



**Investors get Waiting Period Exception for Mortgage Financing!**

Our Arizona market has many buyers paying cash today! These cash buyers are real estate investors buying at auction or buyers in a position to pay cash now with the intention to obtain a mortgage on the property in the future.

Great news Arizona market! The standard waiting period for borrowers who want to take cash-out of a property recently purchased is 6 months. However, Fannie Mae released an **Exception** a couple weeks ago which waives the 6 months waiting period as long as the following requirements are met:

- **New loan amount is calculated off the purchase price**
- **Purchase transaction was arms-length**
- **The transaction is documented by the HUD-1, which confirms no mortgage financing was used to obtain the subject property**
- **The source of funds for the purchase transaction are documented (such as, bank statements, personal loan documents, HELOC on another property)**
- **If the source of funds to acquire the property was an unsecured loan or HELOC, that source must be paid off with the new refinance transaction**

This is great news for all Arizona buyers purchasing property with cash on the auction block! The customary loan to value ratios & credit score requirements will apply with the cash-out refinance:

- **Owner Occupied: Max LTV 85% with a minimum 700 credit score (fico score can be lower at lower LTV's)**
- **Second Home: Max LTV 75% with a minimum 680 credit score**
- **Investment Property: Max LTV 75% with a 700 credit score**

Alternate LTV (loan to value) and mortgage guidelines apply for those borrowers who have 5-10 financed properties. Feel free to call me with any scenarios you may have for your cash buyers. I am happy to research the mortgage guidelines and prepare a personal financing strategy for them to leverage their cash position should that be important to them. I also recommend cash buyers, who are buying a primary residence, talk with their CPA or accountant about potential mortgage interest deductibility obstacles should they decide to later obtain a home loan on the property. The IRS has specific rules on acquisition indebtedness and mortgage interest deductibility.

I know, I know.....so much to digest! The good news is you don't need to know ALL of the details. We are here to assist. Don't hesitate to call or email me with questions about this exciting program.

Best,

Kelly

***Quote of the week: Though no one can go back and make a brand new start, anyone can start from now and make a brand new ending. ~ Carl Bard***

**If your clients want to run their own mortgage payments, direct them to my website [www.kellyzitlow.com](http://www.kellyzitlow.com) under the Mortgage Resources tab for a Mortgage Calculator!**

*Please note: this information is general in nature and is not intended as investment, tax or real estate advice. Please refer to your independent tax advisor for further information.*

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