

Presented by:

Cleveland Ward III



AND

Susan Baron



A close-up, slightly blurred image of the American flag, showing the stars and stripes. The flag is waving and occupies the upper two-thirds of the frame.

Service Deserves
Its Rewards.®

The Road to Home Ownership

Empowering Those Who Serve

What We'll Cover Today:

- ✓ How to Get Started
- ✓ The Loan Process
- ✓ Why Buy vs Rent
- ✓ Credit
- ✓ Do's and Don'ts
- ✓ Understanding What Lenders Want



Understanding The

Home Buying

Process



How do I get started?

Apply with Cleveland & Sue

Get Pre-Approved!!
(Submit Simple Docs)

We have terrific Realtors we can suggest.

CONGRATS on your NEW Home!

Ask us about a Moving Packet

Review w/Cleve & Sue to Prepare for Closing Date

House Shopping Time!

Realtor Gets Your Offer Accepted



FOUR

things

LENDERS

**Need for a
Pre-Approval**



**1 Full
Application**

2 Credit

3 Income

4 Client Needs

Understanding

CREDIT HISTORY & CREDIT SCORING



Your Credit Score:

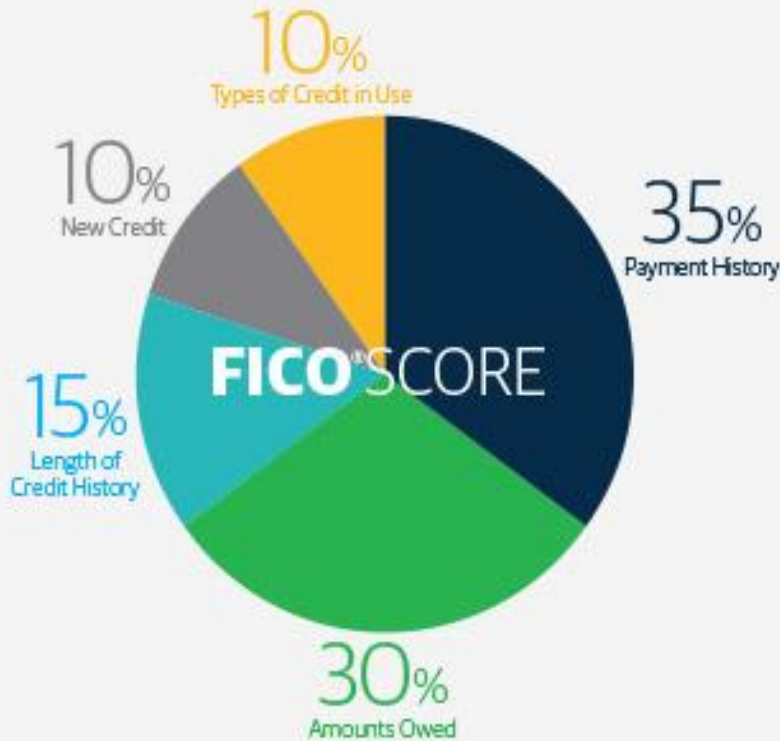
EACH Bureau gives you a credit score

(In most qualifying situations the middle score is used by the lender).

Make an Appointment today to review your Credit Report.

What Makes Up My Score?

HOW A FICO SCORE BREAKS DOWN



These percentages are based on the importance of the five categories for the general population. For particular groups—for example, people who have not been using credit long—the relative importance of these categories may be different.

Seasoning Requirements on Bankruptcy and Foreclosure

	FHA	VA	Conventional
Chapter 7	2 YRS from discharge date with re-established credit paid as agreed or no new credit obligations incurred. Less than 2 yrs, but not less than 12 mos from discharge date possible if the bankruptcy was caused by acceptable extenuating circumstances ² and borrower has since exhibited a documented ability to manage financial affairs in a responsible manner.	2 YRS from discharge date, 12 to 23 mos from discharge date if credit re-established and paid as agreed and was caused by acceptable extenuating circumstances. ³	4 YRS 2 yrs from discharge or dismissal date possible with acceptable extenuating circumstances. ¹ (Also applies to Chapter 11)
Chapter 13	2 YRS payout period under bankruptcy has elapsed and the borrower's payment performance has been satisfactory and all required payments made on time. 1 yr payout period under bankruptcy has elapsed and the borrower's payment performance has been satisfactory and all required payments made on time, and the bankruptcy was the result of an Economic Event. ⁴	1 YR payout period under bankruptcy has elapsed and the borrower's payment performance has been satisfactory and all required payments made on time.	4 YRS from dismissal date, 2 yrs from discharge date, 2 yrs from dismissal date possible with acceptable extenuating circumstances. ¹ (Multiple BK Filings: For a borrower with more than one BK filing in the last 7 yrs, a five yr waiting period is required. Measured by the most recent discharge or dismissal date. A 3 yr waiting period is permitted if extenuating circumstances ⁵ can be documented, and is measured from the most recent bankruptcy discharge or dismissal date. The most recent bankruptcy filing must have been the result of extenuating circumstances. ¹)
Foreclosure	3 YRS Less than 2 yrs, but not less than 12 mos from date foreclosure completed and transferred back to bank possible if the result of acceptable extenuating circumstances. ²	2 YRS 12 to 23 mos from date transferred back to bank if credit re-established and paid as agreed and was caused by acceptable extenuating circumstances. ¹	7 YRS 3 yrs from date foreclosure completed and transferred back to bank with acceptable extenuating circumstances ¹ AND 10% Down Payment. Primary home purchase and rate/term refinance only. Non-owner and second homes, or cash out refinances (of any occupancy type) must follow 7 yr waiting period.
Short Sale	3 YRS 1 yr from date sale closed and transferred to new owner and short sale was the result of an Economic Event. ⁴ No waiting period if borrower had no late payments on any mortgages and consumer debts within the 12 mo period preceding the short sale AND they are not taking advantage of declining market conditions.	2 YRS No waiting period if borrower had no late payments on any mortgages and consumer debts within the 12 mo period preceding the short sale AND they are not taking advantage of declining market conditions.	4 YRS 2 yrs from date sale closed and transferred to new owner possible with acceptable extenuating circumstances. ¹
Deed in Lieu	3 YRS Less than 2 yrs, but not less than 12 mos from date transferred back to bank possible if the result of acceptable extenuating circumstances. ²	2 YRS 12 to 23 mos from date foreclosure completed and transferred back to bank if credit re-established and paid as agreed and was caused by acceptable extenuating circumstances. ³	4 YRS 2 yrs from date transferred back to bank possible with acceptable extenuating circumstances. ¹

1. **Conventional:** nonrecurring events that are beyond the borrower's control that result in a sudden, significant, and prolonged reease in financial obligations.
 2. **FHA:** Serious illness, death of a wage earner or an Economic-related Event.⁴ (Divorce and the inability to sell a property due to area do not qualify as acceptable extenuating circumstances.)
 3. **VA:** Unemployment, prolonged strikes, medical bills not covered by insurance, etc. (Divorce is not viewed as beyond the control
 4. **Economic Event** is defined as beyond the borrower's control that results in Loss of Employment, Loss of Income, or both, which call income of 20% or more for at least 6 months. The guidelines above may be subject to change dependent upon individual loan parameters. Additional requirements may apply.

Credit TIPS



Pay ALL bills on time – NO LATES



Try to keep credit balance BELOW 50% of your limit



Divorce Decree – Have ex-spouse re-finance you off any loans or credit lines.



Exceed the minimum payment on credit cards



Become an “Authorized User” on someone else's credit card

*** Gives you full history on account**



A mortgage credit inquiry has a small impact on your credit score

\$ INCOME



❖ **Lenders look at GROSS Income (\$ BEFORE Taxes)**

❖ **Stable Two-Year Employment History**

- Employment gap no more than 6 months
- Exceptions for School, Training, Military
- Fixed Income - Social Security, Retirement, etc.

❖ **Other Income**

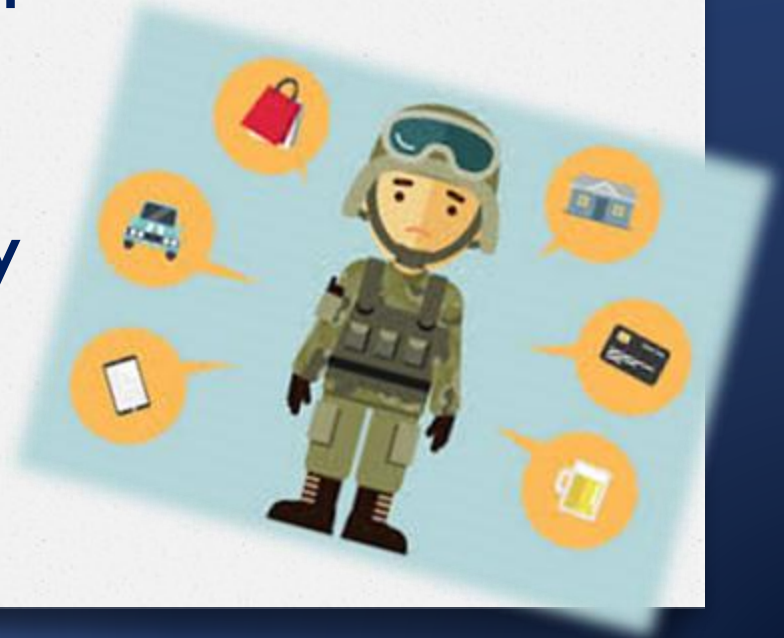
- Spouse's Income, Any Part Time Jobs, Self Employed - Uber



DEBT

Types:

- ✓ Trade Lines/Accounts on Credit Cards
- ✓ Deferred Payments (Student Loans)
- ✓ Employee Business Expenses
- ✓ Collections
- ✓ Judgments/Liens
- ✓ Child Support/Alimony
- ✓ 401k Loans



Why a VA Loan with Our Underwriters?

- ✓ They WANT to Help You Close Your Transaction!!!
- ✓ We Communicate with our UWs
- ✓ Seller can pay debts
- ✓ Our UWs will tend to allow Higher Monthly Debt
- ✓ UWs Help Adjust Your Mortgage Payment



Underwriting “Thumbs Up”



Submitting Requested Docs Quickly



Letter of Explanation (LOE)



Showing some Assets – Cash in Bank, etc.



Collections Okay at Times



Good Report Card




Underwriting “Thumbs Down”

 30 day lates on rent

 Poor credit following bankruptcy

 Numerous recent collections

 Judgments, IRS debts



Underwriting “Thumbs Down”



Gaps in employment



Bank overdrafts & NSF's



Large cash deposits we can't verify



High Debt-to-Income ratio



Property defects



Most Common Home Buying Mistake

Trying to figure things out
on your own...



Why Buy vs Rent?

- ✓ **ZERO Down Payment vs 2 Months Rent Upfront**
*Does NOT include closing costs

- ✓ **Stable Housing Costs**
*No Landlord to raise rent

- ✓ **Tax Deduction**
*Interest Payment & Property Taxes



- ✓ **Seller can pay off Some of your Debt**
- ✓ **Choose the School your Children will Attend**
- ✓ **Choose the Neighborhood you want to Live in**
- ✓ **Grow Equity & Wealth as your Property Gains Value**



**Thank you for
coming!**

For more information visit:

goprimewithCleveland.com

AND

goprimewithSusan.com

How Do I Apply?

1. Online

www.goprimewithCleveland.com

www.goprimewithSusan.com

2. Phone

253-468-5051 - Cleveland - NMLS 53991

360-789-7372 - Sue - NMLS 1398461

3. In Person

Here Today OR
Our Tacoma Office



W O Prime NMLS #69551— Address 1201 Pacific Ave floor 600, Ste. 616 Tacoma, WA 98402



Please be sure to sign our Sign-In Sheet for a chance to win a FREE Appraisal!