

Loan Originations vs. Simultaneous closings

Summary of Positive Attributes & Loan Programs Available

- Loans can close in all 50 states
- Minimum down payment \$0
- High 100% LTV loans for O/O & N/O/O
- High 97% LTV loans with low rates
- Rates competitive with the local banks

- FHA and VA special programs
- Construction loans can be made

- High 100% LTV Investment prop. loans
- Traditional Loans on 1-4 unit properties
- Loans on 5-9 units as residential
- 90% LTV No-Doc loans, strong credit

- Debt Consolidation Refinances
- Cashout Refinances

- Jumbo loans to \$8,000,000
- Mobile home/land loans built after 1976
- Debt ratios to 60% can be allowed

- Condo, town house & row house loans
- Loans for houses in rural areas

- Loans for people with "A" - "D" credit
- Loans for people with no credit
- Loans with bad credit & no down pmt
- Loans based solely on the credit score
- Loans for credit scores as low as 490+
- Bad credit OK, only look at rent history

- Loans when 1 day out of bankruptcy
- Loans when in Chapter 13 bankruptcy
- Loans to bail people out of foreclosure

- Self employed, no income verification
- Loan points charged to Borrower
- Seller property flips, case-by case

- Commercial loans from \$200k - \$9mm
- Earn a reputation as someone who can get the job done by saying yes

Summary of Positive Attributes & Mortgage Structures that can be created

(all of the below refer to owner financed mortgages)

- Close deals in all 50 states
- Minimum down payment 5%
- 95% LTV mortgages (ITV of 85%)
- High LTV & low rates are not available unless seller takes huge discount

- Not Available
- Not Available

- Max 80% ITV-investment property deals
- Mortgages on 1-4 unit properties
- Mortgages, 5-9 units as commercial
- 75% ITV reduced-doc deals, strong credit

- Not Available
- Not Available

- Generally, limited to \$500k mortgages
- Mobile homes with land built after 1976
- Debts under 50% of monthly income

- Condo & Townhouse properties OK
- Rural properties OK

- Generally credit should be "A" - "C"
- Must have some credit
- Weak credit ok, must have 5% down
- Credit scores are very important
- Generally, the lowest score is 520
- Rent payment history is important

- Must be 1 year out of bankruptcy
- Chapter 13 must be discharged
- Foreclosure, 3+ years ok if good credit

- Self employed, we can ignore income
- No Buyer costs. But discount to seller
- Seller flips case by case basis
- Unique property types & locations OK
- Easier and quicker to close than a loan

- Commercial, generally limited to \$500k
- Earn a reputation as someone who can get the job done by saying yes

For Loans call Cindy Buckmaster: ph (918) 307-1949 fax (918) 294-1913 cbuckmaster@franh.com

For Simultaneous Closings call Jeff Long: ph (918) 307-2003 fax (918) 307-2103 JLong@franh.com

Financial Resources, Inc. Main Office: Meredith, NH

Loan Originations vs. Simultaneous Closings

This comparison is based on an individual who wants to buy and occupy a single family house. The middle line represents the distinction between loan originations and simultaneous closings. The wavy line represents the numerous possibilities of where this home buyer fits in regard to his credit grade, his credit score, the verifiability of his income, length of time on the job, the amount of his down payment, and several other factors. Some home buyer situations may fit under both sides of this illustration, but for simplicity sake are only shown on one side.

Total "A" credit borrower. Has good job history, verifiable income, seasoned down payment funds. Rates are competitive with banks at 5-7%. LTVs 95-100%. FHA 97% LTV and VA 100% LTV programs

100% LTV "B" grade and other special 80-95% "B" loans. Overall credit is good, score is 600+, income is verifiable or stated, good job history, Rates 6-10%. Also 95% No-Doc loans with scores over 620

"B-C" grade loans. Consumer credit can be weak as long as there is a good rent history. Full doc or stated. Credit scores 520+. LTVs 75-90%, rates 8-11%, seller can hold second, must have 5% down

Foreclosure Bailouts, Really bad credit, scores 490-520, Recent Chapter 7 Bankruptcies, Interest rates 10-13%, LTVs 60-70%, High loan fees

Cream of the crop deals. There are a few flexibilities that do not exist with a loan. Investor flips on a case-by-case basis. "A" buyers that just missed the bank loan. LTVs to 95% with ITVs to 85% **Rates 8-9.5%

This is the strongest area for these deals. There are usually flaws in the credit, job history, income verifiability, rent verifiability, source of down and/or perhaps the property. Credit scores 590+, LTVs to 95%, with ITVs 70-80%, **rates 9-11%

Weak credit with scores between 520 and 580 and mostly good items on the credit report (but can have bad as well). Bankruptcies discharged over 1 year. LTVs to 95%, with ITVs 45-70% **rates 10-12%.

**All interest rates on this simultaneous closing side are suggested rates that will result in the highest quote to the seller. The interest rates can certainly be lower.

Goals for this training session:

1. To understand the differences between a loan origination and a simultaneous closing
2. To recognize when to steer a client toward a simultaneous closing & when refer for a loan
3. To understand the boundaries of both and to know what you can and cannot say
4. Know how to market for deals
5. Know how to explain "THE SANDWICH" to Realtors and other professionals
6. Understand how to make money on these deals.

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