



# Homebuyer Workshop



## About me

I've always had a passion for helping people and guiding them toward building wealth. I believe the best way to achieve wealth is through real estate. Looking forward to learning about you and your goals!



## SCOTT BROM

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**SCOTT BROM**  
**CROSSCOUNTRY MORTGAGE®**

A woman with glasses and a yellow top is smiling and looking towards the right. In the background, a man is sitting at a desk, looking at a laptop. The scene is set in a bright, modern office or meeting room with large windows and green plants.

# Agenda

- #1 question in real estate
- The homebuying process
- The types of loans
- Loan programs
- First-time homebuyer programs & incentives
- The application
- Buying multi-units (2-4)
- Total investments
- Points & credits
- Market update
- Questions

# "When is the best time to buy?"

## ☆ Median Sales Price of Houses Sold for the United States (MSPUS)

DOWNLOAD 

**Observation:**

Q4 2023: **417,700**

(+ more)

Updated: Jan 25, 2024

**Units:**

Dollars,  
Not Seasonally Adjusted

**Frequency:**

Quarterly

1Y | 5Y | 10Y | Max

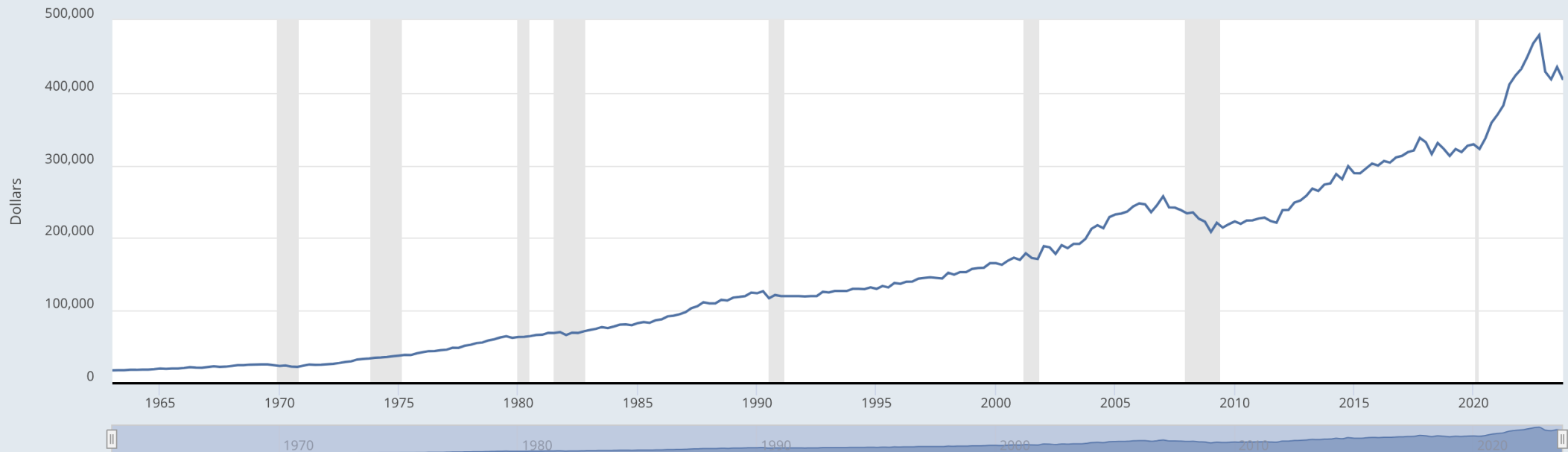
1963-01-01

to

2023-10-01

EDIT GRAPH 

### FRED — Median Sales Price of Houses Sold for the United States



Shaded areas indicate U.S. recessions.

Sources: Census; HUD

fred.stlouisfed.org



# Homebuying process

01

## Pre-approval

When a loan officer examines your finances and works out how much money you can borrow, what loans you qualify for, and at what interest rate.

02

## Shop/submit offers

After you have been pre-approved you can begin shopping for homes and submitting offers with your real estate agent.

03

## Escrow

Escrow is a neutral third party that holds money and the property until the conditions of the purchase agreement have been met. This is also where things like inspections, appraisals, and final loan approval take place.

04

## Closing

After all conditions have been met, you will sign closing documents and shortly after be given the keys to your new home! You will also be receiving your closing gift from Scott :)



# Type of loans

## Traditional loans

- FHA, Conventional, VA
  - Most common financing options
  - Includes first-time homebuyer and down payment assistance options

## Non-QM loans

- Jumbo, bank statement, ITIN, etc.
  - Aimed at borrowers with financial profiles that don't meet the requirements of a traditional mortgage



# Loan programs

## Traditional programs

### Conventional

- 1 unit 3-5% down
- 2-4 unit 5% down
- Credit- 620+ FICO(700+Ideal)
- MI: Included until 20% equity

### FHA

- 1-4 unit 3.5% down
- Credit- 580+ FICO
- MI: Included for life of the loan

### VA

- 0% down
- Credit- 580+ FICO
- MI: None

## Non-QM

### Jumbo

- 10-30% down
- 640+ FICO
- 6-12 months reserves

### Bank statement

- 10-20% down minimum
- 640+ FICO
- 12 months bank statements
- 6-12 months reserves

### ITIN

- 20% down minimum
- 640+ FICO
- 6-12 months reserves



### Mortgage Insurance (MI):

Protects the bank in case of default. Only for FHA & Conv.



### Home Insurance:

Protects the home.



# First-time homebuyer programs & incentives

## Forgivable loans

Debt is forgiven after certain number of years pass or criteria is met

## Loans

Repaid at low or no interest when property is sold or refinanced

## Grants

Never have to be repaid

## General requirements

- 620-680 credit score
- Income
- Trainings/courses
- First-time homebuyer

**UPDATES?**





# The application

- 01 Income
- 02 Debt  
DTI (Bonus)
- 03 Credit
- 04 Assets



# Income

## W-2

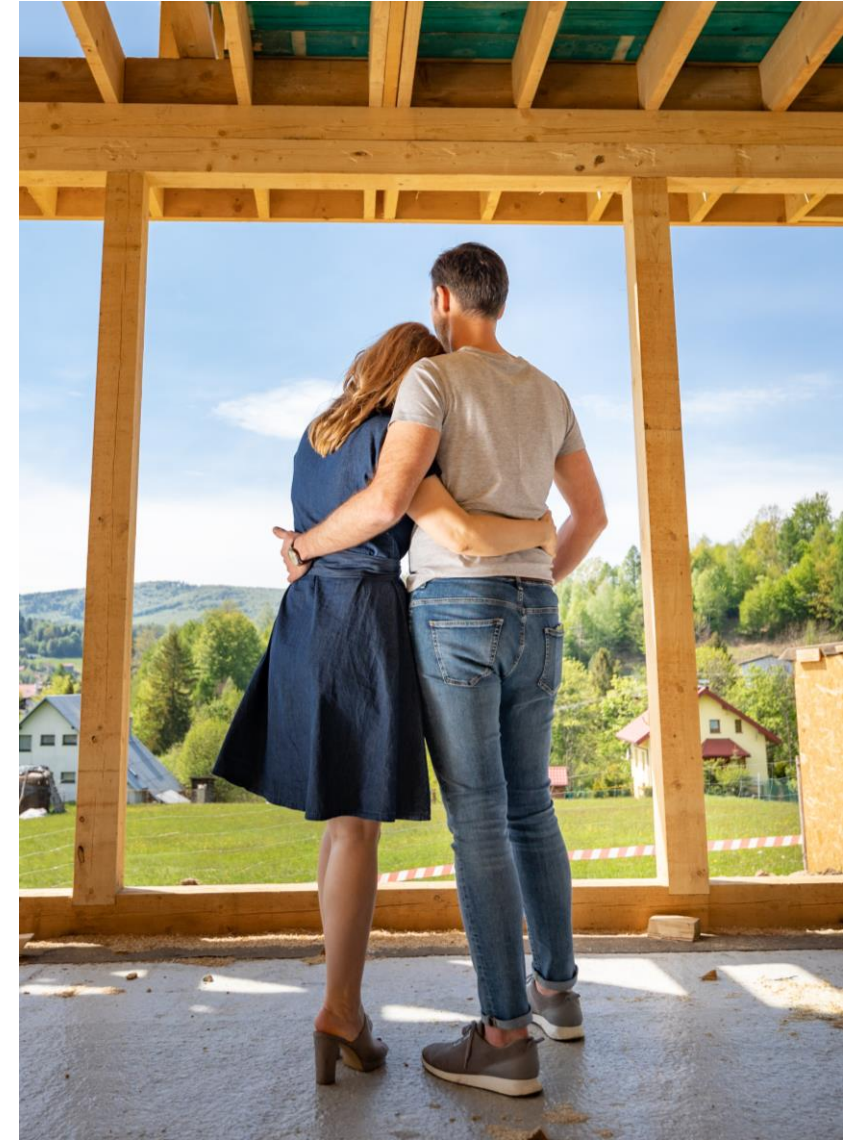
- 2-year work history required
  - Schooling may count as 2-year work history
- Commission, OT bonus income, or second job must have 2-year history of receipt
- Income is calculated: using past 2 years and/or YTD

## Self-employed/ rental income

- Business license/ self-employed for 2 years
- Income is calculated: using past 2 years tax returns

## Bank statement

- Business license/ self-employed for 2 years
- Income is calculated: using past 12-24 months bank statements
  - 50-70% of average monthly deposits = monthly income



# Debt

## Debts tied to your credit profile

- Example: credit cards, student loans, car loans, personal loans, etc.

The **monthly** payments for these debts are subtracted from your income on the application.



Bob



\$300/month



\$50/month

Bob's income \$2,000/month

Total debt payments \$350/month



**NEW TOTAL INCOME \$1,650/month**



# DTI

Debt-to-income ratio determines the size loan you qualify for.

**Formula:**

$(\text{Monthly debts} \div \text{monthly income}) \times 100$

**Example:**

Monthly income: \$7,500

Monthly debt payment: \$2,500

= 33.3% DTI

*For most loans you need to be under 50-55% back-end DTI*

*30-45% DTI is the ideal*







# Credit score

We use the middle of your three scores for the application.

- If there is more than one person, the bank will use the lowest of the middle scores

**Equifax**  
**720**

**TransUnion**  
**715**

**Experian**  
**735**

Higher the credit score the lower the interest rate and the more programs you qualify for.

## Credit tips:

- Keep a credit utilization below 30%
- Set up automatic payment
- Check your credit score regularly

# Assets

## Acceptable funds:

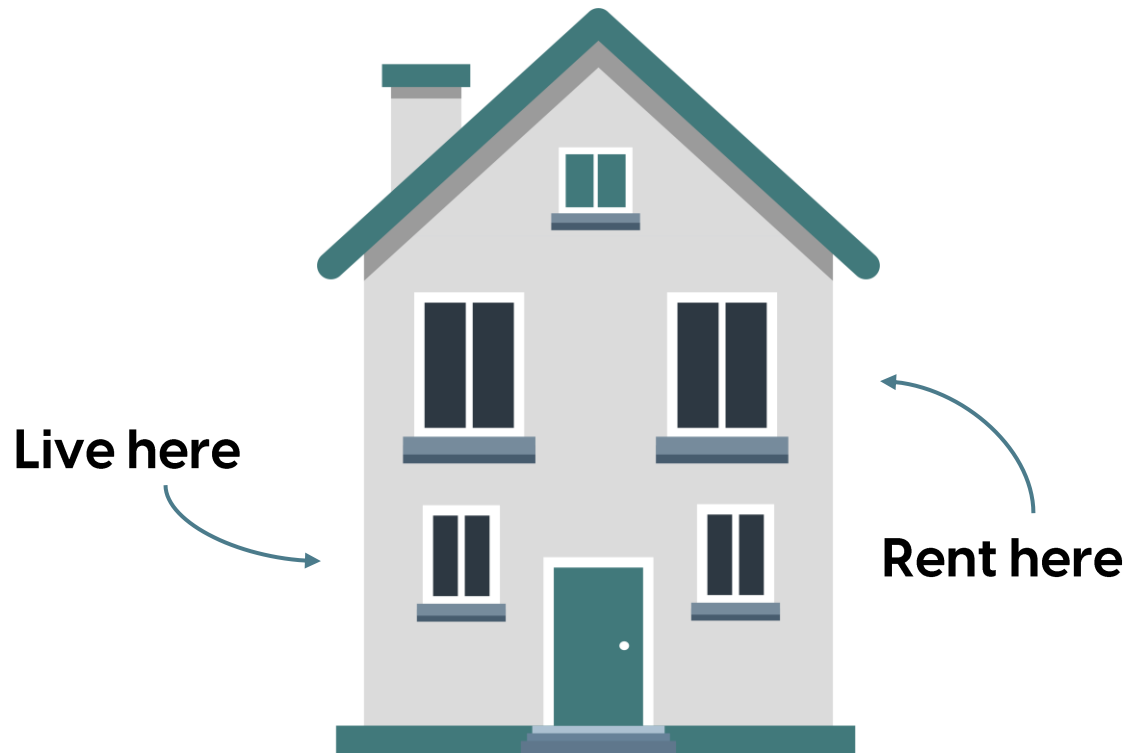
- Checking
- Savings
- Stocks
- Mutual Funds
- 401ks
- Gifts (family members or employers)

*Must be paper trailed*

*Cash must be in a banking institution for a minimum of 60 days*



# Benefits of multi-units (2-4 units)



**AVG monthly rent = \$2,000**

**75% = \$1,500**

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**We can take 75% of the rental income and add it to yours, on the application.**

What about a third unit? or fourth?



# Total investment

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## **Down payment (X% purchase price)**

Programs available for as little as 3% down as well as DPA

## **Closing costs (2-3% purchase price)**

Include things like lender fees, title insurance, escrow fees, taxes, appraisal fees, and more

**DP + CC = Total investment**

**Seller credits:** When seller agrees to pay part/all of your closing costs





# Points & credits

## Discount points

Fee charged by banks for an interest rate below par.

- When will I break even?
- When will I sell/rent?



## Lender credit

Credit from bank in exchange for an interest rate above par.



A photograph of a modern living room with a teal overlay. The room features a light-colored sofa, a wooden coffee table, a large potted plant, and a kitchen area in the background. The text "Questions?" is written in a large, white, sans-serif font across the center of the image.

**Questions?**

# Set an appointment



**SCAN ME**

**Not ready yet? Let's create a game plan!**



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and friends 😊**

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