

# REV UP!



## MODULE 08

Financing the Sale:  
Mortgage Basics





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# WELCOME TO REV UP! 08

## IN MODULE 07, YOU LEARNED:

- The purpose of open houses
- How to select homes to hold open
- How to prepare for and increase attendance
- Staging and setting up your office for the day
- A step-by-step method for meeting attendees and getting an appointment
- How to use Spacio to convert more prospects
- Post open house protocol and follow up systems

## IN THIS MODULE, YOU WILL LEARN:

- The basic loan types: FHA, VA, and conventional
- Any state sponsored programs available in your area
- The Loan Estimate and Closing Disclosure
- How to estimate your buyer's mortgage and down payments





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**AFFIRMATION**

I love having counter balance in my life and enjoy the knowledge that hard work in one moment allows me more play in another.

”

TIP:

- a. Review your own credit report.

# FINANCING THE SALE.

## MORTGAGE LOAN TYPES

### FHA (Government Insured Loans)

Maximum loan limit in your area:

Down payment requirements are:

Down payment "gift" okay when:

Front/back end defined and ratios:

Other FHA nuances:

### VA (Veterans Administration Guaranteed Loans)

Maximum loan limit:

Down payment: not required

Front end/back end ratio(s):

Seller required closing costs:

Veteran eligibility:

- a. DD-214 (*Discharge Document*)
- b. Certificate of Eligibility

## Conventional

Maximum loan limit:

Jumbo loan:

Front end/back end ratios:

## CREDIT SCORES AND COMMON ISSUES

- FICO reviewed
- Divorce
- Child support
- Judgment liens
- Name changes/aliases
- Others

## APPRAISAL ISSUES

- FHA
- VA
- Conventional
- Others

## WHAT IS A LOAN ESTIMATE?

A Loan Estimate is a three-page form that you receive after applying for a mortgage.

The Loan Estimate tells you important details about the loan you have requested. The lender must provide you a Loan Estimate within three business days of receiving your application.

The Loan Estimate is a form that took effect on October 3, 2015.

The form provides you with important information, including the estimated interest rate, monthly payment, and total closing costs for the loan. The Loan Estimate also gives you information about the estimated costs of taxes and insurance, and how the interest rate and payments may change in the future. In addition, the form indicates if the loan has special features that you will want to be aware of, like penalties for paying off the loan early (*a prepayment penalty*) or increases to the mortgage loan balance even if payments are made on time (*negative amortization*). If your loan has a negative amortization feature, it appears in the description of the loan product.

The form uses clear language and design to help you better understand the terms of the mortgage loan you've applied for. All lenders are required to use the same standard Loan Estimate form. This makes it easier for you to compare mortgage loans so that you can choose the one that is right for you.

When you receive a Loan Estimate, the lender has not yet approved or denied your loan application. The Loan Estimate shows you what loan terms the lender expects to offer if you decide to move forward. If you decide to move forward, the lender will ask you for additional financial information.

## WHAT IS A CLOSING DISCLOSURE?

A Closing Disclosure is a five-page form that provides final details about the mortgage loan you have selected. It includes the loan terms, your projected monthly payments, and how much you will pay in fees and other costs to get your mortgage (*closing costs*).

The lender is required to give you the Closing Disclosure at least three business days before you close on the mortgage loan. This three-day window allows you time to compare your final terms and costs to those estimated in the Loan Estimate that you previously received from the lender. The three days also gives you time to ask your lender any questions before you go to the closing table.

## ESTIMATING BUYER DOWN PAYMENTS AND MORTGAGE PAYMENTS.

By installing your Smarter Agent App, you can easily access the Mortgage Calculator from the drop down menu. Enter your buyer's estimated down payment based on their loan type, and calculate their monthly mortgage payment. You should share your app with your buyers and show them how to locate the Mortgage Calculator.

Important note: you should always use the word "estimate" when discussing any down payment, monthly payments or closing costs with your buyers. They should always obtain the exact amounts from their lender. The Loan Estimate will assist them in verifying this information.

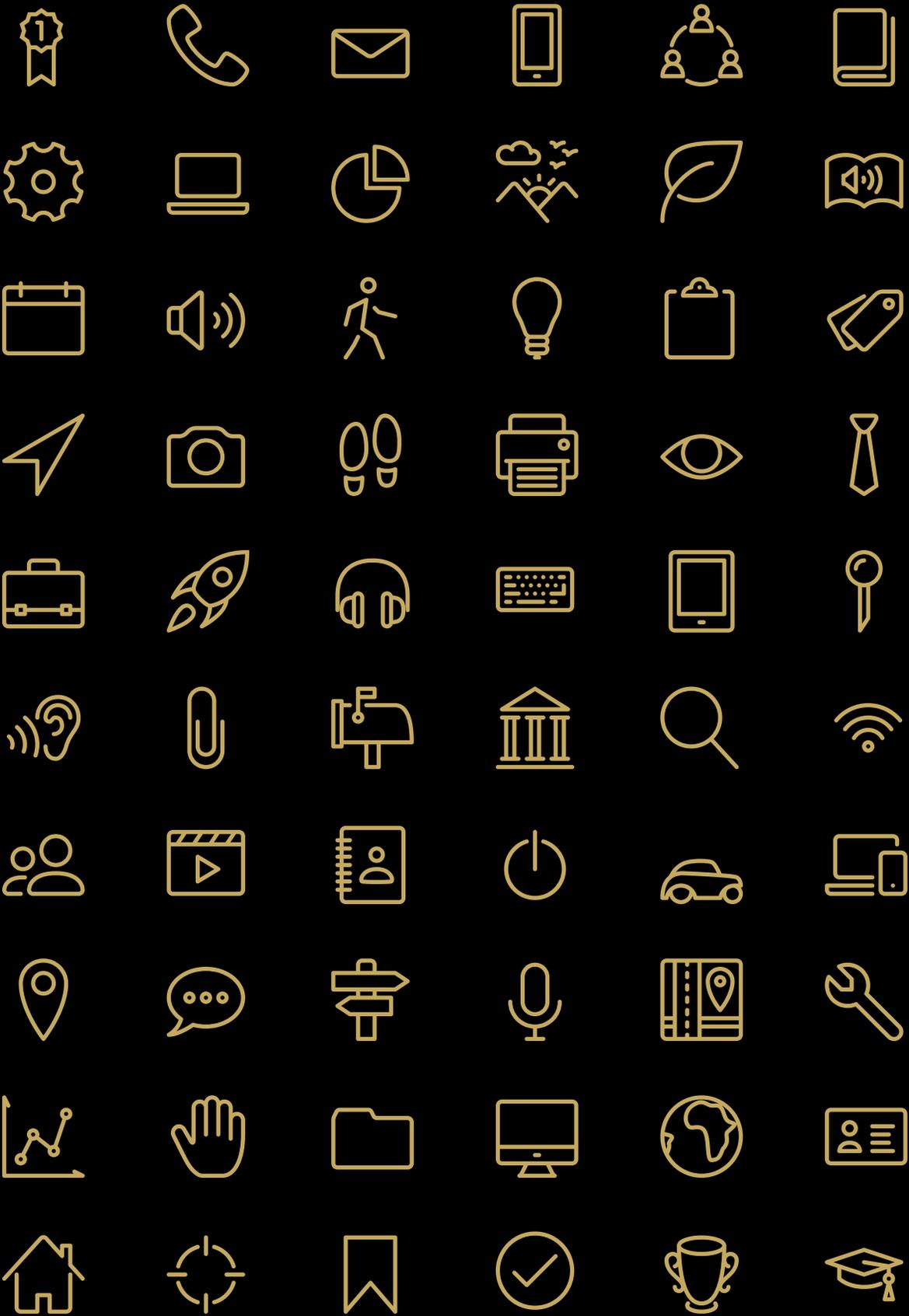
Remind them that the Mortgage Calculator is a basic tool to give them a ballpark figure. There may be variations depending on the amount of their down payment, their interest rate and the term of the loan.

TIP:

- a. Buyer's should always verify all payment info with their lender.







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