows you to use it for your primary residence

And the fourth thing that's very important for you, to know is that wherever that money is coming from you need at least 60 days of history the show that that money has been sourced correctly.

If you have any more questions about gift funding, give us a call.

# Turn your Tax Return into a Property



Tips on how you can use your tax money to buy a multi-family unit with you and your family in LA.

The markets so hot right now there's really not a lot of single-family homes, so people are struggling to find properties that they can afford. So what we've been suggesting to people is that you get together with a friend or a family member. You take your tax money as it comes in it from that return and you put it together in a pool.

So that you can have the down payment to get into a multi-family and that is a 2 to 4 unit. And what that allows you to do is you could have one unit for yourself, one unit for a family member and possibly the other two units you can rent out to cover some of your mortgage payment.

If you have any more question about using your tax money to buy a multi-family unit in LA, give us a call.

# Pre-Qualified, Pre-Approved & Approved - What's The Difference?



Knowing the difference between pre-qualified pre-approved and approved. Everybody gets all this mail and they're always wondering what the difference is.

Pre-qualified is essentially a lender saying "Hey with the basic criteria it seems like you might be qualified to get a loan."

Pre-approved on the other hand is when the lender says "Hey from the information we gathered from you in this conversation and also from a little bit of paperwork and from your credit score we see that you might be the perfect person to get this amount of money for a loan."

Approved is after you've taken everything to underwriter and you have them go through it. They take in your credit your debt and all the paperwork.

They would need to get you approved packaged up and a set amount of money for you to get your home.

If you have any more questions about these terms, give us a call!

# Why Get Pre-Approved



Three key benefits to being pre-approved in the seller's market.

One, it tells the seller you're serious about buying.

Two, it allows you to make an offer on the spot and three, it puts you at a competitive advantage to other buyers who may not have a financing option set up.

The reason we want to be pre-approved coming in is because it allows your realtor to be able to make the adjustments you need and possibly come in with a lower offer occasionally than somebody who may have more money but they don't have their own offer already set up and ready to go with a pre-approval letter.

Wanna know more about getting pre-approved? Give us a call.

# How Long Will Your Mortgage Pre-Approval Last?



Discussing time frames and how much time you have after you've been pre-approved.

One of the big questions people always ask is, "How long do I have to find a house?" Well you have 90 days for your credit report to stay valid, 120 days for your appraisal and for your title work to stay up to date. So, it's not a big hurry.

But you do want to make sure you're falling within a time frame to get everything done you don't want to have to keep re-submitting paperwork such as your bank statements and your pay stubs. So we want to make sure we're moving at a rapid pace but we don't want you rushing.

If you have any more question about pre-approval time frames, give us a call.

# Should I Go Conventional?

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The four key things that make a conventional loan alright with me.

One, conventional mortgage insurance will automatically end at 78 percent LTV while FHA mortgage insurance lasts with a life of loan.

Two, conventional loans can cover much higher limits on how much home you can buy. FHA has county limits that you're set with.

Three, conventional loans can also be used to purchase second homes and investment properties.

Four, even though conventional loans may have a higher interest rate without private mortgage insurance, sometimes you're left with a lower monthly payment.

If you have any more question about conventional loan, give us a call!



# Buying A Property Together



What you need to know about buying a property together.

One of the biggest misconceptions we have out there is that you only can buy a property by yourself. What most people don't understand about the loan process is that if you want get a family member or friend to go in with you on the purchase you can double your income. Possibly.

You have to make sure that both parties have low debt so that you're not ruining it for one another. But what you do is, you buy a property together, you help pay down the mortgage and while you build equity in that property you remove that eventually to buy a second property and then both parties who went in on the purchase end up with their own.

If you have more question about buying a property, give us a call.

# What Not Do To While Getting Your Loan?



Two important things you should know never to do while in the middle of the loan approval.

One, never charge anything unnecessary in your credit. Whether finance a car, doing a purchase or planning a big trip. Anything that's going to affect your debt and is possibly going to knock your credit score down and not allow you to be able to get that loan.

Two, and many people won't believe that you should not do this, but do not try to change your job in the middle of getting a loan. You need that history at the job you're with to make sure this loan is approved.

Learn more about do's and don'ts on getting a loan approval by giving us a call.

# Benefits of an FHA Loans



The four key factors that make an FHA loan so awesome in 2017.

Number one, you can get in with a lower credit score. As low as a 580 number.

Two, FHA mortgage rates with the FHA you can get as low an interest rate as a person with a higher credit score who is doing a conventional loan.

Three, closing costs. The FHA loan allows for you to come in with money from the seller sell their credits is up to up to six percent. Which you cannot do a conventional loan.

Four, they are assumable. There are no assumable loans with conditional. Assumable loan is a loan that is allowing for a person that you want to sell to family, friend or someone you just might want to sell your home to, to come in pay the mortgage for a certain amount of time, and then be put into mortgage.

For more questions about FHA loan, give us a call.

# Understanding Earnest Money Deposit



Five things you need to know about currency money deposit.

One earnest money allows your seller to know that you're serious, once you put that money down the show that you're ready to go in escrow.

Two earnest money is a small percentage of the total amount that you're going to be paying for the property as a whole.

Three earnest money deposited can be refunded. If you back out in a certain amount of time within the guide lines of what your Realtor put into your contract.

Four it can be non-refundable if you do not follow those guidelines and

Five you always want to make sure that you're putting a percentage into your earnest money that's going to allow for you to show the seriousness of your purchase.

Learn more about currency money deposit by giving us a call!

# Interest Rates Vs. Mortgage Payments



The difference of Interest rates versus mortgage payment.

A lot of people are going to talk to you about low interest rate, low interest rate, low interest rate and yes that is important. But the thing that you really want to be concerned about every month is how much mortgage you're biting off. You never want to be house rich and cash poor.

So one of the things you always want to make sure, you're paying attention to, is how much your mortgage payment is going to be every month.

Give us a call to learn more about interest rates and mortgage payments.