



October 1, 2017

Your Most Asked Questions:



This week we sat down for a short Q&A with our founder and Managing Director, Kavanaugh Tucker. In this session, we were hopeful to provide insight for realtors in the residential lending arena:

Why do underwriters have a problem with selling a home furnished?

As a lender, who don't want furnishings included as part of collateral. A home being sold furnished gives the impression that it is impacting the purchase price of the home which can falsely inflate values. 30A homes aren't being furnished by Rooms to Go (no offense), and furnished packages in a luxury beach community here could drastically impact the value of the collateral. To ensure an efficient close, we advise agents to remove the furnished language from the purchase contract altogether. At the very least include the verbiage "furnishings are being left at the sellers convenience and conveyed at no value"

How long should we put for a financing contingency?

Honestly...through the closing. We can get a loan commitment much faster, but even with the conditional approval many of the underwriting requests might reveal something of concern. 2nd home buyers are complicated, we might provide a loan commitment with condition of providing supporting income or asset documentation, there are times when those supporting documents might show something problematic.

Why are condos harder to finance?

Condos, especially in FL, were of the hardest hit in the country in terms of decline in value during the housing crisis. In addition, condos typically tend to have a higher concentration of investor owned vs owner occupied units. The HOA as well can bring added complexities and higher propensity for lawsuits or other owner conflicts. The culmination of factors can result in a higher level of risk. Usually the property manager will know if they have been deemed non-warrantable or condotels, which will typically require a 20-25% down payment.

When a problem does come up, why don't lenders know or inform everyone sooner?

Mostly because we don't know there is a problem early on. Similar to the answer above, the loan commitment usually comes with supporting asset or income documentation. An example would be that we review and approve initial tax returns, but those returns reveal that there are additional undisclosed tax entities being filed. After collecting the additional tax entities, this might reveal an underwriter concern, such as a decline in income in that entity or additional debt taken.

Why do I have to provide all of this documentation?

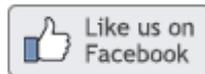
Many borrowers don't understand that this is not a function of qualifying them for the loan. The borrowers are typically way overqualified. With all of the government regulatory overhauls, lenders face stiff penalties from regulatory agencies for not properly documenting files.

Recent Highlights:

- **Bank Statement Purchase** (No tax returns) on an over \$3mil home in Rosemary Beach
- Application to CTC in **16 days** on conventional refinance in Miramar Beach
- \$2mil 2nd home purchase in Seagrove 75% LTV
- \$1.14mil 2nd home purchase in Inlet Beach → only 10% of down payment required personal cash outlay (Home equity line on the primary home was facilitated for the balance).



Follow us on Facebook or go to our website to learn about more of our recent closings.



Rate Watch:

- Rates have been at or near their lows for 2017 over the past couple of months
- Rates have just started to trend higher over the past two weeks. Some of this movement was due to the Fed and some to economic optimism surrounding President Trump's tax plan.
- Rates are still in a historically great place, and we will be monitoring this recent trend upwards. The average rate being quoted around the country for a conventional conforming loan is 4.00%

Rate are subject to borrow qualifications, credit history, and other factors. Rates are subject to change based on current market conditions.

A brief reminder

This is what we do:

- **We have access to a broad range of products and programs.** This means we find unique solutions to help your borrower when necessary.
- **We close loans fast.** We are available around the clock to make sure we get loans to close faster than anyone else.
- **We are local.** We have knowledge of this market. We are a part of this community. This factor can often be overlooked by out-of-town borrowers, but it can be invaluable in such a unique marketplace.
- **We give borrowers the white-gloves treatment.** All of our clients receive the customer service they deserve and are often already accustomed to.



Kav Tucker
850.608.3029

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