

Mortgage Matters

by Tammy Engel

Fannie Mae's HomePath Loans

Homes that have been foreclosed on by Fannie Mae are listed on a special website: www.HomePath.com. This database is searchable by zip code, city, or county to show properties currently available for sale by Fannie Mae, via a local listing Realtor.

Some properties are noted with a "First Look" designation, which means that owner occupants get priority for the first 15 days of the listing. Investors can bid when the intro period has expired.

Most properties are also noted with a "HomePath Mortgage" designation. This is a special loan program by Fannie Mae to finance the sale of its own properties. It sounds pretty great, with as little as 3%-5% down payment, no mortgage insurance, and no appraisal needed. Even investors can participate with at least a 15% down payment.

The "no appraisal" feature could be really handy if you think the property would not appraise at your offer price. The sales price would be set at the accepted offer, with no worries that an appraisal might come in low and ruin the transaction.

Great! But what's the catch? HomePath loans can be more expensive than other options. If a home is listed for sale at \$250,000 at www.HomePath.com, and you compare HomePath financing to FHA, here's what you'll get:

If the buyer has a 719 FICO score and puts 5% down on HomePath at 4.5% for 30 years, the payment is \$1536 PITI and the cash to close is \$26,863. Same buyer putting 3.5% using FHA, pays \$1693 PITI per month and spends \$16,663. With HomePath you save \$157 per month at an up-front cost of \$10,200. Is the appraisal waiver worth that much to you?

The HomePath site lists the major national lenders offering this special financing, but your local mortgage office should have it, too. Where it may be a great loan for some buyers, be sure you check out all your options before making your final financing decision. Your local mortgage advisor will have the tools to create your best loan.

Tammy Engel is your local Mortgage Advisor, and is the only lender in Kern County authorized to display the Lending Integrity Seal of Approval. Contact her at

661/822-REAL with your home loan questions.