



Mortgages

PARTICIPANT'S GUIDE

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Calculating Mortgage and Down Payment Amounts

Home value = \$100,000

Down payment = 30%

How much will you need for your down payment?

Calculate your down payment by multiplying the total cost of the home by the down payment rate.

What will the mortgage amount be (how much money will you need to borrow)?

Calculate the mortgage amount by subtracting the down payment amount from the total cost of the home.

How to Calculate Monthly Mortgage Payments

$$M = P [i(1 + i)^n] / [(1 + i)^n - 1]$$

- **M** = Mortgage payment per month.
- **P** = Principal (original borrowed amount).
- **i** = Interest rate per year. Remember to divide by 12 to get a monthly interest rate. Your lender likely lists interest rates as an annual figure, so you'll need to divide by 12.
- **n** = The total length of the loan's term, or how many years you have to repay the loan.

My Budget

INCOME	\$
Total Income (after taxes)	

EXPENSES	\$
Rent	
Groceries	
Utilities/Phone/Internet	
Entertainment	
Child Care	
Transportation	
Clothing	
Other	
Total Expenses	

DEBT	\$
Credit Card Minimum Payments	
Personal Loans	
Auto Loans	
Student Loans	
Other	
Total Debt	

SAVINGS	\$
Down Payment Savings Goal	
Current Down Payment Savings	
Total Left to Save for Down Payment	

How to Prepare for a Mortgage

Action Step	Complete By	Mark When Complete
1. Make a budget. A budget can help you understand your expenses, pay off debts, and save for a down payment.		<input type="checkbox"/>
2. Find out your credit score. Go to https://www.myfico.com for a small fee or https://www.vantagescore.com for a free score.		<input type="checkbox"/>
3. Improve your credit score, if necessary.		<input type="checkbox"/>
4. Collect documents: a. Tax returns (at least two years) b. W-2s, pay stubs (at least two years) c. Employment history (at least two years) d. Bank statements (at least two years)		<input type="checkbox"/>
5. Calculate home affordability. Find out how much you can spend on a home. Use the mortgage calculator on www.mortgagecalculator.org .		<input type="checkbox"/>
6. Save for a down payment.		<input type="checkbox"/>
7. Pay off debts.		<input type="checkbox"/>
8. Research mortgage companies. Compare lenders, and find one you can trust.		<input type="checkbox"/>
9. Get preapproved. Once you are prequalified, provide your financial information to the lender for early approval on the mortgage amount.		<input type="checkbox"/>

Preapproval Checklist

A process through which the lender will determine what kind of loan you may qualify for.

Action Step	Complete By	Mark When Complete
1. I know my total income.		<input type="checkbox"/>
2. I know the value of all my assets.		<input type="checkbox"/>
3. I know the value of all my savings.		<input type="checkbox"/>
4. I know how much debt I owe.		<input type="checkbox"/>
5. I know my credit score. (You can access for a fee at http://www.myfico.com or for free at https://www.vantagescore.com .)		<input type="checkbox"/>

My Total Income

Monthly Income (not all listed may apply)	Amount
Salary	
Money earned through tips	
Money earned through self-employment	
Money earned through investments	
Social Security benefits	
Disability compensation	
Unemployment compensation	
Pension	
Alimony payments	
Child support payments	
Money earned from renting property	
Money earned abroad	
TOTAL INCOME	

My Total Assets

Asset Value (not all listed may apply)	Amount
Money in your bank account(s)	
Your vehicle (car, motorcycle)	
Electronic appliances	
Valuables (jewelry, fine art)	
Other property (homes, land)	

My Total Debts

Debt Value (not all listed may apply)	Amount
Loans	
Credit card debt	
Monthly bills	

Down Payment Assistance

FHA

1. Go to <https://www.fha.com/fha-downpayment-grants>.
2. Scroll down to your state to view a list of down payment assistance programs.

HUD

1. Go to <https://www.hud.gov/states>.
2. Click on your state.
3. Scroll down to the “Local Resources” section.
4. Click on “Homeownership Assistance” for a list of down payment assistance programs.

Loan Estimate Document Checklist

Action Step	Complete By	Mark When Complete
1. W-2s from the past two years, if you collect a paycheck		<input type="checkbox"/>
2. Profit-and-loss statements or 1099s, if you own a business		<input type="checkbox"/>
3. Recent paycheck stubs		<input type="checkbox"/>
4. Your most recent federal tax return—possibly the past two tax returns		<input type="checkbox"/>
5. A complete list of your debts, such as credit cards, student loans, car loans, and child support payments, along with minimum monthly payments and balances		<input type="checkbox"/>
6. A list of assets, including bank statements, mutual fund statements, real estate and automobile titles, brokerage statements, and records of other investments or assets		<input type="checkbox"/>
7. Canceled checks for your rent or mortgage payments		<input type="checkbox"/>
8. The address and selling price of a home you are interested in buying		<input type="checkbox"/>

Sample Loan Estimate¹

FICUS BANK

4321 Random Boulevard • Somcity, ST 12340

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 2/15/2013
APPLICANTS Michael Jones and Mary Stone
 123 Anywhere Street
 Anytown, ST 12345
PROPERTY 456 Somewhere Avenue
 Anytown, ST 12345
SALE PRICE \$180,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT Fixed Rate
LOAN TYPE Conventional FHA VA _____
LOAN ID # 123456789
RATE LOCK NO YES, until 4/16/2013 at 5:00 p.m. EDT
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78	NO
Does the loan have these features?		
Prepayment Penalty	YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206	+ 206
Estimated Total Monthly Payment	\$1,050	\$968
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$206 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>

Costs at Closing	
Estimated Closing Costs	\$8,054 Includes \$5,672 in Loan Costs + \$2,382 in Other Costs – \$0 in Lender Credits. See page 2 for details.
Estimated Cash to Close	\$16,054 Includes Closing Costs. See Calculating Cash to Close on page 2 for details.

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

LOAN ESTIMATE

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¹ https://files.consumerfinance.gov/f/201311_cfpb_kbyo_loan-estimate.pdf

Closing Cost Details

Loan Costs

A. Origination Charges	\$1,802
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097

B. Services You Cannot Shop For	\$672
Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110

C. Services You Can Shop For	\$3,198
Pest Inspection Fee	\$135
Survey Fee	\$65
Title – Insurance Binder	\$700
Title – Lender’s Title Policy	\$535
Title – Settlement Agent Fee	\$502
Title – Title Search	\$1,261

D. TOTAL LOAN COSTS (A + B + C)	\$5,672
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Other Costs

E. Taxes and Other Government Fees	\$85
Recording Fees and Other Taxes	\$85
Transfer Taxes	

F. Prepaids	\$867
Homeowner’s Insurance Premium (6 months)	\$605
Mortgage Insurance Premium (months)	
Prepaid Interest (\$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes (months)	

G. Initial Escrow Payment at Closing	\$413
Homeowner’s Insurance \$100.83 per month for 2 mo.	\$202
Mortgage Insurance per month for mo.	
Property Taxes \$105.30 per month for 2 mo.	\$211

H. Other	\$1,017
Title – Owner’s Title Policy (optional)	\$1,017

I. TOTAL OTHER COSTS (E + F + G + H)	\$2,382
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J. TOTAL CLOSING COSTS	\$8,054
D + I	\$8,054
Lender Credits	

Calculating Cash to Close

Total Closing Costs (J)	\$8,054
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	\$18,000
Deposit	– \$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
Estimated Cash to Close	\$16,054

Additional Information About This Loan

LENDER Ficus Bank
NMLS/___ LICENSE ID
LOAN OFFICER Joe Smith
NMLS/___ LICENSE ID 12345
EMAIL joesmith@ficusbank.com
PHONE 123-456-7890

MORTGAGE BROKER
NMLS/___ LICENSE ID
LOAN OFFICER
NMLS/___ LICENSE ID
EMAIL
PHONE

Comparisons

Use these measures to compare this loan with other loans.

In 5 Years	\$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs. \$15,773 Principal you will have paid off.
Annual Percentage Rate (APR)	4.274% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.45% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

Appraisal	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
Assumption	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> will not allow assumption of this loan on the original terms.
Homeowner's Insurance	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
Late Payment	If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
Refinance	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
Servicing	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date