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PIF PAY IT FORWARD LLC LENDING

101's Of Home Financing

LENDING GUIDE

EQUAL HOUSING LENDER

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CONVENTIONAL vs VA

CONVENTIONAL

- Credit score is over 700 or higher.
- Avoiding fees that the federally backed home loans charge that conventional loans do not.
- Mortgage insurance drop off your home loan, where federally back homed loans do not.
- Purchasing a property over $355,000, condos, second homes, investment properties.
- 1st time buyer program that only requires 3% down known as Home Ready or Home Possible.
- Putting 20% down instead of minimum down as this will get rid of the private mortgage insurance (PMI) requirement.
- Looking to not include your husband or wife's debts in consideration for the home loan.
- Allows for more flexibility for student loans and allows borrowers to qualify for a home loan with student loans MUCH easier.
- Needing to use variable income such as bonus, overtime , commissions, tips, per diem etc.

VA

- Military Service Required
- No published credit score as a requirement, but most lenders draw the line at 500.
- No monthly mortgage insurance.
- They do charge a VA funding fee, but if you have a disability through the VA, this fee is waived.
- Highest allotment regarding debt to income ratio, they do not have a published max debt to income ratio. Most lenders draw the line at 60%.
- Purchasing power up to $1,500,000 with no down payment, debt to income requirements do apply.
- Friendly with negative credit items on the credit report for qualifying for a home loan. Negative items on the credit report will still result in a higher mortgage interest rate.
- Major Derogatory Credit Event
- Had a recent bankruptcy that has seasoned for 2 years or more.
- Had a recent foreclosure that has seasoned for 4 years or more.
- Had a recent short sale that has seasoned for 3 years or more.

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CONVENTIONAL vs FHA

CONVENTIONAL

- Credit score is over 700 or higher.
- Avoiding fees that the federally backed home loans charge that conventional loans do not.
- Mortgage insurance drop off your home loan, where federally back homed loans do not.
- Purchasing a property over $355,000, condos, second homes, investment properties.
- 1st time buyer program that only requires 3% down known as Home Ready or Home Possible.
- Putting 20% down instead of minimum down as this will get rid of the private mortgage insurance (PMI) requirement.
- Looking to not include your husband or wife's debts in consideration for the home loan.
- Allows for more flexibility for student loans and allows borrowers to qualify for a home loan with student loans MUCH easier.
- Needing to use variable income such as bonus, overtime , commissions, tips, per diem etc.

FHA

- Credit score is under 700.
- Need lower monthly mortgage insurance costs to have a lower monthly payment.
- Higher monthly allowance on the debt to income ratios for higher approval amounts.
- Purchasing a property at or under $355,000
- Looking for a 1st time buyer program that only requires 3.5% down.
- Have past credit issues that are still on your credit report.
- You are a first-time borrower without the most established credit report.
- Had a recent bankruptcy that has seasoned for 2 years or more.
- Had a recent foreclosure that has seasoned for 4 years or more.
- Had a recent short sale that has seasoned for 3 years or more.
- Currently in the middle of a chapter 13 bankruptcy and wanting to purchase a home.

Market Trends: Should I Buy?

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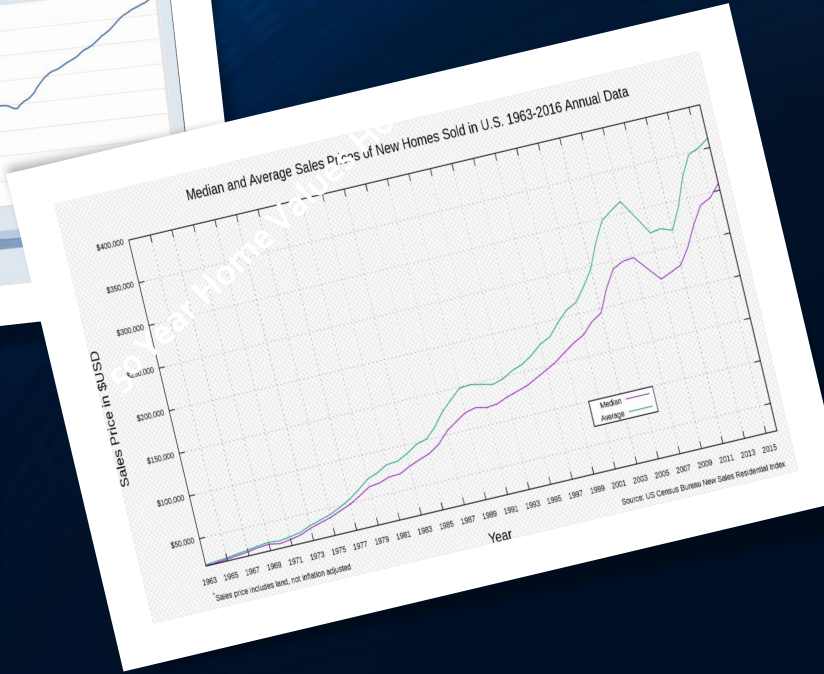
LAW OF ECONOMICS:

- YEAR OVER YEAR FOR AS LONG AS WE CAN MEASURE, EVERY "CRASH" OR "RECESSION" HOUSING APPRECIATES OVER EVERY SINGLE ONE.
- YOU COULD HAVE BEEN THE UNLUCKIEST PERSON TO PURCHASE IN 2007 RIGHT AT THE CLIFF OF THE HOUSE BOOM AND YOU HAVE NOW RECOVERED.
- HOUSING VALUES ALWAYS INCREASE JUST AS THE DOLLAR'S VALUE SUFFERS INFLATION.
- EX. YOU COULD PURCHASE A CAR FOR $400 AT ONE POINT, NOW ITS CLOSE TO $30,000 FOR THE AVERAGE CAR.
- EX. YOU COULD PURCHASE A VALUE MEAL FOR $.25 CENTS AT ONE POINT, NOW ITS CLOSE TO $8 DOLLARS DEPENDING ON THE VENUE.
- EX. YOU COULD OF PURCHASE STOCKS IN THE DOW OR THE S&P 500 IN 1980/1990/2000/2010 AND YOUR VALUE NOW IS BETTER THAN IT WAS THEN.

30 Year Home Values Hold!



How To Get Seller Credit

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Seasoned R.E. Agent

- Getting seller credit can be done in a highly driven sellers' market, but the agent representing you will make or break this part of the transaction. You must have a seasoned agent.

- However, it is not as just asking for it. It depends on the house that you are asking for the seller credit on. It depends on many conditions. This is where your Real Estate becomes crucial. If you do not have a seasoned agent, getting seller credits is next to impossible.

Conditions To Consider For Seller Credits

- How new is the property?
- Is the property condition excellent or poor?
- Has it been recently renovated or flipped?
- How aesthetically pleasing is it?
- Beautiful?
- Or Shamrock Green carpet and gold trim in the bathrooms?
- Is the seller in a hurry to sell?
- Has the house fallen out of escrow all ready?

Bad Conditions For Seller Credits

- House has been on the market less than 10 days.
- Newly built or recently renovated
- Owned by an investor
- Seller recently purchased home
- Seller is not in a rush to sell
- Depends on the Price Point, See Scale
  - $700,000-$1,000,000 – 2
  - $600,000-700,000 – 3
  - $500,000-600,000 – 4
  - $400,000-500,000 – 5
  - $300,000-400,000 – 7
  - $50,000-300,000 – 10

(Scale 1 through 10)
1-2 – Easy
3-4 – Moderately Easy
5-6 – Strenuous
7-8 – Very Strenuous
9-10 – Expert

Good Conditions For Seller Credits

- Been on the market for more than 20 days.
- Building credits into your offer.
- House needs updating.
- House is in poor-fair condition. Stained Carpets or dirty flooring.
  - Marks on wall/paint fading.
  - Small items broken.
  - House is very dated or old styling.
- Seller is in a rush to sell a home.
- House has fallen out of escrow a few times and the seller is over it.
- Other reasons disclosed by the seller.

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Time Is Expensive - $70.54 per day.

Statistics

Median Price Point	Year	Las Vegas, NV	Annual Percentage
Median Price Point	2012	$120,000	8.6%
Median Price Point	2013	$140,000	8%
Median Price Point	2014	$175,000	8.8%
Median Price Point	2015	$199,000	8.9%
Median Price Point	2016	$223,000	8.9%
Median Price Point	2017	$249,000	8.7%
Median Price Point	2018	$285,000	9.5%
Median Price Point	2019	$299,000	9.1%
Median Price Point	2020 YTD Trend	$326,000	9.2%
Total Average Appreciation	Per Year	$25,750	9.2%

Source:

- **Zillow Market Trend Data**
  - **Link to data available upon request.**

Summary

On Average Each Year Prices Will Rise $25,750

$25,750 adds $140.23 more to your monthly mortgage payment.

2020 Sets the bar with the lowest mortgage interest rates in history. This time last year, your rate would have been 4.25% or $158.11 more per month.

Not to mention the funds lost in paying rent.

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What Caused 2008's Mortgage Crash?

- **Today is much different than 2008!**
- **2008 was the result of <u>mortgage fraud </u>and no document qualifying loans.**
- **But what does that mean simply?**
  - **You could buy a house without providing any documents.**
  - **Did not have to prove how much you made.**
  - **Did not have to prove if you had any savings.**
  - **Put Zero down.**
  - **Artificially make your mortgage payment SUPER low with taking and adjustable rate mortgage.**
  - **Refinance every 6 months or sooner to skip mortgage payments**

Just like that, the sales pitch was over, the dotted line was signed as the credit card application that doesn't require verification just turned in to the mortgage home loan. This has led to the stricter lending guidelines in mortgages in history and the most licensing requirements for loan officers going forward and some of the <u>lowest mortgage delinquencies rates since the crash of 2008.</u>

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Mortgage Bankers Vs. Mortgage Brokers

We've all heard it! Don't go to a mortgage broker… go to a bank! Don't go to a bank… go to a mortgage broker!

MORTGAGE BANKERS

- Ahead of getting to the main points, let's talk about <u>federal law!</u> This is a major ruling factor for mortgage brokers vs banks.
- After the economic financial meltdown of 2008, the mortgage brokers ended up getting heavily regulated.
- While the battle of who caused the mortgage meltdown of 2008 is a classic dinner table argument between mortgage bankers and mortgage broker loan officers of who's fault was it.
- The common denominator of what caused 2008 was due to loan fraud that was done on both sides.
- However, as we all know the banks have much more assets, spending capital and some of the <u>best lobbyist in the country</u>.
- Because of that, when the legislation passed to transform the industry (for the better) the mortgage bankers gave the mortgage brokers the short end of the stick. (Or so they thought!)
- What the banks failed to realize is majority of mortgage brokers already were charging less than 3% ahead of the legislation.
- They also didn't do their homework and realized nearly all of mortgage brokers did not charge a processing fee, underwriting fee, or any fees for that matter. But the banks did accomplish a few goals for themselves.
    - They do not have to disclose how much revenue they make on a loan on any document. This means they can charge more than 3% legally, <u>and they do.</u>
    - They can charge up front fees such as admin fee, underwriting fee, processing fee and more! Once again, <u>and they do.</u>

MORTGAGE BROKERS

- The question that comes to mind is, why lobby aggressively for laws for all the mortgage brokers to be transparent to turn around and do the opposite? Well, the short answer is, it was a great way to get rid of competition and the mortgage broker industry was nearly annihilated after 2008 and made up less than 4% of the available loan options for consumers. Thus resulting in less competition for the banks and options for the consume to shop around for the best financial transaction. Now, let talk about what makes them ever more different.
- Mortgage brokers are legally not able to charge a processing fee or admin fee, or any fee for that matter unless they have a 3rd party service providing it.
- Mortgage brokers can only charge and underwriting fee, and in nearly most cases you will see mortgage brokers NOT charge an underwriting fee.
- <u>Mortgage brokers being capped at a max compensation of 3% gives them some of the lowest mortgage interest rates by default.</u>
- Mortgage brokers have wholesale pricing, due to them taking on the workload of originating, structuring, qualifying a file where the banks don't have to.
- Mortgage brokers have a higher skill set in most cases as they deal with and abundance of loan products constantly vs one set or products that a bank has.
- Mortgage brokers can shop around to 35+ banks with one single credit inquiry for the best mortgage interest rate.
- Mortgage brokers have more flexibility with lending guidelines as banks add rules in addition to what the GSE's have in place for their risk mitigation.

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#ATEAM Standing By!

Zillow®
5-STAR LENDER

74
5 Star
Reviews On
Zillow.com

Loan Officer

Andrew Leavitt

Loan Officer
Assistant

Vanessa Gomez

Loan Officer
Assistant

Gene Pena

Google
FIVE STAR CUSTOMER RATING

37 5 Star
Goggle
Reviews!

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Lender’s Resume

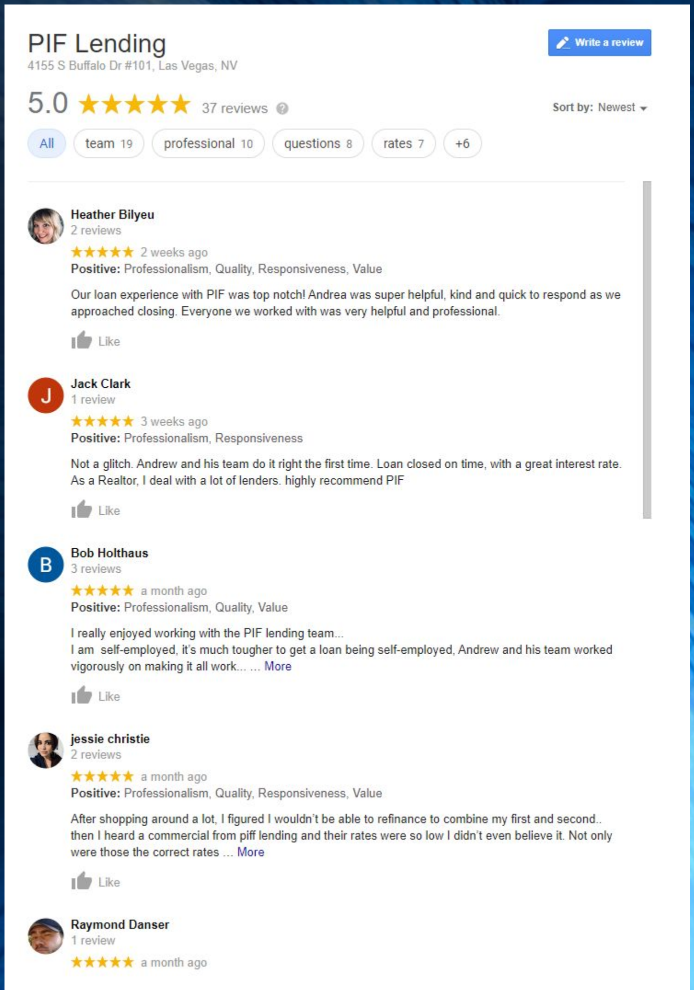
- Branch Manager (3 Years)
- Underwriter (2.6 Years)
- Loan Officer (4 Years)
- Processor (1.6 Year)

- Born & Raised in Las Vegas, NV. Living in all areas of Las Vegas Valley. #Go Bulldogs!

- Advocating for mortgage consumers now for over a decade. Starting for a company that specialized in VA & FHA mortgages. Starting in the operations side of the mortgage industry as an Assistant, to Processor to Underwriter and landing in the Loan Officer Role.

- Currently working at PIF Lending as their Branch Manager and overseeing all mortgage operations.

Vice President Of The Board Directors Of the Nevada Mortgage Lenders Association



Zillow® 5-STAR LENDER

74 5 Star Reviews On Zillow.com

37 5 Star Goggle Reviews!