

# MORTGAGE RULES ARE CHANGING...

Are you working with the right lender?



## What's changing and when?

Beginning on January 10, 2014, some new rules go into effect which will provide homeowners and consumers shopping for a home mortgage with new rights and greater protection. These rules require lenders to document a borrower's ability to repay the loan and follow other guidelines to protect consumers. These new rules were issued by the Consumer Financial Protection Bureau or CFPB which was established as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act).

## What does this mean for you?

Simply, the rules say that lenders have to make a reasonable, good-faith effort to determine that a borrower has the ability to repay a mortgage by verifying and documenting at least eight specific criteria including income, assets, credit history, other debt obligations, and employment status.

We also realize that many of our customers have specialized needs and there may be times when it makes sense to apply for a non-qualified mortgage. Our bank will work hard to accommodate all of our customers' needs while upholding the highest-quality lending standards. Now, more than ever, it's important to work with a bank you know and trust.

### 8 financial criteria that must be considered:

- Current/reasonable expected income
- Current employment status
- Monthly mortgage payment
- Monthly payment on simultaneous loan
- Monthly payment for mortgage-related obligations
- Current debt obligations, alimony or child support
- Monthly Debt-to-Income ratio and/or residual income
- Credit History

## Tips When Shopping for a New Home Loan

**Call me first!** Contact Vectra today for a free home mortgage consultation or for additional information visit the CFPB's website directly at [www.consumerfinance.gov](http://www.consumerfinance.gov).

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- Know before you owe. You are a great source in determining the amount you are comfortable paying for your mortgage.
- Understand your value. Review your appraisal or valuation before you close and understand how the appraiser arrived at the estimated value.
- Get reliable help. Seek assistance from experts you know and trust and only do business with reputable entities like your local bank.
- Be an educated consumer. Shop around, compare your options and ask questions – lots of them!