

Welcome to our Mortgage Fundamentals CE Class!



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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



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

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

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when lend the income or assets of a person other than the "Borrower" (including the Borrower's spouse) will be used as a basis for loan qualification or lend the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower's relying on other property located in a community property state as a basis for relyament of the loan.

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				Co-Borrowe	r								
				I. TYPE OF N	ORTGAGE /								
Mortgage Applied for:			/Rural ng Service	Other (expla	-	Ĵ	<i>.</i>	se Number			r Case Number		
Amount \$		Interest Ra	ate N %	lo. of Months	Amortizatio	on Type:	ISZ F □ G	ixed Rate PM	Othe ARM		in):		
			II. I	PROPERTY IN	FORMATION	N AND PU	RPOS	E OF LOAN	1				
Subject Prop	perty Address	(street, city,	state, & ZIP)								No. of Units	
Legal Descr	iption of Subje	ct Property ((attach desc	ription if necess	ary)							Year Built	
Purpose of L			Construction Construction		Other (explain):		Property will Primary I		Sec	ondary Resider	nce 🗌 investme	
Complete ti Year Lot Acquired	his line if con Original Cos			ion-permanent xisting Liens	loan. (a) Present V	/alue of Lot	lue of Lot (b) Cost of Improvemen		nts Total (a+b)				
	\$		s		\$			s		\$			
Complete t Year Acquired	his line if this Original Cos			xisting Liens	Purpose of R	Refinance		Describe Improvements mad			made	e 🗌 to be mad	
	\$		s					Cost: \$					
Title will be i	held in what N	ame(s)					Manr	ner in which T	itle will be l	held	√F	te will be held in ee Simple easehold(show	
Source of D	own Payment,	Settlement	Charges an	d/or Subordinate	e Financing (exp	plain)					•	xpiration date)	
		Borrowe	-	III. B	BORROWER					Borrow			
Borrower's N	Name (include	Jr. or Sr. if a	applicable)			Co-Borrov	ver's N	ame (indude	Jr. or Sr. if	applica	ble)		
Social Securi	ty Number Ho	me Phone (in	cl. area code) DOB (mm/dd/y	yyy) Yrs. School	Social Sec	urity Nu	mber Home P	hone (incl. a	area cod	e) DOB (mm/do	Vyyyy) Yrs. Scho	
Married (indudes regis	tered domes	tic partners)	Dependent	(not listed by Co-Borrower)	Married	d (indu	des registere	d domestic	partner	s) Depende	ents (not listed by Borrower)	
Unmarrie	d (includes sir	ngle, divorce	d, widowed)	No.		Unman	ried (in	cludes single,	divorced,	widowe	d) No.		
Separate	d			Ages		Separa	ted				Ages		
Present Add	iress (street, c	ity, state, ZIF	P/ country)	Own Re	ntNo. Yrs.	Present A	ddress	(street, city, s	state, ZIP/ o	country)	Own	RentNo. Yr	
/ United States							/ United States						
Mailing Address, if different from Present Address							Mailing Address, if different from Present Address						
				years, comple				(starst site a	tata 700		Own D	Deat No Ve	
Former Add	ress (street, ci	ty, state, zir	-)	Own Re	ni <u> </u>	Former Ac	aress	(street, aty, s	tate, ∠ir)			RentNo.Yr	
Former Add	ress (street, ci	ty, state, ZIF	P)	_Own _Re	ntNo.Yrs.	Former Ac	idress	(street, city, s	tate, ZIP)		Own 🗌	RentNo. Yr	
						I	Borro	wer					
Uniform Reside Freddie Mao Fo	ential Loan App orm 65 7/05 (re	lication ev. 6/09)			Page	1 of 4	Co-Bo	mower		Fa	nnie Mae Form 1 lyx Form - Loana	003 7/06 (rev. 8/0 pp1.fm (09/2013)	

	IV. EMPL	OYMENT IN	FORMATIC	N	Co-Borr	ower				
Name & Address of Em	nployer Self E	mployed	Yrs. on this		Name & A	ddress of Employer	Self	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 Business Business P			hone (ind. a	area code)	Position/T	itle/Type of Business		Business i	Phone (incl. area code)	
If employed in curren	t position for less tha	n two year	s or if curre	ntly employ	ed in more	than one position, co	mplete th	e following:		
Name & Address of Em	nployer Self E	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 F	Phone (ind. a	area code)	Position/Tr	itle/Type of Business		Business i	Phone (incl. area code)	
Name & Address of Em	nployer Self E	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	lusiness	Business F	hone (ind. a	area code)	Position/Title/Type of Business			Business F	Phone (incl. area code)	
Name & Address of Em	nployer Self E	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 F	hone (ind. a	area code)	Position/T	itle/Type of Business		Business i	Phone (incl. area code)	
Name & Address of Em	nployer Self E	mployed	Dates (from-to)		Name & Address of Employer		Self	Employed	Dates (from-to)	
		Monthly Inc \$	xome					Monthly Income \$		
Position/Title/Type of B	usiness	Business F	Phone (ind. a	area code)	Position/T	itle/Type of Business		Business F	Phone (incl. area code)	
	V. MONT	HLY INCO	ME AND CO	MBINED H	DUSING EX	PENSE INFORMATION	N			
Gross Monthly Income	Borrower	Co-B	Co-Borrower To		tal	Combined Monthly Housing Expense		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	ļ					Mortgage Insurance	1			
Other (before completing, see the notice in "describe						Homeowner Assn. Due	5			
see the nuture in describe	e the notice in "describe her income," below)			Other:						
other income," below)	s	s		S	Total		S		\$	

Other Income Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

Uniform Residential Loan Application

Freddle Mao Form 66 7/06 (rev. 8/09)

B/C	Monthly Amount
	\$

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Borrower

Co-Borrower

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his Statement and any applicable suppor o that the Statement can be meaningfull ras completed about a non-applicant spoi	ting sche y and fai use or oti	edules m irly prese her pers	ay be co ented on on, this (moleted jointly by	AND LIABILITIES both married and u is; otherwise, separa pporting schedules r	nmarried Co-borrov	vers If their asset I Schedules are by that spouse o Compi	required. If or other pers	ties are the Co son also Jointly	-Borrower sect			
ASSETS Cash deposit toward	Ma S	Cash or arket Va	lue	 debts, includ 	Liabilities and Piedged Assets. List the creditor's name, address and account number for all outstand debts, including automobile loans, revolving charge accounts, real estate loans, allmony, child suppor stock piedges, etc. Use continuation sheet, if necessary. Indicate by (") those liabilities which will be								
Cash deposit toward purchase held by:	urchasè held by:					satisfied upon sale of real estate owned or upon refinancing of the subject property.							
				_	LIABILITIES			Monthly Payment & Months Left to Pay					
List checking and savings accounts Name and address of Bank, S&L, or C		ion			address of Compan	У	\$ Payment/	Months	\$				
Acct. no. Name and address of Bank, S&L, or C	\$ redit Un	ion		Acct. no. Name and a	address of Compan	у	\$ Payment	Months	\$				
Acct. no. Name and address of Bank, S&L, or C	\$ redit Un	ion		Acct. no. Name and a	address of Compan	у	\$ Payment	Months	\$				
				Acct. no. Name and a	address of Compan	у	\$ Payment	Months	\$				
Acct. no. Stocks & Bonds (Company name/number description)	s s			-									
				Acct. no. Name and a	address of Compan	у	\$ Payment	Months	\$				
Life insurance net cash value Face amount: \$	s												
Subtotal Liquid Assets	\$			Acct. no.			-						
Real estate owned (enter market value rom schedule of real estate owned)	s				address of Compan	У	\$ Payment	Months	2				
/ested interest in retirement fund	s												
Vet worth of business(es) owned attach financial statement)	s			Acct. no.			-						
Automobiles owned (make and year)	Alimony/Chi Maintenanc	ld Support/Separat e Payments Owed	to:	\$									
Other Assets (itemize)	\$			Job-Related	l Expense (child ca	re, union dues, etc	r.) \$						
				Total Mont	hly Payments		\$		1				
Total Assets a.	\$			Net Worth (a minus b)	=> \$		Total Liabi	ilities b.	\$				
Schedule of Real Estate Owned (if add Property Address (enter S if sold, PS i			s are ov Type of		uation sheet) Amount of	Gross	Mortgage	Insurar Mainten		Net			
ale or R if rental being held for incom	e)		roperty	Market Value	Mortgages & Lien	s Rental Income	Payments	Taxes &	Misc.	Rental Incon			
	\rightarrow	+		\$	\$	\$	\$	s		\$			
			Totals	\$	\$	\$	s	s		\$			
List any additional names under which Alternate Name) credit h	has prev	lously b	een received an Creditor Name	d Indicate appropri	ate creditor name	(8) and account A	t number(s) Account Nu): imber				

VII. DETAILS OF TRANSACT	ION	VIII. DECLARATIONS						
a. Purchase price	\$	If you answer "Yes" to any questions a through I,	Borrow	er	Co-Borro			
b. Alterations, improvements, repairs		please use continuation sheet for explanation.	Yes I	No	Yes N			
c. Land (if acquired separately)		a. Are there any outstanding judgments against you?	님님	믜				
d. Refinance (incl. debts to be paid off)		b. Have you been declared bankrupt within the past 7 years?	님님	41	님님			
e. Estimated prepaid items		c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	Шι	-1				
 Estimated closing costs 		d. Are you a party to a lawsult?						
g. PMI, MIP, Funding Fee h. Discount (if Borrower will pay)		e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?		미				
i. Total costs (add items a through h) i. Subordinate financing		(This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and						
 subordinate mancing k. Borrower's closing costs paid by Seller 		address of Lender, FHA or VA case number, if any, and reasons for the action.)	_ ,	_				
I. Other Credits (explain)		 Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "rea," give details as described in the preceding question. 		-				
		g. Are you obligated to pay ailmony, child support, or separate maintenance? h. is any part of the down payment borrowed? I. Are you a co-maker or endorser on a note?						
		J. Are you a U. S. citizen? k. Are you a permanent resident allen? I. Do you intend to occupy the property as your primary residence?						
m. Loan amount (exclude PMI, MIP, Funding Fee financed)		If "Yes," complete question in below. In. Have you had an ownership interest in a property in the last three years?		⊐∣				
n. PMI, MIP, Funding Fee financed		(1) What type of property did you own-principal residence (PR),						
 Loan amount (add m & n) 		second home (SH), or investment property (IP)?		-1				
p. Cash from/to Borrower (subtract j, k, I & o from i)		(2) How did you hold title to the home-solely by yourself (S), Jointly with your spouse (SP), or jointly with another person (O)?		_				
IX. ACKNOWLEDGEMENT AND AGREEMENT								

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attomeys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application is true and correct as of the date set forth opposite my signature and that any lineritorial or negligent misrepresentation that I have made on this application, and/or in driminal penalties instuding, but not limited to, true or thom on whore my suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in driminal penalties instuding, but not limited to, the or inder the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property different and lis application (to "Loan") will be secured by a mortgage or deed of trust on the property different and its application, (6) the Lender, its servicers, successors or assigns may retain the original and/or an electrofic record of this application, and or not the loan is approved. (7) the Lender and its agents, brokers, increases, successors, assigns may on the loan become delinguent, the Lender, its servicers, successors, assigns may on the difficult on their mortgage prof to closing of the Loan; (8) in the event that my payments on the Loan become delinguent, the Lender, its servicers, successors, successors, successors or assigns may in addition to any proves of the Loan and/or administration of the Loan account may be transferred with such notice as may be encome delinguent, (10) entither Lend

Acknowledgement. Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate purpose through any source, including a source named in this application or a consumer reporting agency.

Right to Receive Copy of Appraisal I/We have the right to a copy of the appraisal report used in connection with this application for credit. To obtain a copy, I/we must send Creditor a written request at the mailing address Creditor has provided. Creditor must hear from us no later than <u>90</u> days after Creditor notifies me/us about the action taken on this application, or I/we written written written request at the supervised of the appraisal report.

Borrower's S	ignature		Date	Co-Borrower's Si	gnature		Date		
X	-			X	-				
	X. I	NFORMATION	FOR GOVERNME	NT MONITORIN	G PURPOSES				
opportunity, fail not discriminate may check mor observation and	nformation is requested by the r housing and home mortgage e either on the basis of this info re than one designation. If you d surname if you have made th ure that the disclosures satisfy	disclosure laws. Yo mation, or on whet do not furnish ethn is application in per	ou are not required to fi her you choose to furni icity, race, or sex, under son. If you do not wish	umish this informatio ish it. If you furnish t er Federal regulation h to furnish the inform	n, but are encouraged to he information, please pro s, this lender is required to hation, please check the t	do so. The law pro- wide both ethnicity a prote the information ox below. (Lender	vides that a Lender ma and race. For race, yo on on the basis of visua must review the above		
BORROWER	I do not wish to furnish	this information		CO-BORROWER	I do not wish to furnis	I do not wish to furnish this information			
Ethnicity:	Hispanic or Latino	Not Hispanic o	r Latino	Ethnicity:	Hispanic or Latino	Not Hispani	ic or Latino		
Race:	American Indian or Alaska Native	Aslan	Black or African American	Race:	American Indian or Alaska Native	Aslan	Black or African America		
	Native Hawalian or Oth	er Padfic Islander	White		Native Hawailan or C	ther Pacific Islande	r 🗌 White		
Sex:	Female	Male		Sex:	Female	Male			
This information	eted by Loan Originator: n was provided: o-face Interview ione Interview r's Signature		nt and submitted by fax nt and submitted via e-		Date				
Loan Originato	r's Name (print or type)		Loan Originator	Identifier	Loan Originator's P	Loan Originator's Phone Number (including area code)			
	n Company's Name d Home Loans, LLC		Loan Origination	n Company Identifier	Loan Origination Company's Address 1202 Kirkcaldy Court Southlake, TX 76092				

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Uniform Residential Loan Application Freddle Mac Form 65 7/05 (rev. 8/09) Co-Borrower _____

Uniform Residential Loan Application

Freddle Mao Form 66 7/05 (rev. 8/09)

Fannie Mae Form 1003 7/06 (rev. 6/08)

Calyx Form - Loanapp4.fm (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, Tax Returns, K-1)
 - Capital: Asset documentation (Bank Statements) for down payment and reserve requirements
 - Collateral: The appraisal must meet underwriting requirements

					LTV Range							
Representative Credit	Applicable for all mortgages with terms greater than 15 years											
Score	<u><</u> 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 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(1)	0.500%	1.500%	3.000%	3.000%	3.250%	3.250%	3.250%	3.750%	N/A			

The 4-C's by Loan Type Breaking it down:

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 the 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

RED DIAMOND HOME LOANS

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

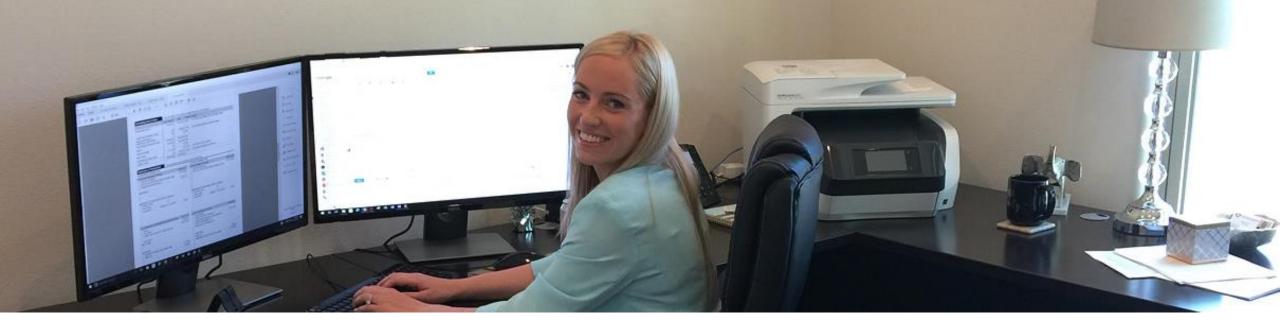
Save this Loan Estimate to compare with your Closing Disclosure.

Loan Est	timate	LOAN TERM 30 years PURPOSE Purchase
DATE ISSUED	1/1/2017	PRODUCT Fixed Rate
APPLICANTS	Borrower, Unknown	LOAN TYPE 🛛 Conventional 🗆 FHA 🗆 VA 🗆 LOAN ID #
		RATE LOCK \Box NO \swarrow YES, until
PROPERTY	TBD	Before closing, your interest rate, points, and lender credits 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 The 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 pay stubs
- 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 underwriter's 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 its own set of very specific guidelines that must be followed. Clear-to-close

"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 their 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 their 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"

Choose your business partners carefully...

Not all partners are the same

Manufacturing a Mortgage

1. Application

10. Loan Servicing

9. Secondary Market

3. Processing/Data Gathering

8. Loan Delivery

7. Warehouse Funding

6. Client Signing

6. Doc Prep/Closing

4. Underwriting

5. Clear to Close

2. Conditional Approval



In Summary:

Thanks for your time and attention today.

Hopefully, you benefitted from this presentation.

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

We 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.



Thanks for you time!

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