

# Welcome to our Mortgage Fundamentals CE Class!









## Mortgage Fundamentals CE Course, brought to you by:

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### Loan Types and Programs

- Conventional (Conforming & Non-Conforming)
- Government (FHA, VA)

#### The First Steps

- The 1003 Form (see attached) Captures a wide variety of borrower information. (A new application will be rolled out in 2018)
- Pre-Qualification, vs Pre-approval vs Loan Approval vs. Clear to Close
- The 4 C's (Credit, Capacity, Capital and Collateral)

## **Mortgage Fundamentals**



#### The Loan Application – Where it all begins

• Today it's called a 1003 or Uniform Loan Application

#### Main Categories:

- I. Type of Mortgage and Term of Loan
- II. Property Info and Loan Purpose
- III. Borrower Info Residency
- IV. Employment Info
- V. Monthly Income and combined housing expense

## **Mortgage Fundamentals**

- VI. Assets & Liabilities
- VII. Details of transaction
- VIII. Declarations
- IX. Acknowledgment & Agreement
- X. Government Monitoring Info

#### **Uniform Residential Loan Application**

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower				<u> </u>	o-Borrower									
						ORTGAGE A	AND TE	ERMS C	OF LC	AN				
Mortgage Applied for:	□VA □FHA		ventional A/Rural sing Service		ther (explain	1):	1	Agency (	Case N	Number	Lend	er Case N	Number	
Amount S		Interest F	Rate %	No. of	Months	Amortizatio	n Type:	_	Fixed		Other (exp			
				PRO	PERTY IN	FORMATION	IAND				⊔ ARM (type	]-		
Subject Pro	perty Addr	ess (street, city			LICIT III	Oldibillion	7440	i olu c		/ LOVE				No. of Units
, TX														
Legal Descr	ription of S	ubject Property	(attach des	scriptio	n if necessa	ry)								Year Built
Purpose of I		Purchase Refinance	Constructio Constructio			Other (explain	):			operty will b Primary R	oe: esidence	condary	Residenc	e  Investment
Year Lot	his line if Original	construction ( Cost	or construct Amount I			/alue of Lot (b) Cost of Improveme			provements	ents   Total (a+b)				
Acquired	\$		s			\$			\$			\$		
Complete to Year Acquired	Original	this is a refina Cost	Amount I	Existin	g Liens	Purpose of R	efinanc	e		Describe	Improvements	ments made to be		
	\$		\$							Cost: \$				
Title will be	held in wh	at Name(s)	•		•			Ma	anner i	n which Tit	le will be held		<b>▼</b> Fee	will be held in: e Simple essehold(show
Source of D	own Paym	ent, Settlemen	t Charges a	nd/or 9	Subordinate	Financing (exp	olain)							iration date)
		Borrowe	er		III. B	ORROWER	NFOR	MATIO	N		Co-Borro	wer	-	
Borrower's I	Name (ind	ude Jr. or Sr. if	applicable)				Co-Bo	rrower's	Name	(include J	r. or Sr. if applic	able)		
Social Secur	ity Number	Home Phone (I	inci. area cod	ie) DO	B (mm/dd/yy	yy) Yrs. School	Social	Security	Numbe	er Home Ph	none (incl. area co	de) DOB	(mm/dd/)	yyy) Yrs. School
Married (	indudes re	egistered dome	estic partner	s)	Dependents	(not listed by Co-Borrower)	□Ma	rried (inc	dudes	registered	domestic partne	ers) C	ependen)	ts (not listed by Borrower)
Unmarrie	ed (include	s single, divorc	ed, widowed	d)	No.		□Un	married	(includ	les single, d	divorced, widow	ed)	No.	
Separate	ed				Ages		☐ Se	parated					Ages	
Present Add	dress (stree	et, city, state, Z	IP/ country)		wn Ren	tNo. Yrs.	Prese	nt Addre	ss (str	eet, city, st	ate, ZIP/ country	y) 🗌 Ów	vn □R	entNo. Yrs.
/ United 9	States						/ Un	ited Sta	ites					
Mailing Add	ress, if diff	erent from Pre	sent Addres	s			Mailin	g Addres	s, if di	fferent fron	n Present Addre	255		
		address for l												
Former Add	ress (stree	t, city, state, Z	IP)	По	wn ⊡Ren	t No. Yrs.	Forme	r Addres	ss (stre	eet, city, sta	ate, ZIP)	∐Ow	vn □R	entNo. Yrs.
Former Add	ress (stree	t, city, state, Z	IP)	o	wn Ren	t No. Yrs.	Forme	er Addres	ss (stre	eet, city, sta	ate, ZIP)	Ow	vn □R	entNo. Yrs.
Uniform Resid Freddle Mao F						Page	1 of 4	Co-	rrower -Borrow	wer				03 7/06 (rev. 8/09) 1.fm (09/2013)

Borrower IV. EMPLOYMENT				OYMENT IN	NFORMATIC	ON	ower				
Name & Address of Em	ployer Self Er	mployed	Yrs. on this	job	Name & A	ddress of Employer		Employed	Yrs. on this job		
			Yrs. employ line of work	yed in this /profession					Yrs. employed in this line of work/profession		
Position/Title/Type of B	usiness	Business	Phone (incl. a	area code)	Position/T	itle/Type of Business		Business	Phone (incl. area code)		
-						-					
If employed in current	t position for less that	n two year	rs or if curre	ntly emplo	yed in more	e than one position, cor	nplete th	e following:	:		
Name & Address of Em	ployer Self Er	mployed	Dates (fron	n-to)	Name & A	ddress of Employer	Self	Employed	Dates (from-to)		
			Monthly Inc	come					Monthly Income \$		
Position/Title/Type of B	usiness	Business I	Phone (ind. a	area code)	Position/T	itle/Type of Business		Business	Phone (incl. area code)		
Name & Address of Em	ployer Self Er	mployed	Dates (fron	n-to)	Name & A	ddress of Employer	Self	Employed	Dates (from-to)		
			Monthly Inc	ome					Monthly Income \$		
Position/Title/Type of B	usiness	Business I	Phone (ind. a	area code)	Position/T	itle/Type of Business		Business	Phone (incl. area code)		
Name & Address of Em	ployer Self Er	mployed	Dates (fron	n-to)	Name & A	ddress of Employer	Self	Employed	Dates (from-to)		
			Monthly Inc	come					Monthly Income \$		
Position/Title/Type of B	usiness	Business I	Phone (ind. a	area code)	Position/T	itle/Type of Business		Business	Phone (incl. area code)		
Name & Address of Em	ployer Self Er	mployed	Dates (fron	n-to)	Name & A	ddress of Employer	Self	Employed	Dates (from-to)		
			Monthly Inc	xome					Monthly Income \$		
Position/Title/Type of B	usiness	Business I	Phone (ind. a	area code)	Position/T	itle/Type of Business		Business	Phone (incl. area code)		
	V. MONTI	HLY INCO	ME AND CO	MBINED H	OUSING EX	PENSE INFORMATION					
Gross Monthly Income	Borrower		Borrower	<u> </u>	otal	Combined Monthly Housing Expense	Pr	esent	Proposed		
Base Empl. Income*	\$	\$		\$		Rent	\$				
Overtime						First Mortgage (P&I)			\$		
Bonuses						Other Financing (P&I)					
Commissions						Hazard Insurance					
Dividends/Interest						Real Estate Taxes					
Net Rental Income		_				Mortgage Insurance Homeowner Assn. Dues			<del>                                     </del>		
Other (before completing, see the notice in "describe other income," below)	-					Other:	-		+		
Total	\$	s		\$		Total	\$		s		
* Self Employed B Describe Other Income		ulred to pr		nal docume		h as tax returns and final ome need not be revealed have it considered for re	ncial state		Monthly Amount		
									\$		
									_		
						Borrower					

Uniform Recidential Loan Application Freddle Mac Form 65 7/05 (rev. 8/09) Co-Borrower \_\_\_\_\_

				10	ACCETE A	AND LIABIL	ITIE							
his Statement and any applicable suppor o that the Statement can be meaningful ias completed about a non-applicant spoi	ing sc y and i use or	hedules fairly pr other p	may be co esented on erson, this	me	I. ASSETS A pleted jointly by combined basi tement and su	both married	and un	married Co-borrov le Statements and ust be completed	ver 1 S by	chedules are re that spouse or	equired. If other per	tles are the Co son also Jointly	-Borrower section).	
Description ASSETS	Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstand													
Cash deposit toward purchase held by:	\$	Cash Narket			<ul> <li>debts, including autornobile loans, revolving charge accounts, real estate loans, allmony, child supp stock pledges, etc. Use continuation sheet, if necessary, indicate by (*) those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.</li> </ul>									
			LIABIL	ITIES			Monthly Pay Months Lef		Unpaid Balance					
List checking and savings accounts					Name and a	address of Co	mpany	1	$\forall$	\$ Payment/N		\$		
Name and address of Bank, S&L, or C	redit U	Jnion			Acct. no.									
Acct. no.	\$					address of Co	mpany			\$ Payment/N	1onths	\$		
Name and address of Bank, S&L, or C	Acct. no.													
Acct. no.	S				Name and a	address of Co	mpany			\$ Payment/N	lonths	\$		
Name and address of Bank, S&L, or C	redit U	Union			Acct. no.									
					Name and a	address of Co	mpany	1	Т	\$ Payment/N	Months .	\$		
Acct. no.	\$													
Stocks & Bonds (Company name/number description)	\$				And no									
					Acct. no. Name and a	address of Co	mpany	,	$\dashv$	\$ Payment/N	Months	\$		
Life insurance net cash value	\$													
Face amount: \$														
Subtotal Liquid Assets	\$				Acct. no.			$\dashv$						
Real estate owned (enter market value from schedule of real estate owned)	\$					address of Co			\$ Payment/N	Months	\$			
Vested interest in retirement fund	\$													
Net worth of business(es) owned (attach financial statement)	\$				Acct. no.			$\exists$						
Automobiles owned (make and year)	\$				Alimony/Chi Maintenano	id Support/Se e Payments (	e X		\$					
Other Assets (itemize)	\$		Job-Related	l Expense (ch	e, union dues, etc	i.)	\$							
					Total Monthly Payments					\$		1		
Total Assets a.	\$				Net Worth (a minus b) \$					Total Liabili	ities b.	\$		
Schedule of Real Estate Owned (if add	itional	proper	rties are ov	wne		uation sheet)					Insurar	100		
Property Address (enter S if sold, PS if sale or R if rental being held for incom	f pend e)	ing	Type of Property	1	Present Market Value	Amount Mortgages 8		Gross Rental Income	L	Mortgage Payments	Mainten Taxes &	ance,	Net Rental Income	
				\$		\$		\$	\$		S		\$	
				Γ					Г					
		_	Totals	s		s		ę	s		e		s	
List any additional names under which Alternate Name	credi	t has p		99	n received an reditor Name	d Indicate app	propria	te creditor name	•		number(s) count Nu		•	
							P	TOWN OF						
niform Residential Loan Application reddle Mac Form 65 7/05 (rev. 8/09)					Pa	ige 3 of 4		ower					03 7/06 (rev. 6/0 3.fm (09/2013)	

VII. DETAILS OF TRANSACTION VIII. DECLARATIONS											
a. Purchase price		\$	If you answer "				Borrower	Co-Borrowe	er		
b. Alterations, imp	provements, repairs		please use con					Yes No		Т	
c. Land (if acquire	ed separately)		a. Are there any		-				=		
d. Refinance (incl	l. debts to be paid off)					nin the past 7 years?					
e. Estimated prep	oaid items		c. Have you had In the last 7 y		dosed upo	on or given title or de	ed in lieu thereof	$\sqcup$ $\sqcup$	ᄁᄓᄓ		
f. Estimated clos	ing costs		d. Are you a par		,						
g. PMI, MIP, Fund	ding Fee					iligated on any loan	which resulted in	$\vdash$			
h. Discount (if Bo	rrower will pay)		foreclosure, t	ransfer of title I	n lieu of fo	reclosure, or judgm	ent?				
i. Total costs (ad	d items a through h)		loans, educational	loans, manufac	tured (mob	page loans, SBA loans (le) home loans, any	mortgage, financial				
j. Subordinate fin			obligation, bond, o	r loan guarantee FHA or VA case	. If "Yes,"	provide details, includi any, and reasons for th	ng date, name, and				
k. Borrower's clos	sing costs paid by Seller		1			ault on any Federal o					
I. Other Credits (			Ioan, mortgag	je, financial ob	ligation, bo	ond, or loan guarant eceding guestion.					
			g. Are you oblig	ated to pay allr	nony, child	d support, or separa	te maintenance?	пг			
			h. Is any part of	the down payr	nent borro	wed?		$\sqcap \vdash$	ilaa		
				maker or endo							
			J. Are you a U.	S citizan?							
			k. Are you a per		nt allen?			HE	[[ [ ]		
						ty as your primary	residence?	$H \vdash$	김무무		
m. Loan amount (	exclude PMI, MIP,		If "Yes," comple	ete question m b	elow.						
Funding Fee fire						a property in the la			1		
	ding Fee financed			me (SH), or in		-principal residence property (IP)?	(PR),				
o. Loan amount (			(2) How did y	ou hold title to	the home	solely by yourself (S					
o from i)	Sorrower (subtract j, k, l &		Jointly with	your spouse (	SP), or joi	ntly with another per	rson (O)?		.		
		IX. ACKN	OWLEDGEME	NT AND AG	REEME	NT				Т	
code. Sec. 1001, et sec; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property dissorbed in this application; (3) the roperty will not be used for any illegal or proribbled purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the roperty will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether not the loan is approved; (7) the Lender and its application, and an obligated to amend and/or supplement the information provided in this application if any of the material facts that it have represented herein should change prior to closing of the oar, (6) in the event that my payments on the Loan become definitioner, the Lender, its servicers, successors, or assigns may, in addition to any other rights and remedies that it may are relating to such delinquency, report my name and account information to one or more consumer credit reporting agencies; (9) ownership of the Loan and/or administration of the Loa cocount may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty; express or implied, to me regarding the property of the Condition or value of the property, and (11) my transmission of this application as an "electronic record" containing a facisismile of my signature, shall be as effective, entroveable and valid as if a paper version of this application or obtain any indiginal written signature. Asknowledgement. Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or revertly any information or account reporting agency.  Light to Receive Copy of Appraisal. LiWe have the right to a copy of the appraisal report used in connection with this app											
Borrower's Signat	ure	D	ate	Co-Borrowe	r's Signat	ture		Date	,	_	
X	w m.			X						_	
he following inform		ORMATION FO					an iba landada asa		dia amin'i am		
he following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compilance with equal credit population, but are encouraged to do so. The law provides that a Lender may of discriminate either on the basis of this information, or on whether you choose to furnish this information, but are encouraged to do so. The law provides that a Lender may of discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you hay check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visua been always the provided of the provided that the provided in the provided in the provided that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)											
BORROWER	I do not wish to furnish this	information		CO-BORRO		do not wish to furni	sh this information			_	
Ethnicity:	Hispanic or Latino	Not Hispanic or La		Ethnicity:		Hispanic or Latino	Not Hispa			_	
Race:	American Indian or Alaska Native	Asian	Black or African American	Race:		American Indian or Alaska Native	Asian		lack or frican America	an	
	Native Hawalian or Other	Padfic Islander				Native Hawallan or	Other Pacific Island	_		_	
Sex:	Female	Male		Sex:		Female	Male			_	
o be Completed his information was in a face-to-face in a telephone i		By the applicant ar			met						
oan Originator's Sk (	gnature					Date					
oan Originator's Na	ame (print or type)		Loan Originator	identifler		Loan Originator's F	Phone Number (Inc	luding are	ea code)	_	
	mpany's Name ome Loans, LLC   (F) 817-393-5500		Loan Origination	Company Ide	ntifler	Loan Origination Company's Address 1202 Kirkcaldy Court Southlake, TX 76092					
niform Residential I	Loan Application		Dage	1 of 1		Fannie Mae Form 1003 7/06 (rev. 6/08					
reddle Mao Form 66	7/06 (rev. 8/09)		Page	4 of 4		Calyx Form - Loanapp4.frm (09/2013)					



What is the difference between a conditional approval, pre-qualification, pre-approval, approval, final approval, clear to close?

- Conditional approval/Pre-Qualification Red Diamond can provide this same day.
- What can go wrong: Income turns out different than the borrower provided. The client does not have the cash to close. There was declining income.
- Initial Underwriting approval:
- Final Approval & Clear to Close:



Who provides the underwriting guidelines for Mortgage loans:

Who are these entities and what do they do?

- Fannie Mae & Freddie Mac
- FHA
- VA
- Non QM What are the options?

"The risk is transferred to these entities because the file was underwritten to their guidelines."



### The 4 C's – let's discuss at a high level

- Credit Minimum credit score
- Capacity Debt to income ratio
- Capital Down payment/cash to close
- Collateral Appraisal

"Only 4 critical main issues to close a home loan."



## **Manufacturing a Mortgage:**

Data and documents are transformed into a closed loan.

- Documentation Validation 4 C's again:
  - Credit: Minimum credit score for program requirements (Mid Fico of both borrowers) LLPA's?
  - Capacity: Income documentation for debt to income calculation (W-2's, Tax Returns, K-1's)
  - Capital: Asset documentation (Bank Statements) for down payment and reserve requirements
  - Collateral: The appraisal must meets underwriting requirements

Table 1: All Eligible Mortgages – LLPA by Credit Score/LTV Ratio													
	LTV Range Applicable for all mortgages with terms greater than 15 years												
Representative Credit Score													
	<u>&lt;</u> 60.00%	60.01 <b>–</b> 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 <b>–</b> 90.00%	90.01 – 95.00%	95.01 – 97.00%	SFC				
≥ 740	0.000%	0.250%	0.250%	0.500%	0.250%	0.250%	0.250%	0.750%	N/A				
720 – 739	0.000%	0.250%	0.500%	0.750%	0.500%	0.500%	0.500%	1.000%	N/A				
700 – 719	0.000%	0.500%	1.000%	1.250%	1.000%	1.000%	1.000%	1.500%	N/A				
680 – 699	0.000%	0.500%	1.250%	1.750%	1.500%	1.250%	1.250%	1.500%	N/A				
660 – 679	0.000%	1.000%	2.250%	2.750%	2.750%	2.250%	2.250%	2.250%	N/A				
640 – 659	0.500%	1.250%	2.750%	3.000%	3.250%	2.750%	2.750%	2.750%	N/A				
620 - 639	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.500%	N/A				
< 620 <sup>(1)</sup>	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.750%	N/A				

(1) A minimum required credit score of 620 generally applies to all mortgage loans delivered to Fannie Mae; refer to the Selling Guide and the Eligibility Matrix for additional



#### 4 C's and Conventional Loans:

- Minimum credit score is 620 (no exceptions)
- Max debt to income roughly 45
- Down payment can be a minimum of 3% but most common minimum is 5%
- Appraisal standards are set by Fannie Mae. They purchase owner occupied and non owner occupied properties.

#### 4-C's and FHA Loans:

- Minimum score is 580
- Maximum debt to income is 55%
- Down payment is 3.5%
- Appraisals are completed by FHA approved appraisers.

#### 4 C's and VA Loans:

- Typical minimum of a 620 score.
- Maximum debt to income can be as high as 55%.
- There typically is not a down payment requirement except on higher balance VA loans over \$424,100.
- Appraisals are completed by VA approved appraisers.



# Credit Reports/Scores/Problems

- Credit is a critical component: What is the impact of the following?
  - Delinquent credit
  - Collections & charge-offs
  - Foreclosures
  - Bankruptcy's
  - Disputed Accounts
  - How to clean up your credit? Rising Point Solutions/Abe K is one example
    - The removal of any derogatory item is the key.



### PMI, MIP, VA Funding Fee?

- What's up with all of this?
- Guarantee's the investor on the loan against loss...does not repair the property.
- Private Mortgage Insurance insures conventional loans and jumbo loans
- Mortgage Insurance Premiums insure FHA loans
- VA utilizes a VA Funding Fee to guaranty their loans

High credit scores have a low cost of PMI, The higher the LTV the higher the PMI cost.

MIP does not factor in the credit score.

VA does not factor in the credit score



Dashboard

Templates

## Maxwell makes Mortgages easy!

Active

Closed

Archived

"Client cooperation is key to quickly documenting a file"



## Our system Maxwell speeds up the manufacturing process:

A very simple loan application (1003) tool for your clients is available

Receiving docs and client communication have never been easier!

Close Loans Faster

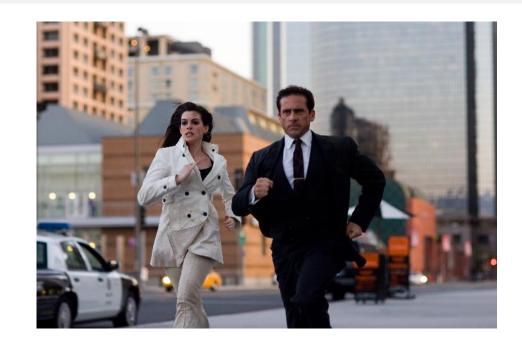
Collect Docs easily through this secure on-line portal

Client Communication on-line and retained vs email

Deadlines are clearly established and dated

Full written explanations provided for conditions

Easy "DocuSign" signatures for all loans inside of Maxwell



## RED DIAMOND HOME LOANS

165 S. Kimball Avenue, Suite 100, Southlake, TX 76092

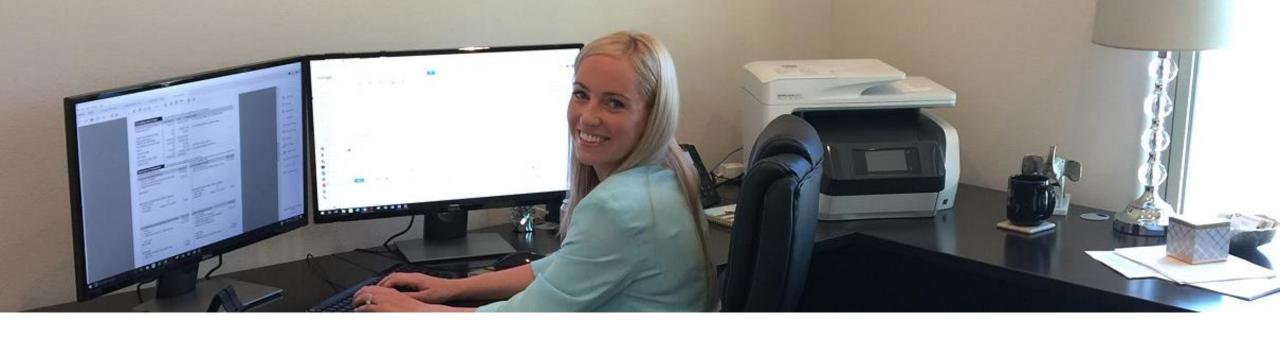
Save this Loan Estimate to compare with your Closing Disclosure.

Loan Es	stimate	LOAN TERM 30 years PURPOSE Purchase	
DATE ISSUED APPLICANTS	1/1/2017	PRODUCT Fixed Rate	
	Borrower, Unknown	LOAN TYPE ズ Conventional □ FHA □ VA □ LOAN ID #	
PROPERTY	TBD	RATE LOCK NO YES, until  Before closing, your interest rate, points, and lender credits of	can

#### **Home Loan Manufacturing Steps:**

#### Initial Documentation Required:

- In 2014 the Loan Estimate and the Closing Disclosure replaced the GFE and the HUD1.
- We are required to send a Loan Estimate within 3 days of the client's application.
- We are required to send a Locked Loan Estimate upon locking the clients loan.
- We are required to send the appraisal to the client and receive their acknowledgement of receipt.
- We are required to send the closing disclosure 3 days prior to closing to be signed by the client.



## Manufacturing the loan means putting a complete file together:

- Minimum credit score Maximum Debt to Income
- Maximum Loan to Value Loan must by approved by the automated underwriting system
- Two year history required for income -
- 60 days of bank statements required Most recent 30 days of paystubs
- Tax Returns for Self Employed borrowers

"All of these factors and more go into the loan approval. All situations are different and specific issues will raise other conditions"



#### Underwriting Process Overview:

- Typical turn times are 48 hours for an initial review and 24 hours for the resubmission of conditions.
- Underwriters want a full, complete package to review.
- The underwriters job is to validate the accuracy of the documentation provided.
- Mortgage Companies work toward a Final Approval status or a Clear to Close status with underwriting
- Underwriters evaluate loans according to a set of guidelines from Fannie Mae, Freddie Mac, FHA or VA.
- Each entity/agency has their own set of very specific guidelines that must be followed.

"We talk to the underwriter to make sure they fully understand the file and the situation"



#### Banker vs. Broker: What's the difference?

- The Banker prepares the loan estimate and closing disclosure, the broker does not.
- The Banker orders the appraisal from their own system, the broker does not.
- The Banker funds it's own loans, the broker does not.
- The Banker is responsible for preparing the closing documents, the broker is not.
- The Banker closes the loan in it's own name, the broker does not.
- Summary: A banker controls the full transaction while a broker uses the services of a lender to underwrite, close and fund a transaction.



#### How fast can we close?:

Day 1: Application & Conditional Approval & Receive the Receipted Contract to start the clock, We need to issue preliminary disclosures before we can order the appraisal.

Day 2: Order the appraisal and Open Title with Title Company

Day 3: Receive all borrower documents

Day 4: Submit to underwriting (two days in underwriting)

Day 6: Receive Approval from underwriting

Day 7: Ask for other conditions

Day 8: Appraisal Complete

Day 9: Submit the appraisal back to the underwriter.

Day 10: Clear to Close

Day 11: Prepare Closing Disclosure

Day 14: Loan Closing

Red Diamond Closed a
Conventional Purchase 12 days
after the contract was receipted.
August 8 – August 24. We had all
borrower documents, just needed
the appraisal.

"This timeline depends upon the client and their ability to move quickly and provide the documents that we need"



### The Secondary Market for Mortgages:

- What is the secondary market?
- Who funds the mortgage market?
- Who buys Fannie Mae, Freddie Mac, FHA/VA loans?
- How are they sold?
- Who does Wall Street sell the mortgage banked securities to?

"The mortgage market is loaded with participants from Main Street to Wall Street"



# Manufacturing a Mortgage

1. Application

10. Loan Servicing

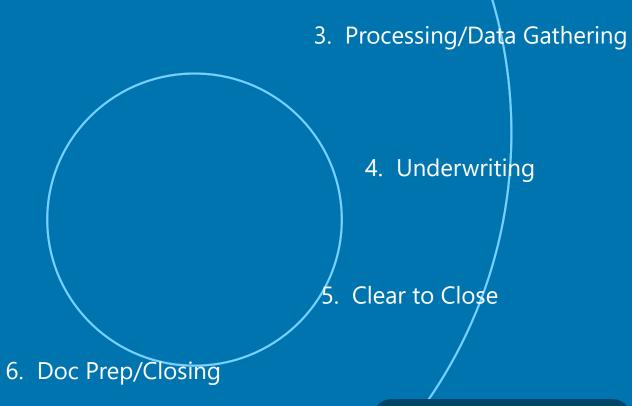
2. Conditional Approval

9. Secondary Market

8. Loan Delivery

7. Warehouse Funding

6. Client Signing





In Summary:

Thanks for your time and attention today.

Hopefully you benefitted from this presentation.

Justin is available anytime for a pre-approval, question or any type of client consultation.

Justin and I are happy to advise and consult with your clients on the best course of action, even if there is a better lender for their needs.



# Other CE Classes Available:

- FHA/VA
- Expat Lending
- Mortgage Fundamentals
- QM vs Non QM
- Interim Financing

These are all classes that are available to your brokerage office.

Please let us know if we can provide a lunch and learn for your office on any of these topics.



# Thanks for you time!

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