



**VALLEY  
STRONG**  
CREDIT UNION

# **HOME LOAN WEBINAR QUESTIONS & ANSWERS**

*Originally presented on July 21, 2020*



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  - [Credit Questions](#) – Questions related to understanding how obligations of credit relate to the home buying process.
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# CREDIT QUESTIONS

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**Q:** How will buying a car affect my ability to purchase a home?

**A:** Buying a car will affect your debt to income ratio. This ratio is what we use to help determine how much home you can afford. Valley Strong caps debt to income at 50% when reviewing applications for approval.

**Q:** How do student loans affect my debt to income ratio?

**A:** If you are in repayment, the payment amount reported will be used to calculate your debt to income ratio. If you are not repaying, one percent of the balance of your loans will be used to account for future obligations.

**Q:** If a married couple applies whose credit score is used?

**A:** When a joint application is submitted, the highest credit score is used to determine the terms of the loan.

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# LOAN QUESTIONS

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**Q:** What are your current interest rates?

**A:** Find Valley Strong's current interest rates here: <https://www.valleystrong.com/home-loans>

**Q:** How long does a pre-approval last?

**A:** Pre-approval letters are valid for 90 days.

**Q:** How much should I spend on my monthly mortgage payment?

**A:** Each case is different, and you should closely examine all your expenses (Payments which don't reflect on your credit report like daycare or utilities) and obligations to ensure you can continue to live comfortably.

**Q:** What's the difference between pre-qualified and pre-approved?

**A:** Pre-qualified is an informal discussion based on hypotheticals and assumptions about different parts of your financial picture. A pre-approval is a formal agreement based on concrete documentation to provide financing for the purchase of a home.

**Q:** Is there a possibility of getting pre-approval without a down payment?

**A:** Yes, there programs available for down payment assistance, including for Veterans.

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# LOAN QUESTIONS

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**Q:** Can I go into a branch to apply?

**A:** Valley Strong encourages our Members to apply online. If you prefer, you can make an appointment to see someone by calling (661) 833-7926.

**Q:** What is the recommended amount to put down?

**A:** Each purchase is different. We encourage you to call us so we can discuss your situation and find the best solution to maximize your buying power.

**Q:** How much should I spend on my monthly mortgage payment?

**A:** Each case is different, and you should closely examine all your expenses (Payments which don't reflect on your credit report like daycare or utilities) and obligations to ensure you can continue to live comfortably.

**Q:** What's the difference between pre-qualified and pre-approved?

**A:** Pre-qualified is an informal discussion based on hypotheticals and assumptions about different parts of your financial picture. A pre-approval is a formal agreement based on concrete documentation to provide financing for the purchase of a home.

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# LOAN QUESTIONS

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**Q:** Is it possible to get pre-approved without a down payment?

**A:** Yes, there are programs available for down payment assistance, including for Veterans.

**Q:** What types of loans do you offer?

**A:** Valley Strong offers a wide variety of products to meet your needs including Conventional, FHA, Investment and VA loans. Visit <https://www.valleystrong.com/home-loans> to learn more.

**Q:** If seller has a 2<sup>nd</sup> mortgage on their property how does the 2<sup>nd</sup> mortgage get paid off?

**A:** The proceeds of the sale would go towards paying off a 2<sup>nd</sup> mortgage.

**Q:** When should I start the application process if I want to buy a home in the next 2 years?

**A:** You should apply when you are within 90 days of purchasing, as this is how long a pre-approval is valid for.

**Q:** How much should I spend on my monthly mortgage payment?

**A:** Each case is different. You should closely examine all your obligations and expenses (payments which don't reflect on your credit report like daycare or utilities.) to ensure you can continue to live comfortably.

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# PURCHASE QUESTIONS

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**Q:** How do you determine who pays closing costs?

**A:** Closing costs are generally a part of the negotiations and offers your realtor will make on your behalf. Talk to your realtor about your needs.

**Q:** What determines how much you will loan someone on a particular property?

**A:** Valley Strong, like most lenders, will use an appraisal to determine the value of a home is at least equal to the amount of the negotiated sale price.

**Q:** Is there anyway to know what the appraised value would be when you are putting in your offer?

**A:** There are numerous websites which can provide estimates on the value of a property. However, the only way to get a verified value is by ordering an appraisal.

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# PURCHASE QUESTIONS

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**Q:** If the appraised amount of a home is less than the selling price, who pays the difference?

**A:** The buyer would be responsible for the difference, or the sale price would need to be renegotiated.

**Q:** Can I purchase a home out of state?

**A:** Valley Strong is only licensed to provide mortgage for California properties.

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