



1ST FIRST NATIONAL BANK

Mortgage Lending

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Secondary Market vs. In-House Loans

Fannie Mae

Kept at First National Bank

Mortgage Lending

Loan Options



- Conventional
- VA/FHA
- Rural Development
- First-Time Homebuyer/Iowa Finance Authority

Prequalification

What does it mean?

- Fast, Free
- Complete mortgage application at FNB247.com
- Review credit report, debt-to-income ratio, and funds available to close
- Pre-approval vs. Prequalification



Mortgage Lending

Credit Report



- The bank pulls credit reports from all three credit agencies (Experian, Equifax, and TransUnion)
- A credit score of 620 or above
- Make sure there are no “freezes” on your credit

Mortgage Lending

Funds Needed

Funds Needed to Close/Down Payment

- Minimum 3% down for first-time homebuyers and 5% for others
- Sufficient assets
- Gift money
- Closing costs

9685	200.00	
1990	21.25	
75	1.50	
4	2.99	
	300.00	
	100.00	
	29.08	
	6.77	2.
	33.55	694.81
	100.00	50.00
	10.49	
	5.	

Mortgage Lending

Private Mortgage Insurance (PMI)



**MORTGAGE INSURANCE
ISN'T
HOME INSURANCE**

Mortgage Insurance

- Required with less than 20% down payment
- Monthly premium is based upon down payment, credit score, and loan amount
- PMI can be cancelled when you pay down the loan to 80% loan-to-value

Mortgage Lending

Funds to close on a \$150,000 purchase price, with 5% down payment

- \$7,500 – 5% down payment
- \$1,600 – closing costs
- \$900 – First annual PMI payment
- \$2,000 – Escrow deposit at closing

\$12,000 – Total estimated funds for closing



Mortgage Lending

Debt-to-Income (DTI) Ratio

- Calculated by taking your monthly debts divided by your monthly income
- Fannie Mae requires no more than a 50% DTI ratio



Mortgage Lending

Debt

- New mortgage, principal, interest, property taxes, mortgage insurance, and home insurance
- Student loans, auto loans, credit cards, department store cards
- **Does not include - cell phone, utilities, childcare, healthcare**



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Debt-to-Income Ratio Example

- Person earns \$4,000 a month
- Has a \$300 car payment and \$100 monthly credit card payment
- Is considering a mortgage of \$1,000 per month
- DTI: $\$1,400/\$4,000$

35% DTI



Mortgage Lending

Payments

- Principal, interest, property taxes, mortgage insurance, and home insurance (PITI)
- One payment to the mortgage holder



Example of PITI

Purchase price
\$200,000, 20% down
payment, loan
amount of \$160,000;
interest rate of 5.25%
for 30 years

- \$887 – Principal & interest
- \$200 – Property taxes (estimated)
- \$80 – Home insurance (est.)

\$1,167 Est. Monthly
Payment



Mortgage Lending

Escrow

- Funds set aside to pay monthly property taxes and insurance
- Part of your payment



Mortgage Lending

Homebuying Counseling

- **First-time homebuyers meet with a lender**
- **Discuss process and make sure you are ready to buy**
- **No cost, no obligation**



Sara Lehman



Dona McMasters

Mortgage Lending

- Got Questions?
- Let Us Help?

