



## **Homebuying & Refinancing Webinar**

### **Questions & Answers**

### **May 27, 2026**

#### **What is the Union Direct Mortgage Discount Program offered by Mid-Island Mortgage?**

NYSUT members can save up to \$2,700 on lender fees and closing costs through the Union Direct Mortgage Discount Program presented by Mid-Island Mortgage. This exclusive mortgage benefit includes no application, processing, underwriting, or broker fees; reduced legal and title costs; personalized service for NYSUT members; and transparent cost breakdowns and education-based guidance. This program may be especially helpful if you are a first-time home buyer, relocating within New York State, or refinancing to reduce your monthly mortgage payment. Mid-Island Mortgage has been offering home lending with personalized service for more than 60 years.

#### **Does Mid-Island Mortgage work with co-ops or condos?**

Yes, Mid-Island Mortgage finances both co-ops and condos. Unlike traditional single-family homes, these properties require an additional level of review because the co-op or condo association needs to meet specific financial, budgetary, and insurance requirements. While a borrower may qualify for financing, the property itself must also be approved. Once an offer is accepted, the Mid-Island Mortgage team works promptly to obtain and review the necessary documentation to help ensure the approval process moves forward as efficiently as possible.

#### **What states/regions is Mid-Island Mortgage licensed in?**

Mid-Island Mortgage is licensed to assist NYSUT members in New York, Delaware, District of Columbia, Florida, Georgia, Illinois, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, North Carolina, Pennsylvania, Rhode Island, South Carolina, and Virginia.

### **What are the benefits of going with a home equity loan compared to refinancing/Can closing costs be rolled into the loan?**

Whether you choose a home equity line of credit (HELOC) or a fixed-rate second mortgage, closing costs can typically be financed into the loan rather than paid out of pocket. A fixed-rate second mortgage provides a lump sum upfront with a fixed interest rate and consistent monthly payments of principal and interest over a set term, typically 20 to 30 years – offering predictable payments and long-term stability. Meanwhile, a home equity line of credit functions as a revolving line of credit and generally carries a variable interest rate. Borrowers can access funds as needed and typically do not make payments on amounts that have not been drawn. For those who need immediate access to funds or are looking to consolidate significant credit card debt, a fixed-rate second mortgage is often the preferred option because it provides payment stability and helps to reduce fluctuations with interest rates.

### **Does Mid-Island Mortgage offer a program for retired individuals?**

Mid-Island Mortgage does not offer a specific program for retirees; however, it does evaluate retirement income differently than employment income. Instead of paystubs and W-2s, the Mid-Island Mortgage team will review pension income, Social Security award letters, and bank statements showing direct deposits. They may also consider income from IRAs and other retirement distributions when determining qualification. Retired individuals can absolutely qualify for a mortgage, and the process is designed to ensure all eligible income sources are properly considered.

### **What are some tips for an individual looking to go from a starter home to something larger?**

One of the primary challenges for homeowners moving from a smaller home to a larger one is they may be leaving a lower mortgage rate for a higher current market rate. For this reason, Mid-Island Mortgage encourages anyone considering a move to speak with its team for a detailed analysis of the potential payment increase and to determine whether the new mortgage fits comfortably within their budget and long-term financial goals.

### **What if someone is looking to purchase a second home out of state?**

Second homes typically require a larger down payment and often carry a higher interest rate than primary residences due to the increased risk associated with these properties. In addition, first-time homebuyer programs and minimum down payment options are generally not available for second-home purchases. It is important for buyers to understand the full financial picture, including the impact of a higher interest rate, expected monthly payments, and estimated closing costs so they can make an informed decision.

### **Does Mid-Island Mortgage work with mobile homes or RVs?**

No, this is one of the few products that Mid-Island Mortgage does not offer. These are highly specialized options typically handled by a limited number of lenders and financial institutions that focus specifically on this niche market.

### **Where can a person learn about qualifications for SONYMA and other loans?**

When a client contacts Mid-Island Mortgage, its team provides a pre-application form to gather key information, including the location and price range of the home being considering. This allows Mid-Island Mortgage to evaluate their eligibility for State of New York Mortgage Agency (SONYMA) programs and other financing options. For first-time homebuyers, Mid-Island Mortgage will review both SONYMA's Achieving the Dream and Low-Interest Rate programs to determine the best fit. If a client does not qualify for SONYMA, the Mid-Island Mortgage team will clearly explain the reasons and discuss alternative financing solutions that may be available.

### **What are current interest rates?**

The situation with Iran has been a significant unexpected development. We had been seeing a downward trend and anticipated continued rate improvements. However, rising gas and oil prices have increased the cost of goods across the board. As a result, rates are currently fluctuating in the low 6% range.

### **What tips can you offer for anyone looking to purchase a home?**

The Mid-Island Mortgage team always encourages buyers to start the process early. Education and transparency are essential, and getting ahead of the curve can help you better understand your options and prepare for homeownership.

Credit is an important factor, so it's important to avoid late payments and excessive credit card utilization. Mid-Island Mortgage will also review your debt-to-income ratio, which compares your monthly income to your debts, to determine eligibility for programs such as SONYMA and other financing options. If down payment assistance may be needed, the team can evaluate your eligibility and explain what programs are available. If you qualify, the team will walk you through the benefits; if not, they will outline exactly what is needed to achieve your homebuying goals.

The team will also provide a clear breakdown of the funds required to purchase a home. For example, on a \$300,000 home, a conventional loan with 3% down would require a \$9,000 down payment, and closing costs could be approximately \$10,000, bringing the total cash needed to about \$19,000. Understanding these costs upfront helps you plan effectively. If additional funds are needed, Mid-Island Mortgage can discuss options such as increasing savings, receiving gifts from family members, or, when appropriate, accessing retirement account funds. If those options are not available, the team can help you create a plan and timeline to reach your goal of purchasing your first home.

### **What can I do to increase my credit score and lower my debt-to-income ratio?**

Credit plays a key role in the mortgage process and may take time to improve. It's important to understand your credit profile, income, and standard lending requirements, including a two-year employment history. For self-employed borrowers, the team will review the most recent two years of tax returns to determine qualifying income based on an average of annual earnings. Without an early review of a client's financial situation, it becomes more difficult to properly prepare them for a successful home purchase when they are ready.

### **What is considered a good credit score?**

Credit scores generally range from the 500s to the 800s. Scores in the high 700s and above are considered excellent, while the 700s overall are viewed as strong. In the 600s, closer review is required, and below 620, conventional financing is typically not available. In those cases, Federal Housing Administration (FHA) financing may be an option, offering more flexible credit and debt-to-income requirements along with a minimum down payment of 3.5%. However, FHA loans include mortgage insurance, which can vary based on credit profile and loan structure. When a down payment of

20% is not made, private mortgage insurance (PMI) may also apply on conventional loans, with costs influenced by credit strength. Mid-Island Mortgage often provides a side-by-side comparison of conventional and FHA options to determine the most cost-effective approach. Ultimately, credit strength is a key factor in mortgage qualification. Strong credit is built over time through consistent on-time payments and a well-established history across multiple credit accounts.

### **What happens if you start a new job during the application process?**

When a borrower starts a new job, Mid-Island Mortgage will review the start date and pay documentation to confirm the transition and verify stable employment. An increase in income can improve purchasing power and overall qualification. For SONYMA transactions, it is important to note that each county has specific income limits. If a borrower changes jobs during the process and their income increases, they may no longer meet SONYMA eligibility requirements. For conventional, FHA, and Veterans Administration (VA) loans, however, a new position with higher income is generally beneficial and can strengthen qualification.

### **If you use a mutual fund gain to purchase a property, do you need pay taxes on those gains?**

When considering the use of mutual funds or retirement accounts, it is important to consult a qualified financial or tax professional regarding any potential taxes, penalties, or repayment requirements. You should also confirm whether funds can be accessed and repaid without adverse tax consequences before proceeding.

### **Is there a certain age where someone is considered a liability for a loan?**

Mid-Island Mortgage has people reach out to its team all the time for a mortgage. You cannot discriminate against someone based on their age as long as they qualify for a loan. If someone is young, not working and doesn't have any income, that person should not be on the application.

### **What advice would you offer for a situation where a couple is looking to purchase a home but one of them already owns a co-op?**

SONYMA considers all members of the household when determining eligibility, so existing homeownership such as a co-op may impact qualification. However, eligibility depends on how the current property is being used. If the co-op is being

rented, the projected rental income may be used to offset the existing payment, which can improve qualification. If it is not rented, overall eligibility will depend on whether the borrower's debt-to-income ratio falls within program guidelines.

### **Is there a minimum limit for a loan?**

In general, lenders typically require a minimum loan amount of approximately \$75,000 for a first mortgage and \$50,000 for a second mortgage.

### **What is the process for applying for a renovation loan?**

Renovation loans are highly structured and typically involve higher rates and fees than conventional financing. The lender must ensure the loan amount does not exceed the home's projected post-renovation value. These loans also include significant upfront requirements, and some contractors may be hesitant to participate due to the extended draw and payment process. As a result, renovation financing requires a more detailed and in-depth consultation to determine suitability.

### **If someone is gifted part of a down payment for a home, is that considered to be a positive or negative?**

Banks are required to comply with anti-money laundering regulations, which include verifying the source of funds used in a transaction. Large cash deposits can raise compliance concerns due to the lack of a clear paper trail. It is important to have properly documented gift funds from family members where the source of funds can be clearly verified.

### **Does Mid-Island Mortgage look at salary as part of assessment when determining pre-approval for a mortgage?**

The Mid-Island Mortgage team evaluates borrowers based on gross income to ensure the proposed payment is sustainable within their overall financial picture.

Homeownership includes additional expenses beyond the mortgage, so it is important that clients are comfortable with the total cost of ownership. The team will also look at debt-to-income ratio to confirm that monthly obligations can be managed responsibly and within lending guidelines.

### **What loans/ other services does Mid-Island Mortgage offer for multi-family homes and investment properties?**

Multi-family and investment properties typically require larger down payments compared to primary residences. Investment properties in particular often require 20% to 25% down, which can make financing more challenging for some buyers. For investment properties, projected rental income may generally be used to help support qualification. However, this is typically not permitted for second homes. Overall, second homes, multi-family properties, and investment properties generally require stronger down payment positions and more stringent qualification criteria.

### **What would you recommend for someone living in a co-op (without a down payment) looking to purchase a second home?**

If you need to sell your current home in order to purchase a new one, this is known as a sale contingency and must be disclosed when submitting an offer. As the seller, you ultimately determine whether you are willing to accept those terms. In some market conditions, sellers may consider contingent offers, particularly if they are motivated or have had limited competing offers. However, acceptance is not guaranteed and is at the seller's discretion. If the sale is required to access funds for the down payment or meet qualification requirements, it is important to confirm whether you would otherwise qualify without selling.

### **How would someone use a current home as equity to purchase a new home?**

An individual can access equity through a cash-out refinance to obtain funds for a down payment. They can also use their existing mortgage to utilize a home equity loan or line of credit.

### **What is the difference between a renovation loan and line of credit?**

A cash-out refinance or home equity line of credit is generally more straightforward to obtain than a renovation loan. When available, a line of credit can also provide greater flexibility, allowing you to pay contractors on your own schedule. If sufficient equity is not available and significant renovations are planned, a renovation loan may be the most appropriate financing option.

**If you are divorced (but bought a house when you were married) and now want to purchase a house by yourself, would you qualify as a first-time homeowner?**

You would not be considered a first-time homebuyer if you are currently on the deed or mortgage of a prior property. In divorce situations, if there is a court order or legal documentation clearly assigning ownership and financial responsibility for the property to an ex-spouse, this can be submitted to underwriting for review to potentially exclude the obligation from the borrower's liabilities. However, the process can take time depending on the legal proceedings. That is why it is important to review the full divorce timeline and supporting documentation in detail to properly assess eligibility.

**If you currently own a home with the mortgage paid off, is that considered an asset or liability when it comes to purchasing a second home?**

A home that is fully paid off is considered a strong asset and can significantly support the purchase of a second property. In this case, the only obligations would typically be property taxes and insurance, which are generally much lower than a full mortgage payment.

**Do student loans affect how much someone can borrow for a loan?**

Student loan treatment during qualification follows specific lending guidelines that were updated during and after the COVID deferment period and remain in effect today. When underwriting a loan, a bank must use the payment reflected on the credit report if one is reported. If no payment is listed or it shows as \$0, conventional guidelines typically require using 1% of the outstanding balance for qualification purposes. For example, \$100,000 in student loan debt would be treated as a \$1,000 monthly payment. FHA guidelines are generally more flexible and typically use 0.5% of the outstanding balance for qualification. In the same example, \$100,000 in student loans would be treated as a \$500 monthly payment. In general, FHA loans tend to offer more lenient treatment of student loan debt, along with more flexible credit and down payment requirements compared to conventional financing.