



OUR PRESENTATION IS ON EXPAT &  
FOREIGN NATIONAL LENDING

WE ALSO WILL COVER WHAT IS QM VS NON QM

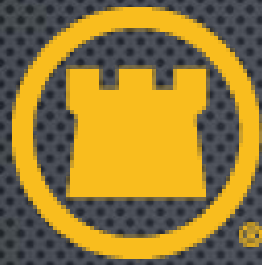
# EXPAT & FOREIGN NATIONAL LENDING

BROUGHT TO YOU BY:

WHITNEY VALLENARI, CHICAGO TITLE

MIKE PORTER, RED DIAMOND HOME LOANS





CHICAGO TITLE  
INSURANCE COMPANY

# RUSSELL D. REID, PLLC

- FULL-SERVICE RESIDENTIAL AND COMMERCIAL TITLE COMPANY
- COMMITTED TO HELPING REALTORS GROW THEIR BUSINESS
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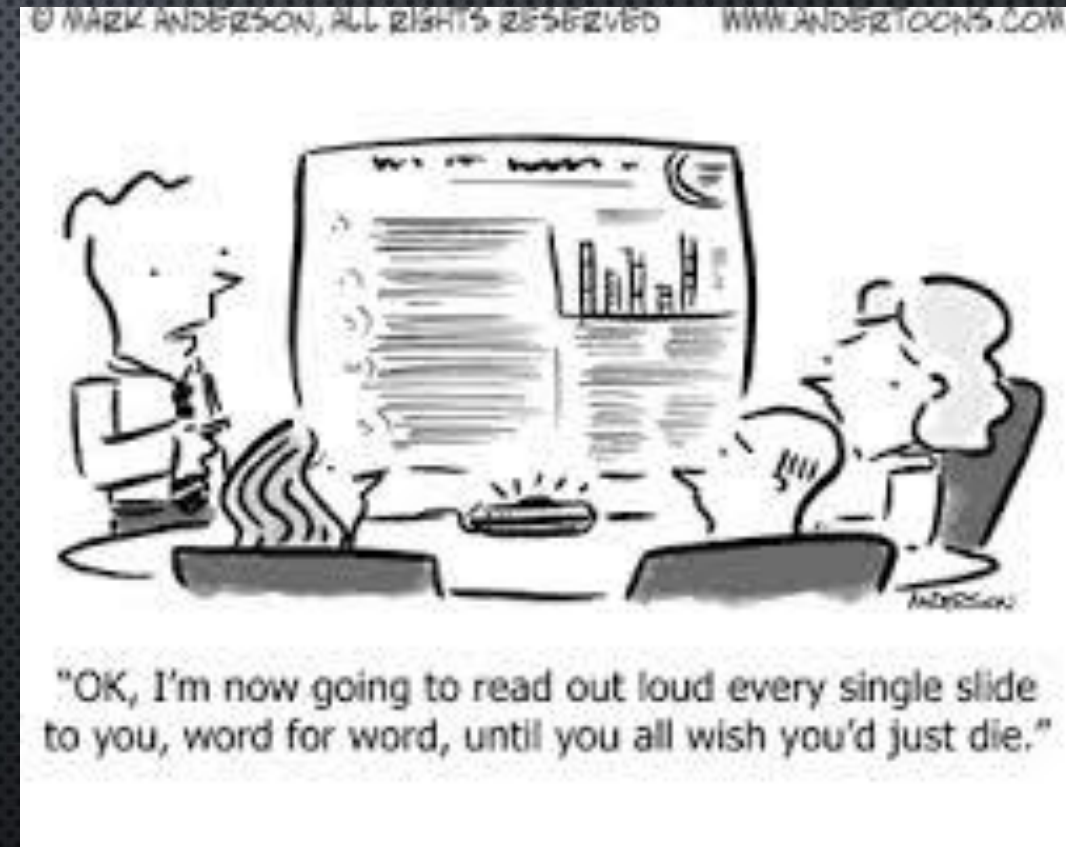
# SELL REAL ESTATE TO BUYERS AROUND THE WORLD



# MORTGAGE BANKING OVERVIEW

- LET'S REVIEW SOME CURRENT MORTGAGE INFO AND GUIDELINES:

- ◇ CONVENTIONAL CONFORMING LOANS NOW GO UP TO \$424,100 WITH A MINIMUM CREDIT SCORE OF 620
- ◇ FHA LOANS MAXIMUM LOAN AMOUNT IS \$334,650 IN DFW WITH A CREDIT SCORE DOWN TO 620
- ◇ VA LOANS TYPICALLY CAP OUT AT \$424,100 WITH NO DOWN PAYMENT AND A CREDIT SCORE DOWN TO 620
- ◇ JUMBO LOANS TYPICALLY START AT \$424,101 AND UP TO ROUGHLY \$3,000,000
- ◇ EXPAT LOANS CAN GO UP TO \$3,000,000
- ◇ FOREIGN NATIONAL LOANS MAX OUT AT \$3,000,000
- ◇ NON-QM - SELF EMPLOYED BANK STATEMENT PROGRAMS BASED UPON 24 MONTHS OF PERSONAL OR BUSINESS BANK STATEMENTS



# WHAT DOES IT TAKE TO GET A QM LOAN TODAY

- TYPICAL DOCUMENTATION REQUIREMENTS FOR A QUALIFIED MORTGAGE:  
(THIS IS NEW FROM THE DODD FRANK LEGISLATION)

- ◇ 2 YEARS OF EMPLOYMENT HISTORY
- ◇ 2 YEARS OF RESIDENCY
- ◇ MOST RECENT 30 DAYS OF PAYSTUBS
- ◇ 2 YEARS W-2'S
- ◇ 2 YEARS TAX RETURNS FOR SELF EMPLOYED BORROWERS OR COMMISSION CLIENTS
- ◇ 2 MONTHS OF BANK STATEMENTS WITH FUNDS AVAILABLE TO COVER DOWN PAYMENT, CLOSING COSTS AND RESERVES. (RESERVE REQUIREMENTS ARE A BIG ISSUE ON THESE LOANS)
- ◇ MINIMUM CREDIT SCORE FOR THE PROGRAM GUIDELINE
- ◇ DEBT TO INCOME RATIO NOT GREATER THAN 43% (LET'S TALK ABOUT THIS FURTHER)
- ◇ OTHER ISSUES: DIVORCE DECREES, ALIMONY, OTHER INCOME, NET INCOME FOR SELF EMPLOYED BORROWERS (BIG ISSUE)

## The Ten Commandments of Buying a Home

1. Thou shalt not change jobs, become self-employed or quit your job.
2. Thou shalt not buy a car, truck or van (or you may be living in it)!!
3. Thou shalt not use credit cards excessively or let current accounts fall behind.
4. Thou shalt not spend money you have set aside for closing.
5. Thou shalt not omit debts or liabilities from your loan application.
6. Thou shalt not buy furniture.
7. Thou shalt not originate any inquiries into your credit.
8. Thou shalt not make large deposits without checking with your loan officer.
9. Thou shalt not change bank accounts.
10. Thou shalt not co-sign a loan for anyone.

# THE STORY OF A WORK VISA EXPAT CLIENT

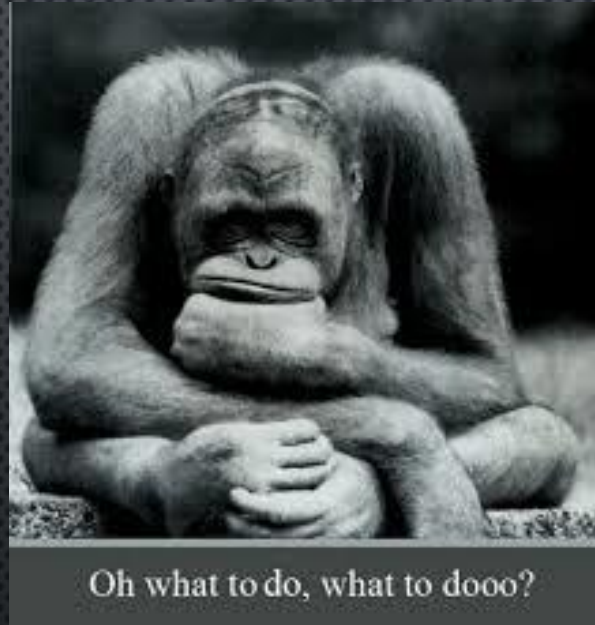
- THE STORY ABOUT FRANCOIS FROM MONTREAL:
  - ◇ WORKED FOR A DALLAS BASED COMPANY IN CANADA
  - ◇ THE COMPANY ASKED HIM TO RELOCATE WITH THE COMPANY IN DALLAS
  - ◇ HE CHOSE SOUTHLAKE BASED ON THE SCHOOL DISTRICT FOR HIS CHILDREN
  - ◇ HE HAD NO U.S. CREDIT
  - ◇ ALL ASSETS TO PURCHASE A HOME WERE IN CANADA
  - ◇ ALL DOCUMENTS WERE IN FRENCH
  - ◇ WE HELPED HIM GET SET UP ON THE US PAYROLL SYSTEM FOR HIS EMPLOYER WITH A VALID SOCIAL SECURITY NUMBER
  - ◇ ALL PASSPORT AND VISA DOCUMENTS WERE VALID AND UP-TO-DATE (REQUIRED)
  - ◇ HE PUT 20% DOWN ON HIS HOME PURCHASE, PLUS CLOSING COSTS
  - ◇ WE CLOSED ON HIS NEW HOME IN ROUGHLY 45 DAYS FROM THE TIME OF APPLICATION
  - ◇ THE KEY IS THE RESPONSIVENESS OF THE BORROWER



# WHAT IS THE DIFFERENCE BETWEEN AN EXPAT LOAN AND A FOREIGN NATIONAL LOAN

## EXPAT LOAN

- ❖ AN EXPAT WILL BE SOMEONE THAT IS MOVING THEIR PRIMARY RESIDENCE TO THE UNITED STATES
- ❖ AN EXPAT WILL HAVE A PERMANENT POSITION AND TYPICALLY BE EMPLOYED IN THE U.S. BY A U.S. COMPANY
- ❖ AN EXPAT WILL HAVE AN ACCEPTABLE TEMPORARY OR PERMANENT WORK VISA
- ❖ NO U.S. CREDIT SCORE REQUIRED
- ❖ UP TO 80% LOAN TO VALUE TO \$1.5 MILLION ON A SINGLE FAMILY PRIMARY RESIDENCE
- ❖ FOREIGN ASSETS CAN BE CONSIDERED FOR RESERVE REQUIREMENTS (12 MONTH RESERVE REQUIREMENT TYPICALLY)
- ❖ SOCIAL SECURITY NUMBER NEEDED



## FOREIGN NATIONAL LOAN

- ❖ INVESTMENT PROPERTIES & SECOND HOMES ARE THE TYPICAL TYPES OF LOANS TO FOREIGN NATIONALS
- ❖ A FOREIGN NATIONAL LOAN IS A LOAN TO SOMEONE THAT MAINTAINS THEIR RESIDENCE OUTSIDE OF THE UNITED STATES
- ❖ LOAN TO VALUE RATIOS ARE IN THE 50% TO 70% RANGE
- ❖ FULL DOCUMENTATION IS REQUIRED, ALL INCOME AND ASSET INFORMATION MUST BE TRANSLATED INTO ENGLISH.
- ❖ INTERNATIONAL CREDIT CAN BE USED IF AVAILABLE
- ❖ NOO PROPERTIES ARE AVAILABLE WITH LOWER LTV'S
- ❖ SOCIAL SECURITY NUMBER OR ITIN ACCEPTABLE BUT NOT ALWAYS REQUIRED



# ONE MORE STORY

## • LOAN IN PROCESS:

- ◆ REO DE JANERIO, BRAZIL COUPLE WITH TWO DAUGHTERS, MOVED TO DFW A WEEK AGO
- ◆ HE WORKS AS A TECHNOLOGY SUPPORT PERSON FOR AN INTERNATIONAL COMPANY WITH OPERATIONS IN LAS COLINAS
- ◆ THE COMPANY MOVES PEOPLE VIA HELICOPTER ON AND OFF OIL RIGS AROUND THE WORLD
- ◆ HIS ASSETS ARE MOSTLY IN BRAZIL (RECENTLY OPENED A BANK OF AMERICA ACCOUNT)
- ◆ HE NEEDS A CAR AND A HOUSE, USING A RENTAL CAR AND TEMPORARY HOUSING NOW
- ◆ THEY HAVE NO U.S. CREDIT
- ◆ CAME TO SEE US WITH NO REAL IDEA WHAT HIS OPTIONS WERE:
  - ◆ SETTING HIM UP WITH AN AUTO LOAN OPTION TO PURCHASE A CAR
  - ◆ WORKING ON A LOAN APPROVAL SO HE CAN MAKE AN OFFER ON A HOME
  - ◆ THE UNDERWRITER WILL DO A “TO-BE-DETERMINED” LOAN APPROVAL WHICH IS A GREAT OPTION FOR THESE CLIENTS
  - ◆ HOPING TO HAVE THE AUTO AND HOME LOAN APPROVED SOON.
  - ◆ AS I MENTIONED BEFORE, BUYER RESPONSIVENESS IS KEY



# HOW TO CLOSE A QM EXPAT LOAN (PART 1)

- ◆ THE DOCUMENTATION REQUIREMENTS ARE SIMILAR TO A STANDARD FANNIE MAE LOAN WITH A FEW EXCEPTIONS:
  - ◆ STANDARD TWO YEARS OF JOB/INCOME HISTORY AND RESIDENCY HISTORY (ALL DOCUMENTS MUST BE TRANSLATED INTO ENGLISH, VOE'S OR VOR'S MAY BE REQUIRED)
  - ◆ MAXIMUM 80% LOAN TO VALUE
  - ◆ MAXIMUM DEBT TO INCOME 43%
  - ◆ WORK VISA AND PASSPORT ARE REQUIRED
  - ◆ NO US CREDIT REQUIRED
  - ◆ 2 MONTHS OF PERSONAL ASSET STATEMENTS REQUIRED (MUST BE PROVIDED IN ENGLISH AND AMOUNTS MUST BE CONVERTED TO DOLLARS WITH CURRENT EXCHANGE RATES)
  - ◆ FUNDS FOR DOWN PAYMENT AND CLOSING COSTS MUST BE TRANSFERRED TO THE US AND VERIFIED IN A US FINANCIAL INSTITUTION. (ALL ASSET TRANSFERS MUST BE SOURCED FROM THE ACCOUNT THEY ARE COMING FROM, THIS MEANS THE FOREIGN ACCOUNT STATEMENT MUST BE TRANSLATED)
  - ◆ DEPOSITS AND TRANSFERS THAT CANNOT BE SOURCED WILL NOT BE ALLOWED



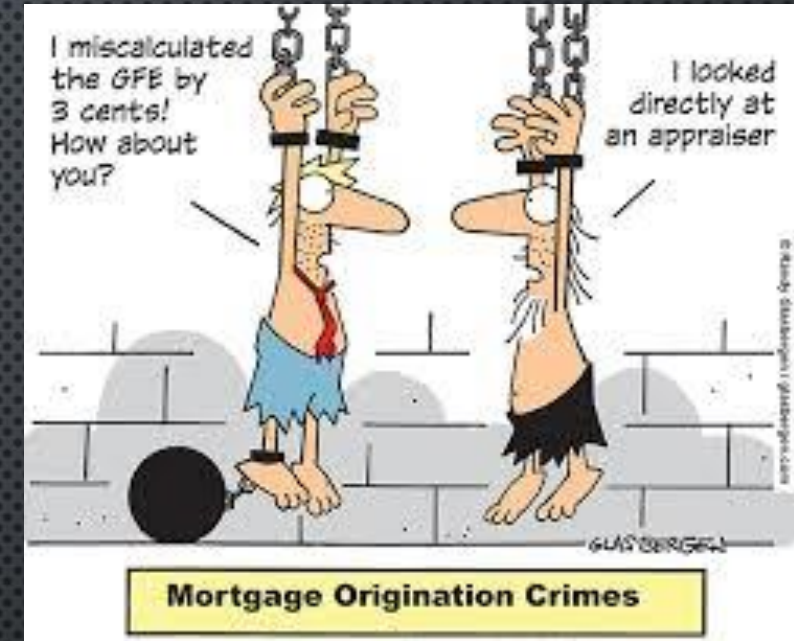
# HOW TO CLOSE A QM EXPAT LOAN

(PART 2)

- ◆ FOREIGN PROPERTIES (PITI) WILL BE COUNTED IN THE DEBT TO INCOME RATIO (ALL FOREIGN MORTGAGE DOCUMENTS, TAXES AND INSURANCE DOCUMENTS MUST BE TRANSLATED INTO ENGLISH)
- ◆ INCOME:
  - ◆ EMPLOYMENT CONTRACT OR OFFER LETTER FROM U.S. BASED EMPLOYER SHOWING ANNUAL INCOME, START DATE AND HR/SUPERVISOR CONTACT IS REQUIRED
  - ◆ MOST RECENT PAY STUB WILL BE REQUIRED PRIOR TO FUNDING

## OTHER INFO:

- ◆ ALL LOAN PROGRAMS ARE ARMS – 3/1, 5/1 OR 7/1 ARM
- ◆ ALLOW PLENTY OF TIME TO PROCESS A MORE DIFFICULT TRANSACTION
- ◆ PUT THE WORLD IN YOUR HANDS!



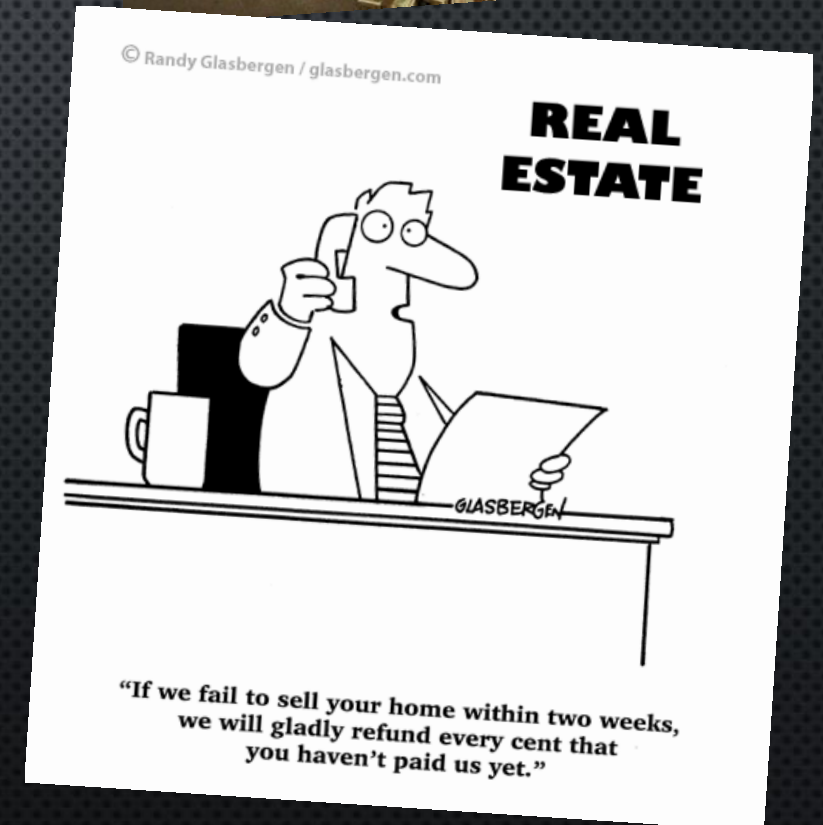
# FOREIGN NATIONAL PRODUCT OVERVIEW

- ◆ FOREIGN NATIONAL TRANSACTIONS ARE TYPICALLY SECOND HOME PURCHASES OR INVESTMENT PROPERTIES
- ◆ THE FOREIGN CLIENT RETAINS THEIR PRIMARY RESIDENCY IN THEIR COUNTRY OR ORIGIN
- ◆ LOAN TO VALUES TYPICALLY ARE FROM 50% TO 70%
- ◆ FOREIGN CREDIT IS HELPFUL IF AVAILABLE BUT NOT REQUIRED
- ◆ FULL DOCUMENTATION REQUIRED
- ◆ DOWN PAYMENT, CLOSING COSTS MUST BE TRANSFERRED TO THE U.S.
- ◆ ALL DOCUMENTS MUST BE TRANSLATED INTO ENGLISH
- ◆ SOCIAL SECURITY NUMBER OR ITEN #'S MAY BE REQUIRED
- ◆ ALLOW FOR A LONGER CLOSING PERIOD WITHOUT A PRE-APPROVAL



# ASSET DEPLETION LOANS

- ASSET DEPLETION: WHAT DOES THIS MEAN AND HOW DOES IT WORK?
  - THIS CAN BE USED WITH THE EXPAT PROGRAM AND THE FOREIGN NATIONAL PROGRAM
- ASSET DEPLETION WORKS LIKE THIS:
  - ◇ WE USE THE BORROWERS ASSETS TO ESTABLISH AN INCOME STREAM
  - ◇ THERE IS A CALCULATOR THAT IS USED THAT CONVERTS THE ASSETS TO INCOME
  - ◇ LOAN AMOUNTS UP TO \$3 MILLION
  - ◇ 75% LOAN TO VALUE TO \$1.5 MILLION
  - ◇ NO ACTIVE CURRENT WORK HISTORY IS REQUIRED (NO CURRENT JOB IS REQUIRED)
  - ◇ SOCIAL SECURITY INCOME, PENSION INCOME, BROKERAGE STATEMENTS ALL CAN CONTRIBUTE TO THE INCOME STREAM FOR QUALIFICATION PURPOSES



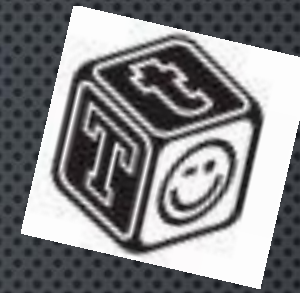
# 'HOW-TO' HIGHLIGHTS

- ◇ HOW TO HANDLE SELF EMPLOYED BUYERS WITH LOW RESIDUAL INCOME ON THEIR TAX RETURNS
  - BANK STATEMENT LENDING PROGRAM
  - STORY OF A LOCAL BUSINESS OWNER
- ◇ HOW TO WORK WITH INVESTORS TO BUY MULTIPLE PROPERTIES?
- ◇ HOW TO BUY A HOME WITH 1% DOWN PAYMENT
- ◇ HOW TO BUY A HOME WITH A LOW CREDIT SCORE
- ◇ HOW TO CLOSE A LOAN FAST?
- ◇ HOW TO CLOSE A VA LOAN?
- ◇ HOW TO CLOSE AN FHA LOAN?
- ◇ HOW TO CLOSE A JUMBO LOAN QUICKLY?



# IDEAS FOR MARKETING FOR EXPATS & FOREIGN NATIONAL CLIENTS

<https://expatmarketing.com/expat-websites>



- In 2014, 1.3 million foreign-born individuals moved to the United States, an 11 percent increase from 1.2 million in 2013.
- India was the leading country of origin for new immigrants, with 147,500 arriving in 2014,
- followed by China with 131,800, Mexico with 130,000, Canada with 41,200, and the Philippines with 40,500.

# CHECK THE TIME...WE HAVE MORE INFO

- WHAT IS QM VS NON QM?





# QM STANDS FOR QUALIFIED MORTGAGE: WHAT IS A QM LOAN?

## ◇ MANDATORY FEATURES:

- ◇ POINTS AND FEES LESS THAN OR EQUAL TO 3%
- ◇ NO RISKY FEATURES LIKE NEGATIVE AMORTIZATION, INTEREST ONLY, BALLOON LOANS
- ◇ MAXIMUM LOAN TERM IS LESS THAN OR EQUAL TO 30 YEARS

## ◇ THREE MAIN CATEGORIES OF QM LOANS:

- ◇ DEBT TO INCOME RATIOS OF LESS THAN OR EQUAL TO 43%
- ◇ GSE ELIGIBLE: CONVENTIONAL, FHA, VA OR USDA ARE ALL QM LOANS **ONLY**
- ◇ SMALL CREDITORS/BANKS CAN ALSO ISSUE QM LOANS IN THEIR PORTFOLIO

## ◇ THE DODD-FRANK ACT CHANGED THE LANDSCAPE OF THE MORTGAGE INDUSTRY

## ◇ **PREVIOUSLY THE CONTROL OF LOAN PRODUCT PARAMETERS WAS ESTABLISHED BY THE AGENCIES, NOW THERE IS AN OVERRIDING GUIDELINE THAT RESTRICTS THEIR FLEXIBILITY**

# ADDITIONAL DODD-FRANK CHANGES

- ◇ A RULE CALLED THE ABILITY TO REPAY WAS IMPLEMENTED TO ESTABLISH QM STATUS
  - ◇ REQUIRES DOCUMENTATION TO BE VERIFIED...NO MORE "STATED INCOME"
  - ◇ FINAL ABILITY TO REPAY RULE WAS ISSUED JANUARY 10, 2014
  - ◇ THE DEFINED 8 CRITERIA FOR UNDERWRITING APPROVAL:
    - ◇ CURRENT INCOME & ASSETS
    - ◇ CURRENT EMPLOYMENT STATUS
    - ◇ MONTHLY PAYMENTS ON COVERED TRANSACTIONS (FIXED RATE PAYMENTS VS. ARM PAYMENTS)
    - ◇ MONTHLY PAYMENTS ON SIMULTANEOUS LOAN (SECOND LIEN/PIGGYBACK LOAN)
    - ◇ MONTHLY PAYMENTS ON MORTGAGE RELATED OBLIGATIONS (TAXES, INSURANCE AND HOA)
    - ◇ OTHER DEBT OBLIGATIONS LIKE ALIMONY AND CHILD SUPPORT
    - ◇ DEBT TO INCOME RATIOS (MAX OF 43% OR THE AUTOMATED UNDERWRITER SYSTEM RESULTS)
    - ◇ CREDIT HISTORY (MINIMUM TYPICALLY 620 CREDIT SCORE)
  
- ◇ THE USE OF ASSETS IN QM LOAN QUALIFICATION ARE LIMITED WHICH IS A PROBLEM WITH AGENCY LENDING

# WHY IS IT SO HARD TO GET A LOAN?

- **VERIFICATION:**

- MUST VERIFY EVERYTHING FOR ALL 8 OF THESE CRITERIA TO **MAINTAIN YOUR QM STATUS**
- ◇ THE DEFINED 8 CRITERIA FOR UNDERWRITING APPROVAL:
  - ◇ CURRENT INCOME & ASSETS
  - ◇ CURRENT EMPLOYMENT STATUS
  - ◇ MONTHLY PAYMENTS ON COVERED TRANSACTIONS (FIXED RATE PAYMENTS VS. ARM PAYMENTS)
  - ◇ MONTHLY PAYMENTS ON SIMULTANEOUS LOAN (SECOND LIEN/PIGGYBACK LOAN)
  - ◇ MONTHLY PAYMENTS ON MORTGAGE RELATED OBLIGATIONS (TAXES, INSURANCE AND HOA)
  - ◇ OTHER DEBT OBLIGATIONS LIKE ALIMONY AND CHILD SUPPORT
  - ◇ DEBT TO INCOME RATIOS (MAX OF 43% OR THE AUTOMATED UNDERWRITER SYSTEM RESULTS)
  - ◇ CREDIT HISTORY (MINIMUM TYPICALLY 620 CREDIT SCORE)

# WHAT HAPPENS IF A QM LOAN BECOMES A NON QM LOAN?

- NON QM LOANS ARE SOLD TO NON QM INVESTORS:
  - THE VALUE OF THE LOAN WOULD IMMEDIATELY DROP BY ANYWHERE FROM 25% TO 40% OF THE LOAN AMOUNT
  - A \$300,000 LOAN WOULD DROP IN VALUE BY \$100,000 POTENTIALLY
  - THERE CURRENTLY MAY NOT BE A CURE FOR A QM VIOLATION
  - THAT'S WHY IT'S SO HARD TO GET A LOAN THESE DAYS...

# WHO IS RED DIAMOND HOME LOANS

- ◆ RED DIAMOND HOME LOANS IS BASED IN SOUTHLAKE AT 221 E. SOUTHLAKE BOULEVARD. WE ARE BUILDING A NEW OFFICE AT 165 S. KIMBALL IN SOUTHLAKE
- ◆ WE ARE A MORTGAGE BANKING COMPANY APPROVED WITH FHA, VA AND MANY NATIONAL MORTGAGE INVESTORS
- ◆ THE COMPANY IS OWNED AND OPERATED BY MIKE PORTER, WHO HAS 30 YEARS OF MORTGAGE BANKING EXPERIENCE
- ◆ OUR PRODUCT OPTIONS ARE EXTENSIVE AND WE ARE ALWAYS LOOKING FOR NEW LENDING SOLUTIONS



# RED DIAMOND UTILIZES GREAT LOCAL & NATIONAL INVESTORS



## Mike Porter - Credentials

- ◆ Started working in Mortgage banking 30 years ago this month
- ◆ Worked for large banks for 26 of those years
- ◆ Started Red Diamond to offer the best from a variety of banks (One bank can't do it all)
- ◆ Traded Mortgage Backed Securities for many years
- ◆ Have run Wholesale, Retail and Correspondent Sales and Operations Teams
- ◆ Have funded billions of dollars of purchase money loans through these operations
- ◆ Funded a billion dollars in residential construction loans through these operations

# THANK YOU

- THANKS TO ALL OF YOU FOR YOUR PATIENCE AND ATTENTION TODAY!
- THANKS DALLAS METROTEX FOR ALLOWING US TO PRESENT TO YOU!

