



WHICH MORTGAGE LOAN
IS RIGHT FOR ME?

About Me



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Clay Robison is a nationally recognized award-winning Mortgage Advisor, with over 30 years of Mortgage Lending experience. With his educational approach in the mortgage process, Clay has helped over 2,400 families obtain financing to secure the home of their dreams.

As a consistent Top 1% Mortgage Loan Originator who has secured more than \$1 Billion Dollars of loan volume for his clients. Clay uses his vast knowledge in the industry to guide his clients through the complexities of the lending process with easy-to-understand concepts to simplify the lending process. With his commitment to providing "World Class Service," Clay has been acknowledged as a Top "5" Star Mortgage Professional.

Clay's thoughts and insights have been featured in numerous publications such as San Diego Magazine and 5 Star Professional. He is a graduate of San Diego State University, a licensed real estate broker, and a register investment advisor. As a mortgage advisor, Clay can simplify the complexities of the mortgage process for anyone who is looking to secure their first, second or investment property.

Why Your Mortgage Sensei?

Many people have asked me what is a Mortgage Sensei? Simply put Sensei is a Japanese word for Teacher.

When you are financing the largest transaction of your life, you want to know that the person you are working with is a professional. That they can guide you through the mortgage process. You want someone who can be your "guide" or "sensei".

Most of my life, I have been involved in Japanese Karate and Martial Arts. I have been blessed and fortunate to have been trained, taught, and guided by some of the most accomplished and amazing Sensei's in the World. They have helped me become an accomplished martial artist.

With over 30 years of Mortgage Lending, Real Estate and Financial Experience, I share my knowledge with my clients to teach and guide them through the sometime complex environment of Mortgage Lending. After you do something repeatedly through repetition you become a Master.

By being a Sensei, I am a guide to assist you in the intricate, complex, and volatile world of Mortgages. I am here to be Your Mortgage Sensei, to guide you through your journey.

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You've found the perfect home, and now it's time to find the perfect loan. The right home loan will do more than simply offer you a low interest rate and affordable monthly payment. It can also be a powerful tool to help you reach your financial goals. If you're a first-time homebuyer, selecting the right mortgage loan may feel a bit daunting, but it doesn't have to.

This short quiz will help you determine your home loan priorities and select the perfect mortgage for your unique situation and financial goals.

Take the Quiz

For each of the following questions, choose one answer that best describes you.

1. How long do you want to stay in your home?

- a. I want to stay here forever.
- b. I can see myself staying in the same home for a long time.
- c. Just a few years.
- d. Long enough to repair and resell it.

2. What are your career goals?

- a. To continue to work my way up within my company.
- b. I've already hit them.
- c. I'm working on a big career change in the next 5 years.
- d. I'm self employed and building my own business.

3. How steady is your monthly income?

- a. Rock steady, down to the penny.
- b. Mostly steady with a few large bonuses a year.
- c. Pretty steady, but it can vary at times.
- d. Not steady at all, it ebbs and flows depending on commission and other factors.

4. What is the goal associated with your mortgage?

- a. Diversifying for the long-term benefit of my financial future.
- b. To secure my house payment for the long haul.
- c. To make a short term real estate investment.
- d. A long term strategy that includes real estate investment.



5. Which of these is the least appealing to you?

- a. Not knowing how to budget for next year.
- b. Paying more in the long-run than I need to.
- c. Paying more cash up front than I need to.
- d. Losing out on an investment opportunity.

6. How comfortable are you taking financial risks?

- a. Not comfortable. Small, steady gains are best.
- b. Slightly comfortable, if they help me reach my goals faster.
- c. I'm comfortable with risks that will put more cash in my pocket now.
- d. Very comfortable. You can't win big if you don't risk big.

7. When do you see yourself refinancing?

- a. Not anytime soon. I focused on getting my finances in order.
- b. Only if the rates drop significantly.
- c. Probably in a few years.
- d. Whenever I need cash for investments.

8. Which of the following is most important to you?

- a. Keeping my monthly payments steady.
- b. Building up equity as fast as I can.
- c. Getting the most house possible at the lowest payment.
- d. Saving as much of my cash as I can.

9. Which of the following best describes your future?

- a. I want to retire in 30 years.
- b. I want to retire in 15 years, and then start a new business.
- c. I'm not sure where I will be in 5 years, I want to keep my options open.
- d. I want to make big time investments now that will put my money to work for me later.

10. What's your vision of home?

- a. A forever home that my family can grow into.
- b. A place that I own completely—bought and paid for.
- c. A perfect place to fit my current lifestyle.
- d. A fixer-upper that I can resell for more than I paid.

Add up the number of A, B, C, and D responses you chose.

Notice a trend? Here's what your answers say about the loan option that is best for you based on the majority of your answers.



If You Answered Mostly A's: Consider a 30-Year, Fixed-Rate Mortgage

If you answered mostly A's, a 30-year fixed-rate mortgage may be for you. You are ready to buy a home you can enjoy for the foreseeable future. You want a simple mortgage solution with a consistent monthly payment and interest rate that will help you reach your long-term financial goals.

What's important to you is settling into your home for the long run while you work towards your future goals surrounding career, finances and family.

You are trying to avoid financial uncertainty and unnecessary risks.

About the 30-Year Fixed Mortgage

The most popular home loan option for new homebuyers is the 30-year, fixed-rate mortgage, which boasts predictable principal and interest payments over the life of the loan. Consistent mortgage payments can make it easy to budget and work toward your long-term financial goals.

PROS

- **Stable monthly mortgage payments and interest rates over the life of the loan**
- **Fluctuating market rates have no effect on your loan**
- **Predictable housing payments makes budgeting simpler**
- **Easy to understand loan terms.**



If predictability, stability, and simplicity over the long-term is what you want in a mortgage, then the 30-year fixed rate may be the perfect loan program for you. Need more information to make your decision? Find an experienced APM loan advisor near you to help you find the perfect loan program to meet your individual financial goals.

CONS

- **Stability comes at a price: higher interest rates compared to other loan options**
- **Higher fixed rates may mean you qualify for less home**
- **Cannot take advantage of decreasing rates without refinancing**
- **May require mortgage insurance for down payments less than 20%.**



If You Answered Mostly B's: Consider a 15-Year Fixed Rate Mortgage

If you answered mostly B's, you may want to consider a 15-year Fixed Rate Mortgage. You want the stability and predictability of a fixed rate mortgage, with the peace of mind knowing that your monthly mortgage payments and interest rates will remain the same. However, you are also highly motivated to pay down the principal balance on your home as quickly as possible. You have big plans for your future once your home is paid off, like retiring early, traveling often, paying for your child's college education, or starting your own company, and you don't want to wait a single day longer than necessary to make those dreams come to life.

What's important to you is owning your home outright as soon as possible. You're comfortable with higher monthly mortgage payments, which helps you reach your goals faster.

You are trying to avoid unnecessary financial risks, prolonged payments, and paying too much in interest over the total life of your loan.

About the 15-Year Fixed Mortgage

The 15-year fixed home loan provides the financial stability of a fixed interest rate and monthly payment, and gives you the option of paying off your home loan in half the time of a 30-year fixed option. Generally, interest rates are lower on a 15-year fixed compared to a 30-year fixed. The 15-year loan will rapidly pay down the principal balance on your home

PROS

- Stable monthly mortgage payments and interest rates over the life of the loan.
- Rapid reduction of principal balance means you build equity faster.
- Own your home debt-free in half the time compared with a 30-year fixed.
- Pay less in total interest payments over life of the loan.



loan, and ultimately allow you to pay far less in total interest costs over the life of the loan. The total interest savings compared to a 30-year fixed could equal thousands, or even tens of thousands of dollars, making the 15-year fixed a real money saver in the long run.

CONS

- Higher monthly mortgage payments (can be 15%–30% higher) than with a comparable 30-year fixed.
- Can be more difficult to qualify for as compared with a 30-year fixed.
- Higher payments may mean you qualify for less home.
- Paying less total interest may mean less mortgage interest tax deductions.



- If you want to build equity and pay off your home faster, pay thousands less in total interest payments over the life of your loan, and still enjoy the stable monthly payments of a fixed rate loan, the 15-year fixed loan may be for you. Need more information to make your decision? Find an experienced American Pacific Mortgage loan advisor near you to help you find the perfect loan program to meet your individual financial goals.



If You Answered Mostly C's: Consider an Adjustable Rate Mortgage (ARM)

If you answered mostly C's, you may want to consider an ARM. You want to pay less in interest rates and a lower monthly mortgage payment. You like the idea of freeing up more cash each month to go toward other financial priorities, and you know you're likely to refinance or move out of your home sometime in the next 5 to 10 years.

What's important to you is having more cash on hand now for your short-term financial goals, and getting the most house possible for your mortgage payments.

You're trying to avoid high monthly payments.

Adjustable Rate Mortgage

An ARM offers a low introductory fixed rate term, typically 5, 7, or 10 years. After this initial period is over, the interest rate can adjust up or down for the remainder of the 30-year loan term. During the initial fixed period, the interest rates on an ARM are generally lower compared to a 30-year fixed mortgage. Lower rates mean lower monthly payments, which can often help homebuyers qualify for more home compared to a fixed loan option.

PROS

- Lower interest rates and monthly payments during the initial fixed period
- Lower rates and payments may help borrowers qualify
- If rates fall, homeowners typically don't need to refinance to take advantage
- Most homebuyers refinance or sell within 5 to 7 years, before the initial fixed period ends

CONS

- Possible higher rates and payments after introductory period
- Rates and payments can rise significantly over the full life of the loan
- Uncertainty over rates and payments can make long-term financial planning difficult
- Terms can be more difficult to understand compared to fixed-rate loans



An ARM may be for you if you have short-term housing or finance goals and are comfortable taking on the risk of an adjustable loan in exchange for lower interest rates and payments over the next 5 to 10 years. Find an experienced APM loan advisor near you to determine whether an ARM may be ideal for your situation.



If You Answered Mostly D's: Consider an Interest-Only (IO) Mortgage

If you answered mostly D's, an Interest-Only (IO) Mortgage. You're looking for the absolute lowest monthly payment available on a home loan. You may have inconsistent income that ebbs and flows, and want to maximize cash flow in between commissions or bonuses. Or you may be an investor who intends to quickly repair and resell a home. Either way, you don't want to tie up too much cash in a monthly mortgage payment.

What's important to you is increasing your short-term monthly cash flow rather than building equity.

You are trying to avoid making higher monthly payments that pay down principal.

Interest Only Mortgage

An IO mortgage is a unique financial tool that allows you to pay only the full monthly interest due on your loan for a fixed initial period ranging from 5 to 10 years. During this interest only fixed period, you are only required to make interest payments. When the fixed period ends, your mortgage payments increase as you begin paying on the principal balance, too. An IO loan is a unique tool that benefits borrowers who have inconsistent income, need to maximize cash flow in between bonuses or commissions, or investors who plan to resell a home quickly.

PROS

- Pay only the interest due on the loan for the first 5 to 10 years
- Additional payments can be applied to principal balance, which may lower your next monthly payment
- Principal payment reduction is often without penalty
- Maximizes cash flow for borrowers with inconsistent income

CONS

- No principal reduction is occurring during the interest-only period
- Payments will increase when fixed period ends
- Some lenders may have limits on the amount of principal you can pay down during IO period
- Not good for buyers who want to quickly build equity or pay off mortgage



If you are looking for a creative way to maximize your cash flow and you're comfortable not paying down the principal balance of your loan every month, an IO loan may be the financial tool for you. An experienced APM loan advisor can help you find the perfect loan program to meet your individual financial goals.



Finding the Right Loan for You

There is a loan program available for almost any scenario you can dream up. Whether you need 100% financing, gift funds for a down payment or more lenient credit qualifications, chances are there is a loan program that will get you funded. Here are some of the mortgage programs that can be tailored to fit your needs as a fixed- or adjustable-rate loan:

Conventional Loan

A mortgage that is not insured or guaranteed by the federal government is known as a conventional loan. Conventional loans are offered by private lenders, and often have stricter requirements compared to a government-insured loan program. Borrowers may be required to have higher credit scores, larger down payments and lower DTI limits. The benefits of a conventional loan may include more attractive interest rates, lower-cost private mortgage insurance and a faster, more streamlined loan approval process.

Jumbo/Non-Conforming Loans

Jumbo loans are mortgages that exceed the conventional conforming loan limits, ranging between \$417,000-625,000,* depending on the area. Jumbo loans are also considered “non-conforming” loans because they cannot be sold to Fannie Mae or Freddie Mac on the secondary market. Jumbo loans are available up to \$5 million in a variety of fixed- and adjustable-rate terms. Jumbo loans tend to have higher down payment and cash reserve requirements.

Our loan advisors can help you determine if your loan amount falls outside of the conforming limits. While piggyback second mortgages and larger down payments could bring your loan amount down to conforming limits, you may choose to utilize a jumbo loan instead. Your APM loan advisor will help you understand these options so you can determine which loan fits your needs.

FHA Loans

FHA loans are insured by the Federal Housing Administration and are specifically designed to help borrowers get into homes. A government-guaranteed loan often has more lenient qualifying guidelines, including lower down payments, lower debt ratios and seller contributions allowed. Some FHA programs may require you to pay mortgage insurance

premiums, and to live in the home as your primary residence.

Borrowers who need more lenient qualifying guidelines and lower down payment requirements may be able to obtain a federally backed FHA loan.

VA Loans

VA Loans are insured by the U.S. Department of Veterans Affairs. VA approved lenders issue these government guaranteed loans with tremendous benefits to veterans, active duty military, and their surviving spouses. To help these heroes get into homes, VA loan benefits may include 100% (or higher) financing, no down payment requirements, and no mortgage insurance requirements.

VA loans are a unique loan program made available for the exceptional men and women who serve our country.

USDA Loans

USDA Loans are government insured loans for those who wish to purchase homes on rural property outside of major metropolitan areas. USDA loans are the only government loan that offers 100% financing to non-military borrowers. As long as you meet the USDA qualifying requirements, you can purchase a home with no down payment and receive 100% financing on homes outside of major metros.

If a quiet, country life and rural property is your idea of home, a USDA loan may be the ticket to buying a home with no down payment.

Want more loan options? Talk with an experienced APM advisor who can help you select the perfect loan program for your unique scenario and individual financial goals.

**Jumbo loan limits may vary from year to year or county to county. Your advisor can update you about the current limits for a Jumbo loan.*



SUMMARY

Don't worry if your responses didn't lead you directly to one loan program. Every homebuyer is an individual with unique situations and financial goals. Understanding the loan options available to you is only one step to finding the perfect mortgage.

One of our experienced loan advisors can help you identify your home loan goals and how to achieve them.



Let us finance your home!

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About APM

As a company, we embrace the concept of homeownership with enthusiasm and optimism for housing in America. Every employee at American Pacific Mortgage takes personal ownership in *Creating Experiences That Matter™* for our customers and consumers. Every transaction represents a family, a home, and a life decision – we understand and value that our participation is a privilege and that our job is to delight everyone involved in the loan process.



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Footnote 2: American Pacific Mortgage Corporation is not a credit repair or financial service company. We are not licensed credit repair specialists or counselors, we are not licensed financial advisors; please contact your financial professional for your personal financial situation. The material provided is for informational and educational purposes only and should not be construed as investment and/or mortgage advice. Although the material is deemed to be accurate and reliable, there is no guarantee it is without errors.

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