



THE  
**James Solimini**  
TEAM

# SELL LIKE A BOSS.

Everything you need to  
know about the lending  
process.

HOSTED BY: James Solimini, NMLS 511979

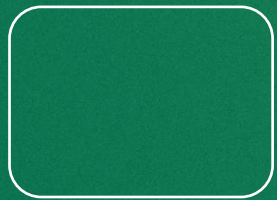
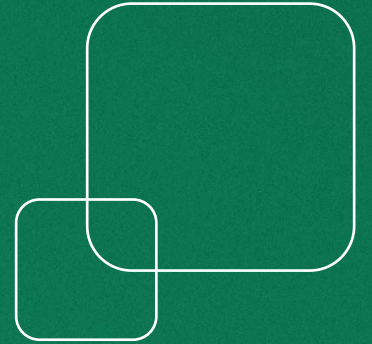


# Objectives

- Mortgage process from Preapproval through Closing
- Understand the role of Attorney throughout
- Understand borrower closing costs
- Understand general loan program guidelines



**Knowledge is  
power**



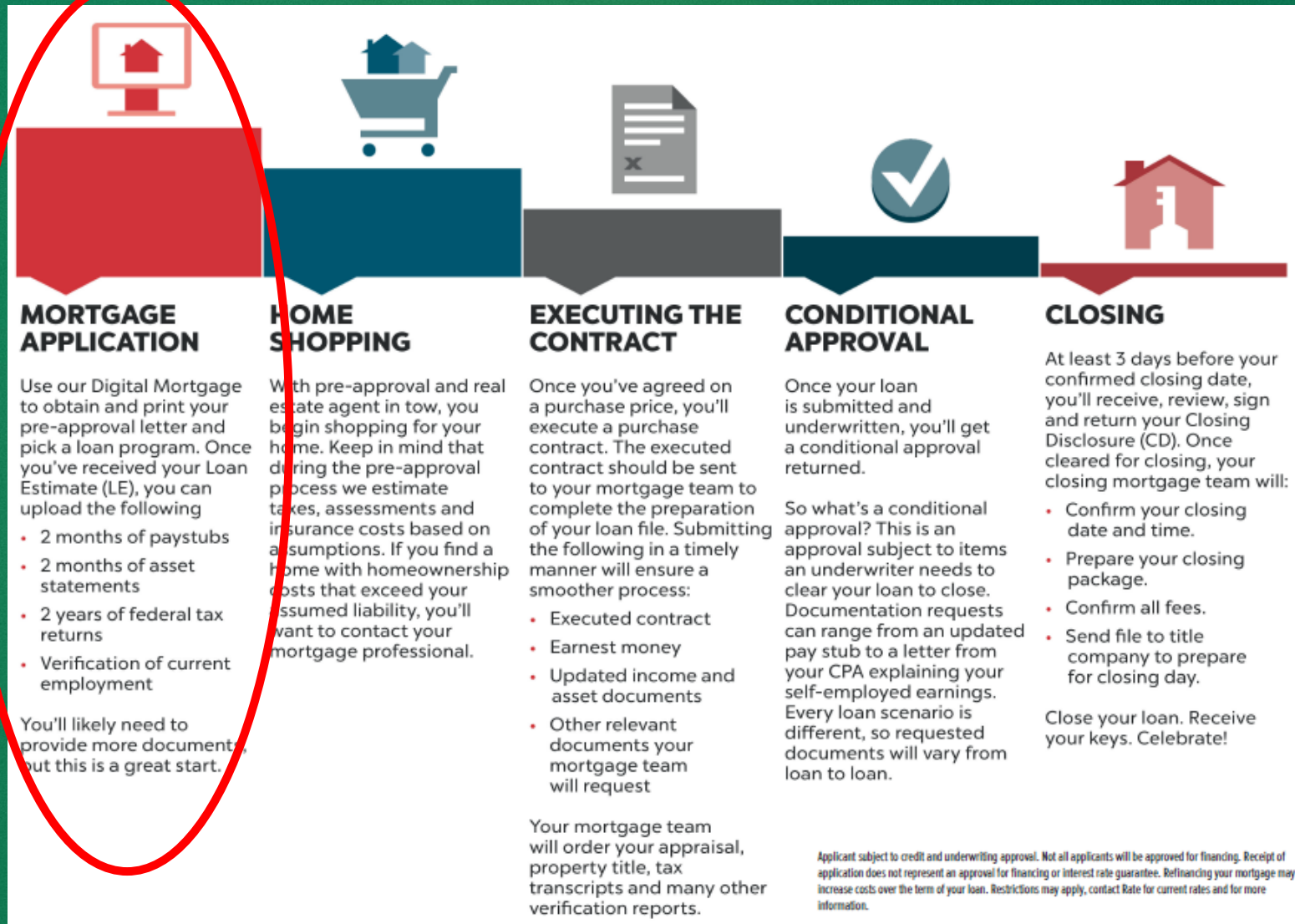
# Getting Started

- First Intro Call with Client
  - Overview of preapproval process
  - Discuss goals:
    - Monthly payment
    - Cash at closing
- Apply for a pre-approval at [rate.com](https://rate.com)
  - Only takes 15 minutes



# The Steps to a Perfect Loan

Preapproval



# What goes into a Preapproval?

- There are 4 main criteria:

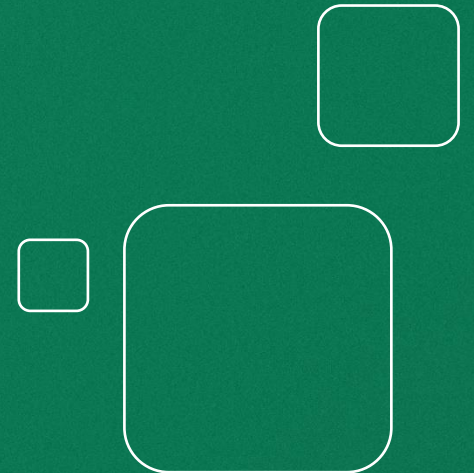
1. Property Type

- Single family, condo or multi family (up to 4 units)

2. Income (Debt-To-Income "DTI")

3. Credit Profile

4. Assets



# Income

- Lenders calculate your allowable monthly housing payment based on your gross income
  - Housing Ratio (Front End) of max 45% and Total Ratio (Back End) of max 50% (DTI)
- History and consistency is important
  - 2 Year look back (Being a student counts)
  - 3 Years expectation going forward
- Types of income
  - Salary, Bonus, Commission, Hourly
  - Self Employed: Schedule C(1099), S-Corp and C-Corp and Partnerships
  - Social Security and Pension, Child Support and Alimony
  - Potential Rental Income
- Documentation
  - 2 Years Federal Tax Returns and 2 Years of All W-2's
  - 2 Recent Paystubs
  - Verification of Current or Future Employment



# What does my monthly payment include?

- Your monthly mortgage payment is your combined "PITI"
  - Principal
  - Accrued Interest
  - Taxes
  - Insurance/Condo fee

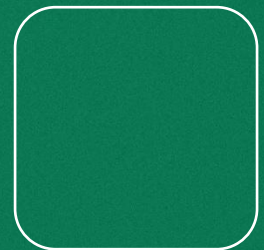
Note: The condo fee is not a Homeowner's Association (HOA) fee



# What is an “escrow account”?

- An escrow account is where a neutral third-party holds money until a certain process is fulfilled
- Two common types of escrow accounts:
  - **Homebuying:** Store earnest money or other deposits to show the seller your intent of buying the home.
  - **Taxes & Insurance:** Your lender pays certain taxes or insurance fees for you on a monthly basis. Then, your insurance and taxes in the escrow account to be distributed on your behalf to the appropriate parties.

Learn more about escrow accounts: [rate.com/resources/what-is-escrow-account-mortgage](https://rate.com/resources/what-is-escrow-account-mortgage)



# Income example:

- Salary of \$100,000 per year = \$8,333/month  
45% = \$3,750.00
- Other debts:
  - Car loan - \$500/month
  - Credit card - \$25/month
  - Student loan - \$150 /month
- \$3750 - \$675 (debt) = \$3,075 max mortgage payment
- Annual property taxes: \$5000
- Annual insurance: \$1200
- \$516.67/month escrow → \$3075 - \$516.67 = \$2558
- **Max mortgage amount \$420,993 @ 6.125%**



# Credit

- Helps banks make lending decisions
- Credit scores range from 300-850. Higher is better.  
3 Major Bureaus: Experian, TransUnion and Equifax
- Helps banks predict future payment history
- Score Factors
  - Payment History = 35%
  - Length of Credit = 15%
  - Amount Owed = 30%
  - Type of Credit = 20%



# Why is your credit history so important?

- Your lender wants to know that you will make your mortgage payments on time
- Your credit report is like a report card
  - Tells them your payment history
  - Shows whether you've been good at managing your money or not
  - Tells them if you're good at handling debt



# Maintaining Credit Dos and Don'ts

## 1. **DO keep your credit card balances low**

Large amounts of outstanding debt can harm your score.

## 2. **DO set up payment reminders via email or text**

Never being late on a payment is always a good thing.

## 3. **DO target debts with the highest rates and the highest balances**

Come up with a payment plan that fits your financial situation and takes aim at high-interest and high-

balance debts.

Guaranteed Rate does not provide credit repair or credit counseling services. To learn more about your credit score, visit [rate.com/credit](https://rate.com/credit)

## 1. **DON'T move debt around**

Shifting funds is not a solution. Pay it off as soon as possible.

## 2. **DON'T open a new credit card**

Unless you actually need a new line of credit, you could put your score in jeopardy.

## 3. **DON'T close credit cards you haven't used**

Think you can close the one you've barely used to give your score a quick boost? Think again. Closing cards can have the opposite effect and lower your score.

# Assets

## Where is the money coming from?

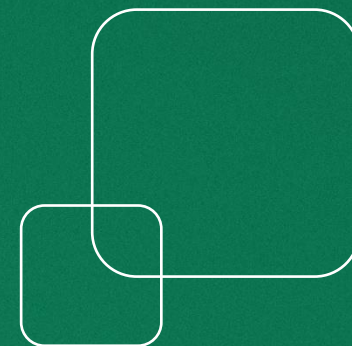
- Gifts Funds are allowed, must be sourced
- Checking and Savings Accounts
- IRA/401k Loans and withdrawals
- Stocks/Bonds
- Employer assistance programs
- Seller Contributions to Closing Costs



# How much do I need for a down payment?

- FACT: There is no “20% down payment” rule
- Your down payment varies based on a number of factors: loan amount, loan program, etc.
- Do your research
- See if you qualify for federal, state and local down payment assistance programs (“DPA”)
- Loans with less than 20% down payments typically require Private Mortgage Insurance (“PMI”)

**Loans that fit  
your life**



# Fixed-Rate Mortgages

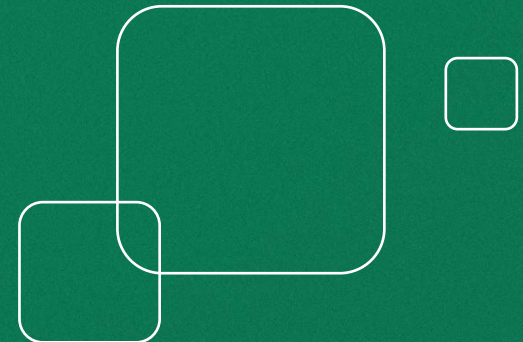
## Advantages

- Fixed rates available for any term between 5 to 40 years
- Same payment every month
- Sound long-term investment
- Impervious to market volatility

## Ideal life situations

- People who want to put down roots
- Families seeking a good community and school for their kids
- Renters who want to build equity instead of giving away money

Applicant subject to credit and underwriting approval. Not all applicants will be approved for financing. Receipt of application does not represent an approval for financing or interest rate guarantee. Restrictions may apply, contact Guaranteed Rate for current rates and for more information.



# Adjustable-Rate Mortgages (ARMs)

## Advantages

- 5-, 7- or 10-year terms offer a custom timeframe
- ARM rates are typically lower than comparable fixed rate options during the initial period after which time the rate can fluctuate and may increase
- Lower monthly payments during fixed period
- Annual lifetime rate adjustment caps between 2-5%

Applicant subject to credit and underwriting approval. Not all applicants will be approved for financing. Receipt of application does not represent an approval for financing or interest rate guarantee. Restrictions may apply, contact Guaranteed Rate for current rates and for more information.



# Conventional vs FHA vs VA

Criteria	Conventional	FHA	VA
<b>Max DTI</b>	Often approved up to ~50% with strong AUS findings. Manual UW generally tighter. DTI tolerance depends on file strengths.	AUS/Total Scorecard can allow higher back-end DTI in strong files. Manual underwriting is more restrictive. Generally 57% Large payment shock can be an issue.	41% is a key guideline trigger. Higher DTI possible with strong residual income/comp factors. Residual income is central to approval. Generally 60%
<b>Max LTV</b>	Commonly up to 97% on eligible 1-unit owner-occupied. Lower max LTV for some property/occupancy types. MI required above 80% LTV.	96.5% max financing (3.5% down) when meeting minimum credit thresholds. Lower LTV at lower scores. Upfront + monthly MIP apply.	Often 100% financing for eligible vets (subject to entitlement/guaranty and UW). Down payment may be needed in some cases. Funding fee may apply (exemptions exist).
<b>Minimum credit score</b>	Typically 620. AUS may approve with no stated minimum when other strengths exist. Examples: larger down payment, reserves, strong credit depth.	580 for 3.5% down; 500–579 generally requires 10% down. GR overlays may apply. Credit depth and payment history matter.	Generally 500. VA does not publish a universal minimum score. GR overlays typically apply. Overall profile + residual income drive the decision.
<b>Appraisal requirements</b>	May receive appraisal waiver (AUS). If appraisal required: typically more flexible on minor repairs. Condo/project eligibility can still drive requirements.	Appraisal required. Repairs commonly called for health/safety/marketability. Older housing stock in MA increases repair-call likelihood.	VA appraisal required. Minimum Property Requirements (MPRs) can require repairs. In MA, expect scrutiny on safety/habitability items.
<b>Pitfalls (3)</b>	MI + pricing hits at higher LTV / lower score. Appraisal waiver can disappear if file changes and AUS reruns. Condo/project eligibility issues (warrantability) are frequent.	Appraisal repair surprises (peeling paint, handrails, hazards). MIP is not the same as conventional MI; cancellation rules differ. Manual downgrade risk can change approvals/timelines.	MPR-related repairs can affect timelines and seller expectations. DTI > 41% requires residual income strength. COE/occupancy misunderstandings can delay approval.



## A loan for every kind of homebuyer

Explore our flexible options built to fit your goals.

### FHA

- Down payment options start at 3.5%
- Allows non-occupying co-borrower
- Down payment and closing costs may be gifted for eligible borrowers who meet FICO requirements

### USDA

- 100% financing options available
- No private mortgage insurance plus low monthly guaranteed annual fee
- Only applies to designated rural properties

### VA

- No down payment
- 100% financing options for qualifying buyers
- No private mortgage insurance
- Loan options up to \$3M

### Conventional

- Mortgage insurance may not be required
- Finance 2 – 4 unit property with 5% down options
- Extended rate lock options up to 90 days with Lock 'N' Roll<sup>1</sup>
- RateReduce temporary buydown program up to 3% available as seller paid concession<sup>2</sup>

### Jumbo

- #1 non-bank jumbo lender
- For borrowers in the market for a home loan above Conforming Loan Limits

### New Construction

- FHA, VA, conforming and jumbo extended lock options up to 12 months
- Temporary buydowns are available on select homes
- Financing options to include post-closing upgrades
- Escrow holdback waiver program

### Renovation

- FHA 203(K)<sup>3</sup> and Fannie Mae HomeStyle options
- Down payment options as low as 3%
- Purchase or no-cash-out refinance allowed

### VA Renovation

- Available for both home purchase and refinance
- Low down payment options
- Stable 30-year fixed loan terms

### CHOICE Renovation

- Single-close loan streamlines the process
- Flexible loan amount options
- Include renovation costs in your loan balance

### More to explore

- Reverse Mortgage options<sup>4</sup>
- Down payment assistance
- First-time homebuyer programs
- Home Equity Line of Credit (HELOC)<sup>5</sup>
- Non-QM products

# Introducing Rate Portfolio

Double your volume with loans for all kinds of income.



Your clients need solutions that work for their financial reality. Rate Portfolio's loan suite helps more borrowers qualify — including self-employed individuals, investors and clients who don't fit into traditional mortgage requirements.

## Why Rate Portfolio?

### Rate Portfolio | Self-Employed<sup>1</sup>

- For self-employed, small business owners, independent contractors, freelancers, consultants and gig workers
- Flexible documentation like business cashflow or 1099s instead of tax returns
- Borrowers can qualify with one year of income
- For complex businesses hard to document with paperwork

### Rate Portfolio | Assets<sup>2</sup>

- Assets qualify alone or to supplement other income
- Retirement, investment income, checking, savings, money market and inheritance are eligible
- Combining multiple assets can help clients meet requirements
- For those with considerable assets but not showing employment income

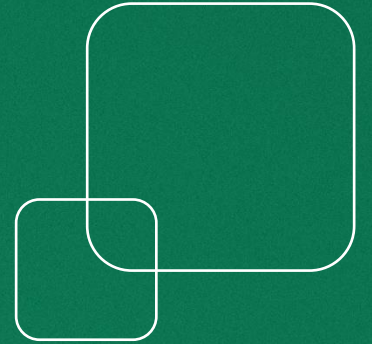
### Rate Portfolio | Investor<sup>3</sup>

- Qualify with cashflow, no tax returns required
- Provides quick cash so investors can grow their portfolio
- For short term rentals, condos and more
- Up to 20 financed properties, can close with title to an LLC

### Buy Before Sell<sup>4</sup>

- Clients can make offers without having to sell their current home first
- Flexible requirements get them approved fast
- Avoids qualifying buyers with two mortgages at once

# The 5 Steps to a Perfect Loan



# The 5 Steps to a Perfect Loan

STEP 1: APPLY FOR A LOAN WITH OUR DIGITAL MORTGAGE AND GET  
**PRE-APPROVED** 

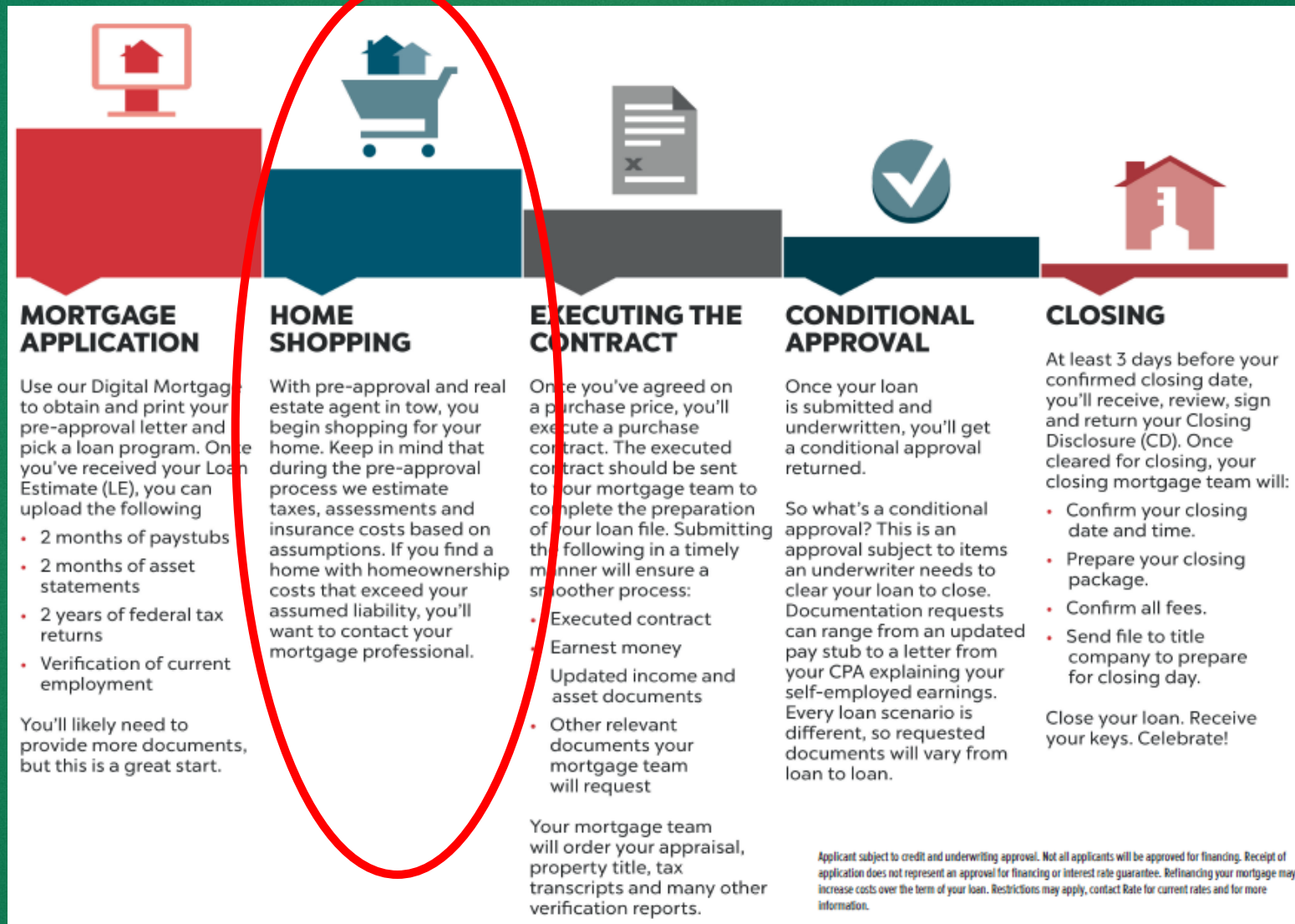
After finding your perfect mortgage, it's time to apply through our Digital Mortgage. You'll receive three credit scores and a pre-approval letter. Once you've received your Loan Estimate (LE), you can upload the following:

- 2 months of paystubs
- 2 months of asset statements
- 2 years of federal tax returns
- HR contact information

**Please note: A pre-approval is different than a pre-qualification.**

Pre-qualifications require little documentation whereas a pre-approval means you have provided documentation that a lender has reviewed and they are now agreeing to finance you.

# The Steps to a Perfect Loan



# The 5 Steps to a Perfect Loan

## STEP 2: SHOP FOR YOUR NEW HOME

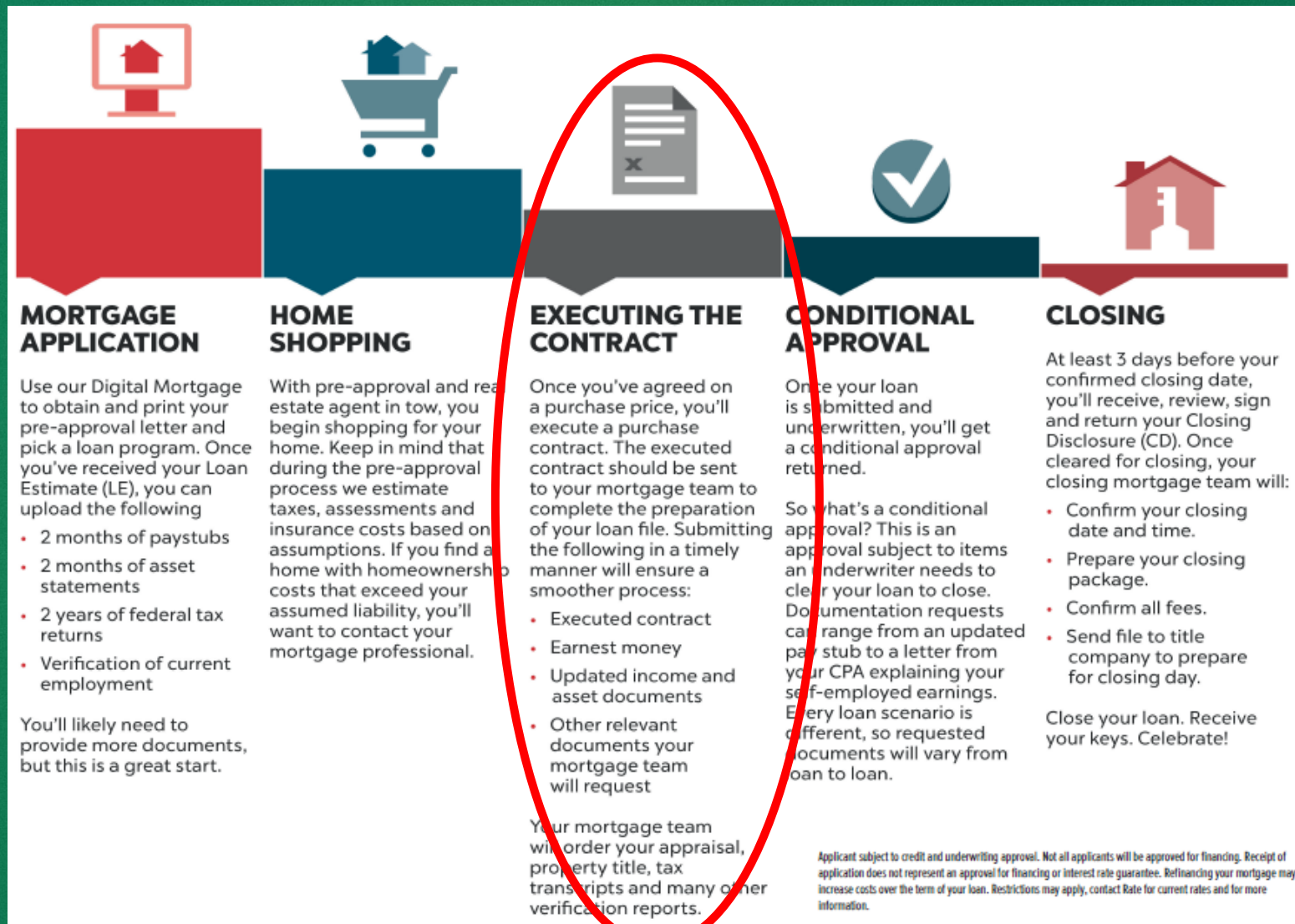
After showing your real estate agent the pre-approval letter, you can begin looking for your new home. Having a pre-approval letter will allow you to make a much stronger offer when you find your dream home!

There are a number of things to look for and questions to ask your agent while home shopping. For example, you'll want to look for wall cracks or dampness in bathroom cabinets. You'll want to ask your realtor questions about the neighborhood, schools, the closest grocery store and the crime rate. Ask your loan officer for our handy Home Shopping Checklist.

**Please note: Taxes, HOA fees and insurance costs are estimated during the pre-approval process.**

If you find a home with ownership costs that exceed the estimated amounts, you'll want to contact your loan officer to run your numbers again.

# The Steps to a Perfect Loan



## Our Core Services Team

Jack Conway connects you with the best of the best for all your real estate needs. These industry experts provide incredible service and peace of mind knowing your Jack Conway team is working with them for you.



**Columbia Title Company**  
*Closing Services*

You will need an attorney to represent you during your Transaction. Columbia Title Company is a full-service Real Estate Law Practice specializing in residential and commercial conveyancing, as well as, all facets of commercial development. Andy Bulman is able to simplify the process for all of his clients, which affords a level of comfort every step of the way from the purchase and sale to closing day.



855-MASSLAW ▪ [info@massrealestatelaw.com](mailto:info@massrealestatelaw.com) ▪ [massrealestatelaw.com](http://massrealestatelaw.com)



**Rate**  
*Mortgage Services*

Rate provides some incredible financing options in today's market! With many options to choose, they will match you with the correct loan product. Branch Manager/Senior Loan Officer James Solimini (NMLS #511979, Mortgage Lender & Mortgage Broker License #MC2611) is an expert in home financing. By choosing Rate for your mortgage, you'll get a dedicated, caring company that will be there every step of the way - from preapproval to refinancing to your final payment - and so much more.

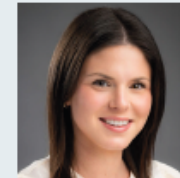


617-413-1036 ▪ [james.solimini@rate.com](mailto:james.solimini@rate.com) ▪ [rate.com/conway](http://rate.com/conway)



**Conway Country Insurance**  
*Insurance Services*

Conway Country Insurance is a partnership between Jack Conway and the Walter J. May Insurance Agency. Their goal is to help you find the best available coverage for the lowest cost. By simply changing carriers or eliminating coverage duplication, you can save hundreds – even thousands – of dollars each year! After the purchase and sale, expect to hear from Sarah Stubbs, who provides competitive rates for homeowners, flood, automobile, mobile homes, and marine coverage.



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# The 5 Steps to a Perfect Loan

## STEP 3: SIGN YOUR CONTRACT

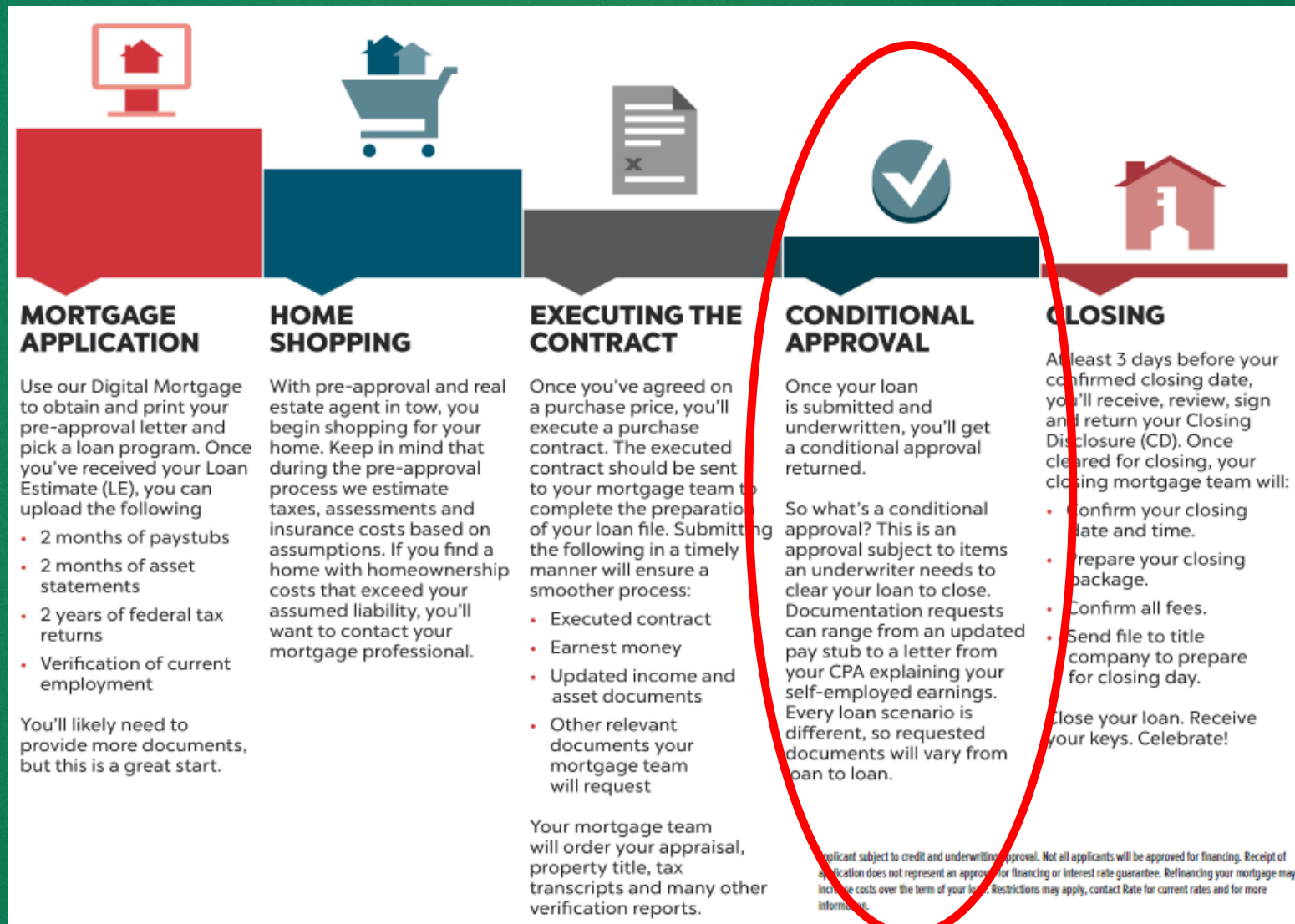
Once you've executed the contract, your loan file will be prepared and sent to the underwriter. Submitting requested documentation and funds in a timely manner will ensure a smooth process:

- Executed contract
- Updated income and asset documents
- Earnest money
- Other relevant documents your mortgage team will request

### **We've got you covered.**

Your mortgage team will order your appraisal, property title, tax transcripts and many other verification reports on your behalf

# The Steps to a Perfect Loan



# The 5 Steps to a Perfect Loan

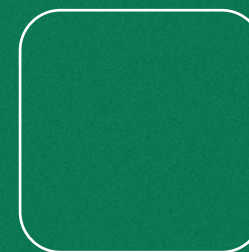
## STEP 4: OBTAIN CONDITIONAL APPROVAL

Once your loan is submitted and underwritten, you'll receive a conditional approval. This is an approval subject to items an underwriter needs to clear your loan to close. Documentation requests can range from an updated pay stub to a letter from your CPA explaining your self-employed earnings.

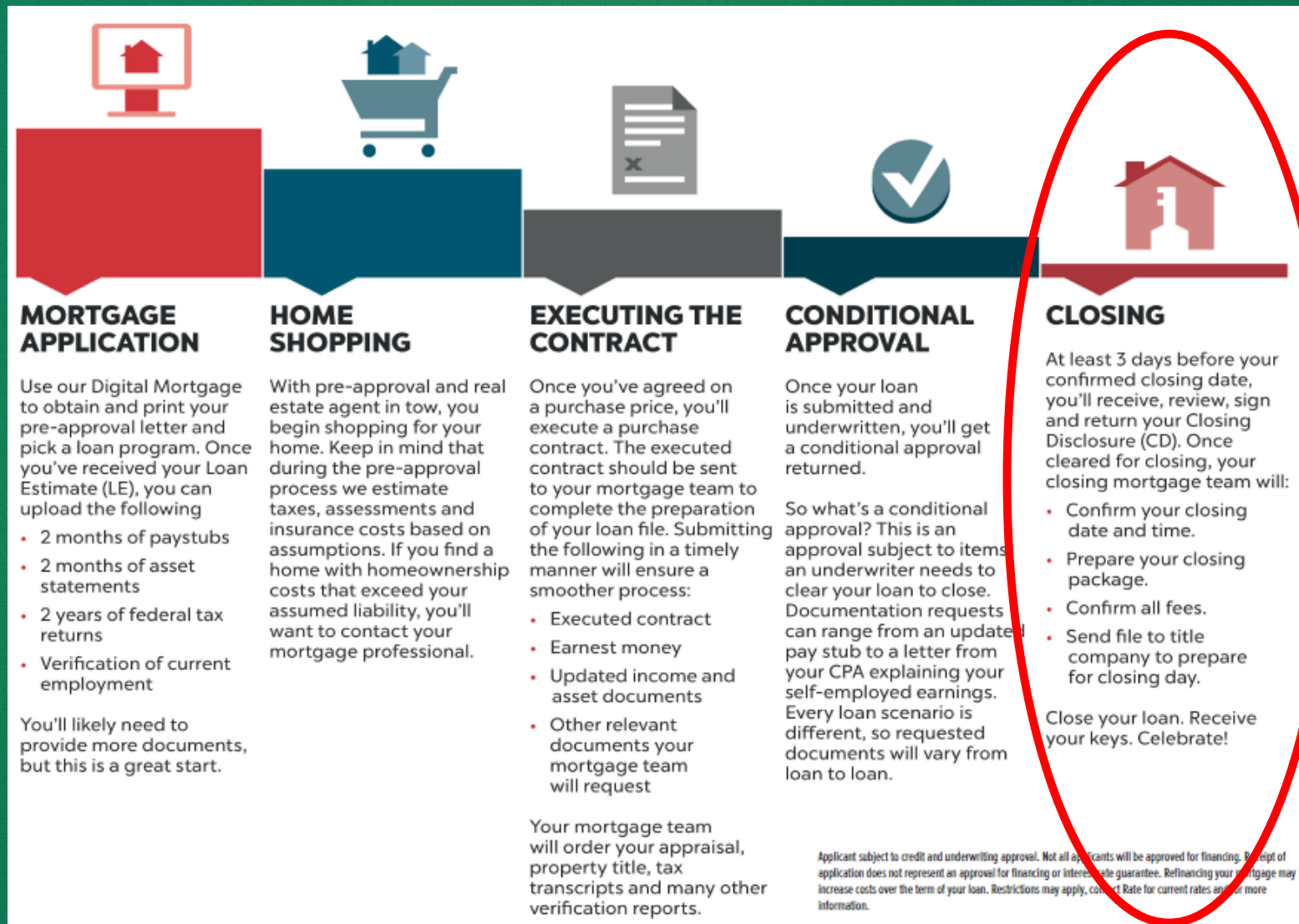
**Every loan scenario is different.**

Requested documents and funds will vary from loan to loan.

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# The Steps to a Perfect Loan



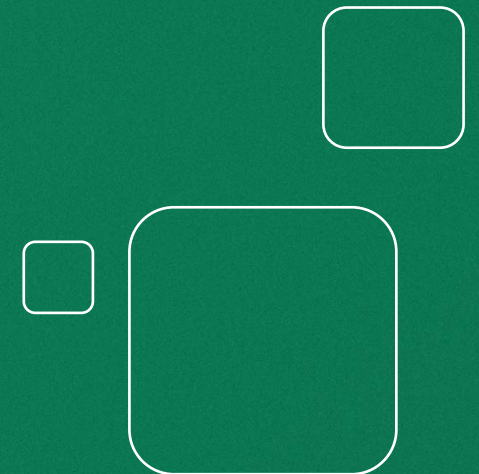
# The 5 Steps to a Perfect Loan

## STEP 5: CLOSE THE DEAL

Once your loan officer receives the clear to close from the underwriter, you'll:

- Receive a final Closing Disclosure (CD) at least three days before closing.
- Review the costs and fees listed on your CD to ensure accuracy.
- Confirm your closing date and time with your mortgage team.
- Obtain a certified bank check or schedule a wire for closing day.

**Close your loan. Receive your keys. Celebrate!**



# Closing Costs

## 1. Down Payment

## 2. Closing Costs

1. Usually \$3000-\$5000

## 3. Pre-Paid Items

1. Homeowners Insurance
2. Taxes
3. Prepaid interest



# Closing Costs – 1. Down Payment

## Minimum Down Payment Requirements

Example: \$500,000 purchase price:

Conventional                      3%        =        \$15,000

FHA                                      3.5%    =        \$17,500

VA (Veterans)                      0%        =        \$0

USDA (Rural)                        0%        =        \$0

# Closing Costs – 2. Closing Costs

Example: \$500,000 purchase price.

3% down payment = \$15,000

Closing costs:	Lender fee	\$1,690
	Credit/IRS Tax	\$268
	Attorney/Title	\$2000
	Appraisal	\$575
	Title Insurance	\$2175 *based on home price
	Recording Fee	\$513 = <b>\$7221 Closing Costs</b>

# Closing Costs – 3. Prepaid Items

Example: \$500,000 purchase price; Annual taxes = \$5000

## Prepaid items:

First Year Homeowners Insurance = \$1200

Four months taxes = \$1666.67

4 months Homeowners = \$400

10 days prepaid interest @ 6.125% = \$839.00

**\$4,163.59 Total Prepaid Items**

# Closing Costs – Closing Costs

Example: \$500,000 purchase price.

3% down payment      \$15,000

Closing costs              \$7,221

Prepaid Items              \$4,164

**Total Cash to Close = \$26,385**

# Interested Party Contribution Limits (IPC) (Conventional Loans)

Occupancy Type	LTV/CLTV Ratio	Maximum IPC
Principal residence or second home	Greater than 90%	3% <sup>1</sup>
	75.01% – 90%	6%
	75% or less	9%
Investment property	All CLTV ratios	2%



NMLS ID:856043, LO#: AZ - 0919996 - 0907078

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**Rate**

THE  
**James Solimini**  
TEAM

I'm here to help.  
**James Solimini**

BRANCH MANAGER/SR. LOAN OFFICER

NMLS #511979



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[james.solimini@rate.com](mailto:james.solimini@rate.com)

