

# Finding a Home Loan in Today's Market

Understanding the qualification  
process

# Please shut off

- Cellular phones and electronic devices during presentation to avoid distractions
- **THANK YOU** for your consideration

# FOUR ELEMENTS TO QUALIFY FOR A LOAN:

- 1. **CASH** – DOWN PAYMENT, SAVINGS, AFFORDABILITY ANALYSIS
- 2. **CREDIT** – FICO SCORES, DEBT MANAGEMENT
- 3. **COLLATERAL** – APPRAISAL, HOME VALUE
- 4. **CHARACTER** – PERCEPTION

# LOAN QUALIFICATION SAMPLE

- MR. AND MS. SMITH WANT TO BUY A \$350K HOME WITH 3.5 PERCENT, \$ 12,250 DOWN PAYMENT
- LOAN AMOUNT - \$337,750
- AT 5 PERCENT, 30 YEAR FIXED RATE

# LOAN QUALIFICATION SAMPLE

- GROSS MONTHLY INCOME FROM BOTH BORROWERS
- HUSBAND - \$5,400
- WIFE - \$4,500
  
- TOTAL GROSS INCOME \$ 9,900

# HOUSING EXPENSE

- PRINCIPAL AND INTEREST AT FIVE PERCENT, 30YR FIXED RATE  
\$ 1813.12
  - TAXES(350,000 X 1.25 percent) \$ 364.58
  - FIRE INSURANCE \$ 112.58
  - MORTGAGE INSURANCE \$ 154.80
- 
- TOTAL MONTHLY PAYMENT \$ 2,445.08

# UNSECURED DEBT

- CREDIT CARD DEBT - \$11,000 X 2.5 PERCENT
  - PAYMENT OF \$275 A MONTH
  - CAR PAYMENTS \$475
  - STUDENT LOANS \$ 0
- 
- TOTAL MONTHLY DEBT \$ 750

# AFFORDABILITY ANALYSIS

- MONTHLY LOAN PAYMENT OF
- $\$2,445/\$9,900$ (gross income) = .25 or 25 percent of total gross income
- ADD LOAN PAYMENT TO OTHER DEBTS  
 $\$2,445 + \$750$  (unsecured debt) =  $\$3,195$
- DIVIDE TOTAL DEBT OF  $\$3195$  BY TOTAL INCOME OF  $\$9,900$  = .32 OR 32 PERCENT OF GROSS INCOME

# ACCEPTABLE DEBT TO INCOME

- FEDERAL NATL MORTGAGE ASSOCIATION (Fannie Mae)
- (Note the new guidelines to 45 percent of gross income OK)
- FHA - 45 percent of gross income
- (Note the new guidelines to \$729,000 loan amount)
- Does the Smith's qualify for their loan request?

# REQUIRED INCOME DOCUMENTATION

- EMPLOYED:
- W2's, most recent pay-stubs
- Two months of recent bank statements
- Retirement accounts – 401k, stocks bonds etc.

# REQUIRED DOCUMENTATION

- SELF EMPLOYED:
- 2 YEARS OF TAX RETURNS INCLUDING SCHEDULE C OR 1120 FORM IF S CORP
- 3 MONTHS OF BANK STATEMENTS SHOWING SOURCE OF DOWN PAYMENT AND RETIREMENT ACCOUNTS

# TIME IS RIGHT TO BUY A HOME!

- Low interest rates under 5 percent for loans under \$417,000
- Low down payments 3.5 percent down
- The \$8,000 federal income tax credit
- If there ever was a time to purchase a home in California, that time is NOW!

# THE \$8,000 FEDERAL TAX CREDIT

- For first-time buyers who have not owned a home in the past three years.
- Is paid in one lump sum and does not need to be repaid as long as the home or buyers occupy the home for three years or 36 months.
- Available until 04/30/2010 for information go to **irs.gov** click on “**first time homebuyer credit**”.

# For More Information and a FREE pre-qualification

- E-mail your request to : Mario Manzanilla at [mmanzanilla@kennedycorp.com](mailto:mmanzanilla@kennedycorp.com)
- Or call me at (626) 440-9430 ext. 103
- For faster results, please be ready to provide the following information:
- 1. income and job information, 2. source of down payment 3. credit status

**You got to know where you are, to know where you are going!**

# Mario Manzanilla

- Senior Mortgage Consultant with Kennedy Capital in Pasadena with over 14 years experience.
- Providing mortgage solutions and planning for many clients achieve the “American Dream of Homeownership”
- B.A. in Economics from Calif. State University, Los Angeles. Calif. State Broker’s License.