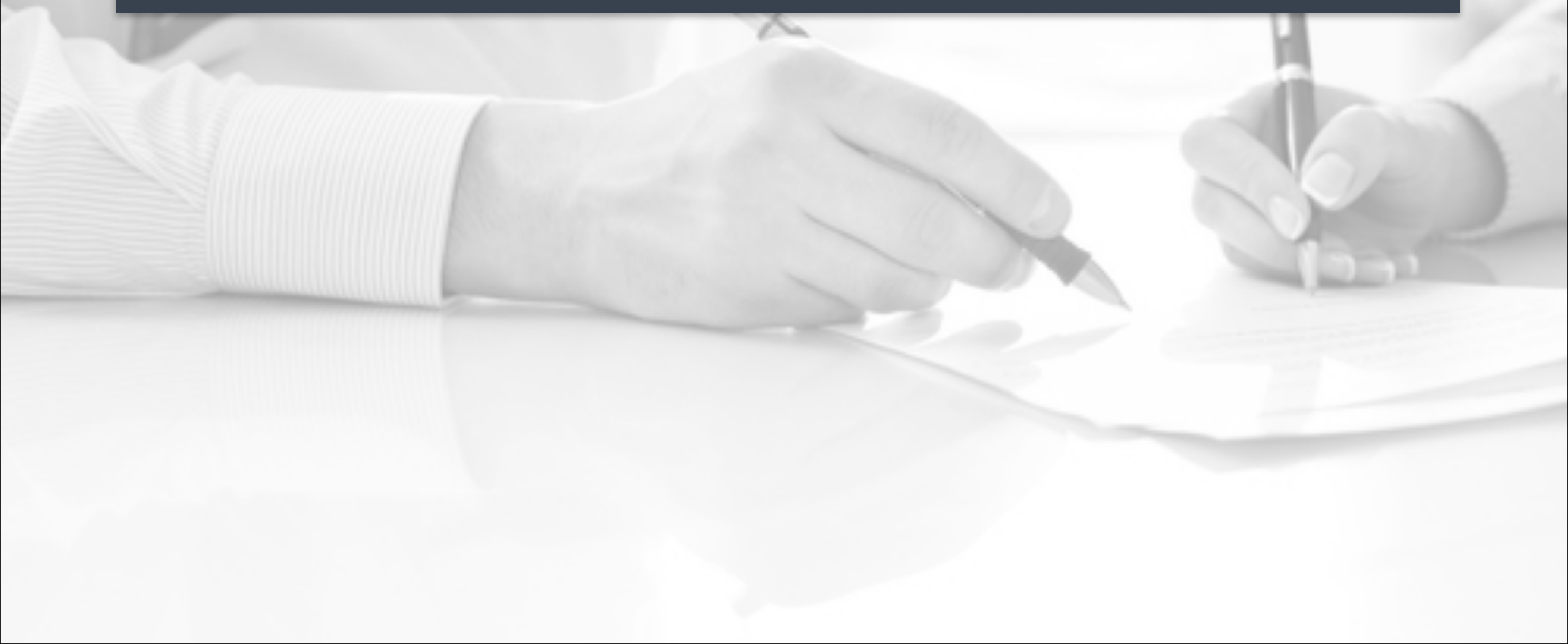


Consider A Co-Signer



What Is A Co-Signer?

- A cosigner is someone who guarantees that if the borrower cannot pay back the loan, they will be legally responsible to pay back the debt
- Co-Signer must demonstrate:
 - Stability
 - Ability to pay
 - Willingness

Why Use A Co-Signer?

- Primarily, it is done to allow people to buy a home while their future income catches up with their financial obligations
- Another reason why people ask for a relative to help as a co-borrower is to help overcome slight credit deficiencies
- Example: Person attending college away from their hometown, and parents may co-sign on the purchase of a home

Difference Between Co-Signer & Guarantor

- A Co-borrower is just another applicant, such as the spouse or siblings buying a house together
- Co-signer is usually brought on to add strength to a mortgage application
- A guarantor would personally guarantee the mortgage repayment, however, a notable difference with a guarantor is that a guarantor will only go on the mortgage (the debt) and not on the title of the property (asset)

Fannie Mae B2-2-04: Guarantors - Co-Signers

- Guarantors and co-signers are credit applicants who do not have ownership interest in the subject property as indicated on the title
- Sign the mortgage or deed of trust note
- Have joint liability for the note with the borrower
- Do not have an interest in the property sales transaction, such as the property seller, the builder, or the real estate broker

FHA Non-Occupying Co-Borrower Rules and Guidelines

- FHA will allow the non-occupying borrower to be either a relative or a close friend
- For the non-occupying co-borrower the following conditions will have to be met:
- A complete two year history of both credit, employment and residence will be required
- The person must have a valid social security number

Loan Ratio - Down Payment

- The maximum loan-to-value ratio of 96.5%, for a 3.5% down payment, is allowed if the co-borrower is related to the buyer
- Since many FHA buyers are able to obtain a gift of a down payment from their parents or relatives, the non-occupying co-borrower can skip the usual paperwork associated with the gift and simply use their funds for the down payment

The background consists of several overlapping, slightly tilted white papers. On these papers, various mortgage rates are printed in a serif font, including 2.5%, 3.0%, 4.0%, 5.0%, 6.0%, 7.0%, 8.0%, and 9.0%. One prominent paper in the center features the words 'Mortgage Rate' in a large, bold serif font. The papers are arranged in a way that creates a sense of depth and focus on the financial theme.

Finding the lowest mortgage rates