

Homeownership Owning vs Renting

Welcome to Our Seminar Hosted by:
FAMILY FIRST FUNDING

DAVID STEIN-EVP

DOMINICK ANTONINO-MLO

ERIC HOBBS-MLO

ANTHONY BRUSADIN-MLO

LARRY MERRITT-MLO



**FAMILY
FIRST
FUNDING**
LLC

Agenda

- * What is Homeownership?
- * Saving for Down Payment
- * Qualifying
- * Loan Programs



**FAMILY
FIRST
FUNDING**
LLC

What is homeownership?

- * The American Dream
- * An opportunity to provide for family
- * A tax deduction
- * Property appreciation
- * Having the nicest lawn on the block
- * Your own backyard
- * Your own garage



**FAMILY
FIRST
FUNDING**
LLC

Homeownership brings...

- * Sense of community
- * Stability
- * Tax benefits (*Consult your tax advisor*)
- * Stable housing costs
- * Potential appreciation



**FAMILY
FIRST
FUNDING**
LLC

the home buying process

The Homebuying Team: Who is Involved?

- * Real Estate Agent
- * Mortgage Banker/Broker
- * Home Inspector Professional
- * Appraiser
- * Surveyor
- * Insurance Agent
- * Attorney
- * Escrow/Settlement Agent



rent vs. buy

Why Buy a Home? What are the Benefits of Ownership?

- * **Personal**- a place of your own that reflects your taste and lifestyle
- * **Emotional**- an accomplishment you can take pride in.
- * **Generational**- a secure future for your family, for generations to come.
- * **Financial**- the investment of a lifetime

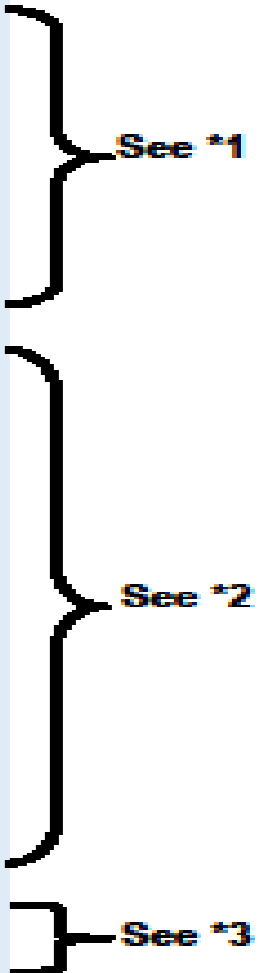


WHY RENT, WHEN YOU COULD OWN?

How much house can you afford?
Compare your current rent to your potential mortgage payment! **



Current Rent	Potential Mortgage Payment	Potential Purchase Price
\$800	\$767	\$110,000
\$900	\$870	\$130,000
\$1,000	\$973	\$150,000
\$1,100	\$1,051	\$165,000
\$1,200	\$1,154	\$185,000
\$1,300	\$1,257	\$205,000
\$1,400	\$1,486	\$230,000
\$1,500	\$1,589	\$250,000
\$1,600	\$1,692	\$270,000
\$1,700	\$1,744	\$280,000
\$1,800	\$1,847	\$300,000
\$1,900	\$1,950	\$320,000
\$2,000	\$2,053	\$340,000
\$2,100	\$2,118	\$350,000
\$2,200	\$2,216	\$370,000
\$2,300	\$2,314	\$390,000
\$2,400	\$2,412	\$410,000
\$2,500	\$2,510	\$430,000



For informational purposes only. This is not a commitment to lend. All loans subject to an application, credit review, appraisal and underwriting approval. All rates and terms quoted herein are for informational purposes only, and are subject to change without notice.

Family First Funding, LLC: NMLS 810371. Visit www.nmlsconsumeraccess.org or www.fam1fund.com/ licensing for complete state licensing information.



** Potential new payment includes an estimate on taxes and insurance. These figures will vary from home to home and are just an estimate for comparative purposes. This chart should not be considered as a pre-qualification as each client and property will generate different figures.
 * 1. FHA Loan, 3.5% down payment, 700 credit score, 3.625% Rate, \$200/month for tax/insurance, 4.824 APR.
 * 2. FHA Loan, 3.5% down payment, 700 credit score, 3.625% Rate, \$300/month for tax/insurance, 4.772 APR.
 * 3. Conventional Loan, 5% down payment, 740 credit score, BPMI, 4.0% Rate, \$400/month for tax/insurance, 4.367 APR.

Family First Funding, LLC
Branch NMLS # 1812054
311 Johnnie Dodds Blvd. Suite 151
Mount Pleasant, SC 29464
<https://mtpleasant.fam1fund.com>

855-843-LOAN



FAMILY FIRST FUNDING LLC

WHY RENT, WHEN YOU COULD OWN?

How much house can you afford?
Compare your current rent to your potential mortgage payment! **



For informational purposes only. This is not a commitment to lend. All loans subject to an application, credit review, appraisal and underwriting approval. All rates and terms quoted herein are for informational purposes only, and are subject to change without notice.

Family First Funding, LLC: NMLS 810371. Visit www.nmlsconsumeraccess.org or www.fam1fund.com/ licensing for complete state licensing information.



Current Rent	Potential Mortgage Payment	Potential Purchase Price
\$1,200	\$1,154	\$185,000
\$1,300	\$1,257	\$205,000
\$1,400	\$1,486	\$230,000
\$1,500	\$1,589	\$250,000
\$1,600	\$1,692	\$270,000
\$1,700	\$1,744	\$280,000
\$1,800	\$1,847	\$300,000
\$1,900	\$1,950	\$320,000
\$2,000	\$2,053	\$340,000
\$2,100	\$2,118	\$350,000
\$2,200	\$2,216	\$370,000
\$2,300	\$2,314	\$390,000
\$2,400	\$2,412	\$410,000
\$2,500	\$2,510	\$430,000
\$2,600	\$2,622	\$450,000
\$2,700	\$2,721	\$470,000
\$2,800	\$2,820	\$490,000
\$2,900	\$2,918	\$510,000

See *1

See *2

See *3

** Potential new payment includes an estimate on taxes and insurance. These figures will vary from home to home and are just an estimate for comparative purposes. This chart should not be considered as a pre-qualification as each client and property will generate different figures.

* 1. FHA Loan, 3.5% down payment, 700 credit score, 3.625% Rate, \$200/month for tax/insurance, 4.824 APR.

* 2. FHA Loan, 3.5% down payment, 700 credit score, 3.625% Rate, \$300/month for tax/insurance, 4.772 APR.

* 3. Conventional Loan, 5% down payment, 740 credit score, BPMI, 4.0% Rate, \$400/month for tax/insurance, 4.367 APR.

Family First Funding, LLC
Branch NMLS # 1812054
311 Johnnie Dodds Blvd. Suite 151
Mount Pleasant, SC 29464
<https://mtpleasant.fam1fund.com>

855-843-LOAN



FAMILY FIRST FUNDING LLC

Tenant vs. Homeowner

FEDERAL TAX WITHHOLDING TENANT VS. HOMEOWNER

Example of monthly take home pay for a married couple filing jointly with a \$100,000 mortgage and property taxes of \$2,400 per year versus a non-homeowner:

	<u>\$30,000 INCOME PER YEAR</u>	
	<u>TENANT</u>	<u>HOMEOWNER</u>
Withholding Allowance	2	8
Federal Tax Withheld	\$281.00	\$128.00
Monthly Take Home	\$2219.00	\$2372.00
	Homeowner Advantage of \$153.00 per month	

	<u>\$40,000 INCOME PER YEAR</u>	
	<u>TENANT</u>	<u>HOMEOWNER</u>
Withholding Allowance	2	8
Federal Tax Withheld	\$409.00	\$254.00
Monthly Take Home	\$2924.00	\$3079.00
	Homeowner Advantage of \$155.00 per month	

	<u>\$50,000 INCOME PER YEAR</u>	
	<u>TENANT</u>	<u>HOMEOWNER</u>
Withholding Allowance	2	8
Federal Tax Withheld	\$644.00	\$380.00
Monthly Take Home	\$3523.00	\$3787.00
	Homeowner Advantage of \$264.00 per month	

	<u>\$60,000 INCOME PER YEAR</u>	
	<u>TENANT</u>	<u>HOMEOWNER</u>
Withholding Allowance	2	8
Federal Tax Withheld	\$879.00	\$588.00
Monthly Take Home	\$4121.00	\$4412.00
	Homeowner Advantage of \$291.00 per month	

Preparation

Two things have to happen:

- * Qualify for a Loan
- * Find a Home



4 C's of lending

- * **Capital** (*savings*)
 - * Do you have enough cash for the down payment and closing costs?
- * **Capacity** (*income*)
 - * Can you repay the debt?
- * **Character** (*credit history*)
 - * Will you repay the debt?
- * **Collateral** (*house*)
 - * Will the lender be fully protected if you fail to repay the loan?



what lenders look for

- * **Debt to Income Ratios**
 - * Relationship between current consumer debts and current income
 - * Is your income high enough?
 - * Are your debts low enough?
- * **Down payment**
 - * The higher the down payment, the lower the loan amount
- * **Reserves**
 - * How much money do you have saved?
 - * How much will be left after closing?
- * **Do you pay your bills on time?**
 - * Credit Reports
 - * Non-traditional credit



SOURCES OF CASH FOR HOME PURCHASE

- * SAVINGS
- * TAX REFUNDS
- * PENSION PLANS
- * GIFTS FROM RELATIVES
- * SALE OF STOCKS & BONDS
- * EMPLOYER SAVINGS PROGRAMS
- * CASH VALUE IN INSURANCE POLICIES
- * EQUITY LOANS AGAINST REAL ESTATE
- * RELOCATION BENEFITS PAID BY EMPLOYERS
- * SALE OF COLLECTIBLES & PERSONAL PROPERTY
- * ADVANCE PAYMENT OF YEARLY EMPLOYER BONUS



credit



**FAMILY
FIRST
FUNDING**
LLC

The importance of credit

- * How does a lender look at credit
- * Applying for credit
- * Managing credit



how lenders use a credit score

- * Scores assess past bill paying history to predict future behavior
- * Scores are used to perform a risk analysis which helps predict the likelihood of loan repayment



**FAMILY
FIRST
FUNDING**
LLC

Credit scores

- * The credit bureau risk score is a summary of the information in your credit file
- * Scores range from 300-850
 - * Scores ranks consumers according to risk
- * The higher the score, the lower the risk of default

common credit problems

- * Multiple credit cards used to their limit
- * Obtain new credit when existing debts remain unpaid
- * Pattern of late payments on current debts
- * Bankruptcies
- * Judgments
- * Charge-offs
- * Foreclosures



**FAMILY
FIRST
FUNDING**
LLC

solving credit problems

- * Cancel unnecessary credit
- * Pay off or pay down debts
- * Resolve unpaid debts
- * Write letters to credit bureaus for corrections
- * Settle with collection agencies



**FAMILY
FIRST
FUNDING**
LLC

easy steps to build credit

- * Open a checking and savings account to pay bills easily
- * Establish credit by:
 - * Applying for a small loan using savings as collateral
 - * Applying for a credit card and using it minimally
 - * Applying for a loan with a co-signer
- * Establish non-traditional credit

easy steps to build credit

- * Rent payments
- * Electric and other utility payments, car insurance
- * Child care or child support payments
- * Any other recurring expense
- * Non-traditional credit sources must be in your name



pre-qualification

- * Determines how much mortgage you qualify for
- * Informal, no obligation
- * Figure is an estimation - not exact



PRE-APPROVAL

- * Commitment from lender “conditional approval” for a predetermined amount
- * Based on verified information



are you ready to buy a home

* **Review your employment**

- * Have I been employed on a regular basis for 2 years

* **Evaluate our sources of income**

- * Is my income steady?
- * Do I have money saved for a down payment & closing costs?

* **Analyze your current expenses**

- * Do I have a budget?
- * Can I handle a monthly mortgage payment, taxes, insurances, repairs
- * Can I handle unexpected events?

* **Determine the status of your credit history**

- * Do I have established credit?
- * Have I paid my bills on time?

* **Yes - I want to own a home**

Am I familiar with what is required to qualify for a home loan?

Am I willing to work towards preparing myself to become a homeowner?



Loan programs



**FAMILY
FIRST
FUNDING**
LLC

Loan programs

- * Government insured loans
 - * FHA Loans
 - * VA Loans (no money down)
 - * * USDA Loans (no money down)
- * Conventional mortgage loans
 - * Affordable loan programs - 0-5% down payment
- * Special loan programs
 - * SC Housing down payment assistance programs (up to \$6000)



**FAMILY
FIRST
FUNDING**
LLC

sample programs

- * Standard Conforming 30 Yr. fixed
- * Home Ready 97 (Conforming)
- * Home Possible 97 (Conforming)
- * 101% Grant Program
- * FHA
- * VA
- * USDA
- * DPA programs



sample product comparison

FHA vs. Conv 97

Sales price	\$150,000.00	\$150,000.00
Down Payment	\$5250.00	\$4500.00
Req. Borr. Funds	3.5% Minimum Inv.	3.0%
Disc. / Prem	\$0.00	\$0.00
Loan Amount	\$147,283.00*	\$145,500.00
30 Yr. Rate	3.50%	3.25%
1st Mtg. P & I	\$661.36	\$633.23
*UFMIP	\$2533.00	N/A
MI Monthly Pymt	\$102.53	\$272.81
Total Payment	\$763.89	\$906.04

\$750 DP
difference

\$142.15 monthly savings
\$1705.80 per yr.



sample product comparison

30 Year 5%vs 10%

Sales price	\$150,000.00	\$150,000
Down Payment	5%	10%
Req. Borr. Funds	\$7500.00	\$15,000
Disc. / Prem	\$0.00	\$0.00
Loan Amount	\$142,500.00	\$135,000.00
30 Yr. Rate	3.25%	3.25%
1st Mtg. P & I	\$620.17	\$587.53
MI Pymt Factor	1.6%	1.10%
MI Monthly Pymt	\$191.19	\$123.75
Total Payment	\$811.36	\$711.28

QUESTIONS?

*Q&A

THANK YOU!

Family First Funding

David Stein

311 Johnnie Dodds Blvd. Suite 151

Mount Pleasant, SC 29464

dstein@fam1fund.com

843-375-8434 Office

973-219-0423 Cell