REALPRO Innovations, Inc.

PORTABLE
REAL ESTATE/LENDING COMPUTER SYSTEM

California Examples

Contents

REALPRO ™ Workbook

GENERAL INFORMATION

The following are sample situations and examples of some of the ways you will be using your ***REALPRO*** Innovations computer system. By "walking" you through these programs you will see that by simply substituting your own numbers, appropriate for your particular situations, these programs will be invaluable to your everyday business practices.

BEFORE YOU BEGIN, PLEASE NOTE:

1. In the FOLLOWING EXAMPLES the **"AUTOMATIC ANSWER"** option is **ALWAYS** used (EXCEPT in "special situations"). You can **ALWAYS** input your own amounts or 0.

2. **FHA PROGRAMS**
Examples of FHA Financing are calculated on a $275,665 MAXIMUM LOAN AMOUNT FOR 1 UNIT as this is the minimum loan amount for FHA. If your area has a different loan amount, your ***REALPRO*** is already programmed for that amount.

3. **LOAN AMOUNTS ARE NO LONGER ROUNDED DOWN**

The loan calculations are calculated based on a real down payment

4. **DO NOT PRESS THE [ENTER] KEY WHILE THE COMPUTER IS "BUSY"!!**

WAIT until the next statement appears before continuing the program.

After you PRESS the **[ENTER]** key, the computer will "occasionally" take several moments to compute the information before displaying your next question or answer (i.e. Amortization Programs, FHA and VA "GPM Loans" and GPM Prequalifiers)...during this time a "black dash" will appear above the "busy" indicator on your screen.

Should you experience an unusually long delay, more than 3 minutes, turn your ***REALPRO*** off and the "busy" indicator will turn off. This may be caused by running the programs out of order.

5. **YOU WILL BEGIN EACH PROGRAM IN THE SAME WAY.**

With your **COMPUTER** switch in the **"RUN"** position, and the **PRINTER** switch in the **"ON"** position, you are ready to begin.

Remember:

1. PRESS **[ENTER]** when the answer displayed is the same as the example if not,

2. INPUT the amount or answer shown in example and PRESS **[ENTER]**.

BUYING VS RENTING PROGRAM

(Effective Cost of Home Ownership)

PURPOSE: This program demonstrates to your first time buyer/borrower their actual and effective cost of home ownership after allowances for tax savings, principal paydown, and property appreciation, (if applicable), as deductions from their new monthly mortgage payment (FHA, VA and Conventional).

BENEFITS: This program shows the **ADVANTAGE** of a mortgage payment and the **LOGIC** behind purchasing a home and working with you.

A young married couple is thinking of purchasing a home listed at $99,000 with an FHA Fixed 203B Loan and a MINIMUM down payment. Presently, they are renting for $750 a month, and are questioning the value of home ownership from a financial perspective. They have told you that their combined monthly gross income is $3,000, and you have informed them that interest rates are currently 9%, and that property appreciation is conservatively 2% per year.

* NOTE: EXEMPTIONS = Number of family members or actual exemptions claimed for tax purposes.

PRESS the **[DEF]** key and then the **[L]** key

```
BUY/RENT
FHA=1  VA=2  CONV=3         1    Input 1
INCOME/MO          3000.00
MARRIED (Y/N)?           Y
EXEMPTIONS            2.00    Number of family members
SALES PRICE      99000.00
FIXED RATE  (Y/N)        Y
YEARS AMORT         30.00
NUMBER UNITS         1.00    Might say COUNTY # which goes with FHA Max Loan amounts for various counties
DOWN  3.50%       3465.00
BYRS LN AMNT     95535.00
MIP/FF  1.75      1671.86
= TOTAL LOAN     97206.86
PAYMNT 5.00%       521.82
PROP TAX 1.25      103.12
HOME INS 3.60       29.70
MTG INS 0..850      67.67
ASSOC FEE/MO         0.00
TOTAL PMT/MO       722.32
-TAX SAVINGS        71.80
=ACT COST/MO       650.51
-PRIN PAID         116.79
  2 % APRCTN       165.00    Input 2
EFFECTIV COST      368.71
RENT / MONTH       750.00
BUY/RENT DIF       381.28
```

NOTE: If these clients are renting for $750 per month, they should be buying for $368.71 (their EFFECTIVE COST of home ownership). Next year, property prices and rents will be going up! The intelligent decision is to <u>buy now</u> and with you!

Now go on to the Buyers Cost Program
PRESS the **[DEF]** key and then the **[B]** key

```
Buyers
ORIG/PTS  1.0        955.35    FHA "Origination Fee"
DSC/VAFF  0.0          0.00
HOME WARRNTY          0.00
RECORDING            80.00
TITLE INSUR         458.90
LEGAL FEE             0.00
SUB ESCROW          125.00    The buyer can now pay this fee on FHA
ESCROW FEE          587.80
APPRSL/CREDT        410.00
```

MOS TAXES 6	618.75	Usually 6 months impounded
MOS INSUR 14	415.80	Usually 14 months impounded
DAYS INT 30	405.02	
MTG IMP 2	135.34	
TAX SERVICE	0.00	The buyer does not pay this fee on FHA
PROCESS/DOCS	1200.00	The buyer can now pay this fee on FHA
MISC/TERMITE	200.00	"Padding"
=ABOVE COSTS	5591.96	
+ DOWN PYMNT	3465.00	
SELLERS ASST	0.00	
1=P 2=C 3=ALL or $	?	Select or leave 0. P is for Prepaids, C is for Closing Costs, All is for the Prepaids + Closing Costs - Buyer Requirement.
BUYERS COSTS	9056.96	
A.P.R. AS %	6.60	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[L]** key
Wait for the computer to complete printing and then:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[B]** key

AMORTIZATION PROGRAMS

BENEFITS: To derive the factual information necessary to work with:

- Ö Seller carry backs (2nds, 3rds), 80-10-10s, Balloon notes
  This program "SHOWS" the SELLER the dollar value of becoming the lender by carrying back a note!!
- Ö **Loan comparisons** (i.e. 15 and 30 year terms)
- Ö Remaining principal balances on Negative amortizing (GPM) loans, and "FIXED" loans.
- Ö Equity buildup
- Ö Negative amortization or Principal buildup
  If clients choose to make a smaller monthly payment or a larger monthly payment (i.e. for Seller Carryback with Balloon)

LOAN COMPARISON - 15 TO 30 YEARS

An engineer is transferred here by his company. He is 40 and plans to retire in 15 years. Both he and his wife are very security minded and would like their home to be free and clear upon retirement. To accomplish this, they are willing to pay more monthly while he is gainfully employed.

You have just written their offer on a property for $150,000 with a $75,000 cash down payment to a NEW $75,000 loan at 10.5% interest rate. You want to compare a 15 year fully amortized loan to a 30 year fully amortized loan (after 15 years of payments!)

Let's look at the 15 year loan first:

PRESS the **[DEF]** key and then the **[A]** key

AMORTIZE		
MONTHS PAID	180.00	or 15*12 and **[ENTER]**
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	15.00	Input 15 for years amortized
BYRS LN AMNT	75000.00	Input 75000 for loan amount
PAYMNT 10.50%	829.04	Input 10.5 for interest rate

PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] and WAIT approximately 75 seconds while the computer completes the calculation.

*__NOTE__ the black "dash" above the word "busy" on the screen.

```
INT CHARGED        74228.85
PRIN PAID          75000.00
TOTAL PAID        149228.85
BALANCE DUE           -0.00   Remaining balance after 15 years
```

TO PRINT if you haven't already done so:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

Now let's look at the 30 year loan:

PRESS the **[DEF]** key and then the **[A]** key

```
AMORTIZE
MONTHS PAID            180.00
FIXED RATE (Y/N)           Y
INTEREST ONLY (Y/N)        N
YEARS AMORT             30.00   Input 30 for years amortized
BYRS LN AMNT         75000.00
PAYMNT 10.50%          686.05   Monthly payment
```

PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] and __WAIT__ approximately 75 seconds while the computer completes the calculation.

*__NOTE__ the black "dash" above the word "busy" on the screen.

```
INT CHARGED       110553.77
PRIN PAID          12936.02
TOTAL PAID        123489.80
BALANCE DUE        62063.97   Remaining balance after 15 years
```

TO PRINT if you haven't already done so:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

NOTE: The difference in the monthly payment is only 142.99 (829.04-686.05) and the difference in the principal balance after 15 years is $62,063.97!! Clearly for __this__ client, the 15 year loan is the choice he will make! (See: Using Your ***REALPRO***™ As A Calculator That Prints)

PRINCIPAL PAYDOWN

By making the additional $143.00 (round up the 142.99) each month, your buyer can have the 15 year amortized loan __without being tied__ to the larger payment every month and __without having to qualify__ for the 15 year loan!

PRESS the **[DEF]** key and then the **[A]** key

```
AMORTIZE
MONTHS PAID            180.00   or 15*12 and [ENTER]
FIXED RATE (Y/N)           Y
INTEREST ONLY (Y/N)        N
YEARS AMORT             30.00   Input 30 for years amortized
BYRS LN AMNT         75000.00   Input 75000 for loan amt.
PAYMNT 10.50%          686.05   Input 10.5 for interest rate -
PAYMNT 10.50%          686.05   P+143.00 or 829.05 (P stands for payment)
P+143.00
```
WAIT APPROX 60 SECONDS FOR CALCULATION!
```
INT CHARGED        74227.51
PRIN PAID          75002.29
TOTAL PAID        149229.80
BALANCE DUE           -2.29   Remaining balance after 15 years
```

TO PRINT if you haven't already done so:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

SELLER CARRY BACK 2ND

You're representing the buyer or seller and the transaction calls for a seller carryback. The buyers have purchased full price with a very large down payment, and although the seller is in a very secure position, he is skeptical about the dollar advantage of carrying the $50,000 note (in this example, amortized 30 years and due in 5 years, at a 10.5% interest rate).

PRESS the **[DEF]** key and then the **[A]** key

AMORTIZE		
MONTHS PAID	60.00	Input 60
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	Input 30 for years amortized
BYRS LN AMNT	50000.00	input 50000 **[ENTER]**
PAYMNT 10.50%	457.36	Input 10.5 for monthly payment

PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] and WAIT approx 15 seconds while the computer completes the calculation.

INT CHARGED	25883.02	
PRIN PAID	1559.14	
TOTAL PAID	27442.17	
BALANCE DUE	48440.85	Remaining balance due seller

TO PRINT if you haven't already done so:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

NOTE: The seller can "see" the advantage of becoming the "bank". With high monthly interest income ($457.36) and the large balance due him, his $50,000 note becomes $75,883.02 (the total paid plus the balance due) in ONLY 5 years! (See: Using Your *REALPRO* As A Calculator That Prints)

SOLVING FOR THE LOAN AMOUNT

Your buyer/borrower says they are comfortable with a specific Principal and Interest payment. What loan amount would they need?

PRESS the **[DEF]** key and then the **[A]** key

AMORTIZE		
MONTHS PAID	1.00	Input 1
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	Input 30 for years amortized
BYRS LN AMNT	0.00	input 0 because you want to solve for this amount**[ENTER]**
PAYMNT 10.50%	500.00	Input 10.5 for the interest rate and then 500 for the desired monthly payment
BYRS LN AMNT	54660.38	
PAYMNT 10.50%	500.00	

PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] The calculation will be quick because the MONTHS PAID is only 1.

INT CHARGED	478.27
PRIN PAID	21.72
TOTAL PAID	500.00
BALANCE DUE	54638.66

TO PRINT if you haven't already done so:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

INTEREST ONLY PAYMENT CALCULATION

Your buyer/borrower says they are comfortable with a specific Principal and Interest payment. What loan amount would they need?

PRESS the **[DEF]** key and then the **[A]** key

```
AMORTIZE
MONTHS PAID              1.00   Input 1
FIXED RATE (Y/N)            Y
INTEREST ONLY (Y/N)         Y
BYRS LN AMNT        125000.00   input 125000
PAYMNT 9.00%          937.50    Input 9 for the interest rate
```

PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] The calculation will be quick because the MONTHS PAID is only 1.

```
INT CHARGED           937.50
PRIN PAID               0.00
TOTAL PAID            937.50
BALANCE DUE        125000.00
```

TO PRINT if you haven't already done so:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

EQUITY BUILD-UP COMPARISON

    Ö   Determines the dollar amount of equity build up (if any) for <u>all loan types</u> (FHA, VA, Conv.) and for <u>any period of time</u>.

Your client is purchasing with an FHA Fixed Loan of $93420 including MIP at 9%. He asks what the difference would be between the 15 and 30 year terms regarding <u>monthly payments</u> and <u>equity build up after 5 years</u>.

<u>First let's look at the 30 year loan.</u>

PRESS the **[DEF]** key and then the **[A]** key

```
Amortize
MONTHS PAID             60.00
FIXED RATE (Y/N)            Y
INTEREST ONLY (Y/N)         N
YEARS AMORT             30.00   Input 30 for years amortized
BYRS LN AMNT         93420.00   Input 93420
PAYMNT  9.00%          751.67   Input 9 for Monthly P&I
```

PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] and <u>WAIT</u> approx 20 seconds while the computer completes the calculation.

```
INT CHARGED          41251.93
PRIN PAID             3848.77   Equity Build-Up
TOTAL PAID           45100.70
BALANCE DUE          89571.22   At the end of year 5
```

TO PRINT if you haven't already done so:

PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

<u>Now let's compare the 30 year to a 15 year loan</u>
PRESS the **[DEF]** key and then the **[A]** key

AMORTIZE
MONTHS PAID   60.00
FIXED RATE (Y/N)   Y
INTEREST ONLY (Y/N)   N
YEARS AMORT   15.00   Input 15 for years amortized
BYRS LN AMNT   93420.00
PAYMNT 9.00%   947.52   <u>Monthly P&I</u>

PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] and <u>WAIT</u> approx 20 seconds while the computer completes the calculation.

INT CHARGED   38231.12
PRIN PAID   18620.54   Equity Build-Up
TOTAL PAID   56851.67
BALANCE DUE   74799.45   <u>Balance due at the end of year 5</u>

TO PRINT if you haven't already done so:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[A]** key

Now use your *REALPRO* as a calculator <u>that prints</u>: First check that the printer switch is in the **"ON"** position. Press the yellow **[SHIFT]** key and then **[ENTER]**. A <u>black dash</u> appears above the "PRINT" indicator on the screen.
Let's compare the 15 year and the 30 year payments:
Type in **947.52-751.67** and PRESS the **[ENTER]** key.
The <u>difference</u> is **195.85** per month.

<u>NOW</u> let's compare the difference in <u>EQUITY BUILD-UP</u>:
Type in **89571.22-74799.45** and PRESS the **[ENTER]** key.
The <u>difference</u> is **14771.77** after 5 years.

The difference is overwhelming! and even greater at the end of 15 years! Even if your client <u>can't</u> qualify for the 15 year loan, he can make principal reduction payments of $195.85 per month on his 30 year loan and the result will be a 15 year schedule in effect!! (SEE example above).

NOTE: TO REMOVE the PRINT function, PRESS the **[SHIFT]** key and then **[ENTER]**. The "black dash" above the word PRINT is removed.

FINANCING EXAMPLES

CONVENTIONAL FINANCE PROGRAMS

Conventional Finance Program Information

IMPORTANT! PLEASE NOTE: Regarding Buyer's Costs and Seller's Net Programs in the following examples.

Because of custom (who pays what individual costs) and cost item differences throughout the state and from state to state, the examples of buyer's costs and seller's net MAY NOT reflect your individual programs (Northern and Central California). Complete these programs and be aware of these individual differences which relate to your area. As a result, the "bottom lines" will be different then the examples shown.

30 YEAR FIXED LOAN W/ 20% DOWN

Your clients are purchasing a $155,000 property with 20% down to a new 80% conventional fixed loan. The current interest rate is 10.25%.

With your COMPUTER switch in the "RUN" position, and the PRINTER switch in the "ON" position, you are ready to begin.

Remember:
1. PRESS [ENTER] when the answer displayed is the same as the example if not,
2. INPUT the amount or answer shown in example and PRESS [ENTER].

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	155000.00	
FIXED RATE (Y/N)	Y	Input **Y** for YES
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 20.00%	31000.00	Input 20
BYRS LN AMNT	124000.00	
PAYMNT 5.00%	665.65	Input 5.00
PROP TAX 1.25	161.45	
HOME INS 3.60	46.50	
MTG INS 0.000	0.00	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	873.61	

Borrowers Loan Points will be 1, the cost of APPRSL/CREDT is $410 and there is <u>NO</u> PMI (the loan is 80% loan to value). Tax impounds are 0 for 80% loans unless requested by borrower. And this client is placing a 12 months Insurance policy on the property.

PRESS the **[DEF]** key and then the **[B]** key to go on to the Buyers Costs

Buyers

ORIG/PTS 1.0	1240.00	Input 2
DSC/VAFF 0.0	0.00	
HOME WARRNTY	0.00	
RECORDING	80.00	
TITLE INSUR	520.50	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	711.00	
APPRSL/CREDT	410.00	

MOS TAXES 0	0.00	Input 0	
MOS INSUR 12	558.00	Input 12	
DAYS INT 30	516.66		
MTG IMP 2	0.00		
TAX SERVICE	86.00		
PROCESS/DOCS	1400.00		
MISC/TERMITE	200.00	"Padding" (termite in No. CA only)	
=ABOVE COSTS	5847.16		
+ DOWN PYMNT	31000.00		
SELLERS ASST	0.00		
1=P 2=C 3=ALL or $?		Select or leave 0. P is for Prepaids, C is for Closing Costs, All is for the Prepaids + Closing Costs	
BUYERS COSTS	36847.16		
A.P.R. AS %	5.30		

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key
Wait for computer to complete printing and then:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[B]** key

PRESS the **[DEF]** key and then the **[S]** key

Sellers

FHA=1 VA=2 CONV=3	3	**[ENTER]**	
SALES PRICE	155000.00		
1ST TD BAL	75000.00		
1ST TD INT	6.00		
2ND TD BAL	0.00		
2ND TD INT	0.00		
OTHER LIENS	0.00		
GROSS EQUITY	80000.00		
BYRS LN AMNT	0.00	Input 0, the <u>Seller is not paying any points for the Buyer</u>.	
ORIG/PTS 0.0	0.00		
DSC/VAFF 0.0	0.00		
LISTNG 3.00%	4650.00		
SELLNG 3.00%	4650.00		
RECON/DEMAND	150.00	$75 per statement per loan	
TX STMP 1.10	170.50	$1.10 per thousand	
TAX/INS PROR	0.00		
HOME WARRNTY	390.00	Seller is paying $390	
DAYS OWED 30	369.86	30 days interest on existing loan	
RECORDING	80.00		
TITLE INSUR	924.00		
LEGAL FEE	0.00		
SUB ESCROW	125.00		
ESCROW FEE	711.00		
HOA / ACCOM.	0.00	HOA Transfer Fee or 1031 Exchange Accomodator Fee	
ZONE DISCLOS	114.00		
TRANSACT FEE	0.00		
PROCESS/DOCS	0.00		
MISC/TERMITE	200.00		
=ABOVE COSTS	12534.36		
SELLERS ASST	0.00		
=TOTAL COSTS	12534.36		
EQUITY-COSTS	67465.63		
2ND TD %/$	0.00		
NET CASH	67465.63		

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[S]** key

FIXED LOAN W/ 10% DOWN

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	135000.00	
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 10.00%	13500.00	Input 10
BYRS LN AMNT	121500.00	
PAYMNT 5.00%	652.23	Input 5
PROP TAX 1.25	140.62	
HOME INS 3.60	40.50	
MTG INS 0.620	62.77	If lender <u>does not</u> charge PMI on loans over 80% loan to value, Input 0.
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	896.13	

PRESS the **[DEF]** key and then the **[B]** key to go on to the Buyers Costs

Buyers

ORIG/PTS 1.0	1215.00	Input 1
DSC/VAFF 0.00	0.00	
HOME WARRNTY	0.00	
RECORDING	80.00	
TITLE INSUR	498.50	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	667.00	
APPRSL/CREDT	410.00	
MOS TAXES 6	843.75	Input 6 - The number of months can vary based on the time of closing (see Tax Impound Collection Guide)
MOS INSUR 14	567.00	Input 14 - Generally 1 full year plus 2 months for 90% loans
DAYS INT 30	506.25	<u>Safest</u> to calculate 30 days prepaid interest
MTG IMP 2	125.55	
TAX SERVICE	86.00	
PROCESS/DOCS	1400.00	
MISC/TERMITE	200.00	"Padding"
=ABOVE COSTS	6724.05	
+ DOWN PYMNT	13500.00	
SELLERS ASST	0.00	
1=P 2=C 3=ALL or $?		Select or leave 0. P is for Prepaids, C is for Closing Costs, All is for the Prepaids + Closing Costs
BUYERS COSTS	20224.05	
A.P.R. AS %	6.10	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key
Wait for the computer to complete printing and then:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[B]** key

PRESS the **[DEF]** key and then the **[S]** key

Sellers

FHA=1 VA=2 CONV=3	3	**[ENTER]**
SALES PRICE	135000.00	

1ST TD BAL	57000.00	
1ST TD INT	6.00	
2ND TD BAL	0.00	
2ND TD INT	0.00	
OTHER LIENS	0.00	
GROSS EQUITY	78000.00	
BYRS LN AMNT	121500.00	<u>Seller is paying 1.5 points for the Buyer</u>. The Buyers Loan amount calculates automatically because we ran the Financing and Buyers programs before the Sellers program. If this displayed 0, we could input the appropriate loan amount.
ORIG/PTS 0.0	0.00	
DSC/VAFF 1.5	1822.50	Input 1.5 for the points the Seller agreed to pay
LISTNG 3.00%	4050.00	
SELLNG 3.00%	4050.00	
RECON/DEMAND	150.00	$75 per statement per loan
TX STMP 1.10	148.50	
TAX/INS PROR	0.00	
HOME WARRNTY	0.00	Input 0
DAYS OWED 30	281.09	30 days interest on existing loan
RECORDING	80.00	
TITLE INSUR	868.00	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	667.00	
HOA / ACCOM.	0.00	
ZONE DISCLOS	114.00	
TRANSACT FEE	0.00	
PROCESS/DOCS	0.00	
MISC/TERMITE	200.00	
=ABOVE COSTS	12556.09	
SELLERS ASST	0.00	
=TOTAL COSTS	12556.09	
EQUITY-COSTS	65443.90	
2ND TD %/$	0.00	
NET CASH	65443.90	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[S]** key

INTEREST ONLY 1ST TD

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	135000.00	
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	Y
2ND TD %/$	0.00	
DOWN 10.00%	13500.00	Input 10
BYRS LN AMNT	121500.00	
PAYMNT 6.00%	607.50	Input 6
PROP TAX 1.25	140.62	
HOME INS 3.60	40.50	
MTG INS 0.620	62.77	If lender <u>does not</u> charge PMI on loans over 80% loan to value, Input 0.
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	851.40	

ADJUSTABLE RATE MORTGAGE (ARM'S)

You have just previewed a $145,000 property with your clients and they request that you show them an estimate of their payments and closing costs if they were to buy with 10% down, utilizing an ARM loan with a maximum interest rate adjustment of 1% every 6 months and a 6% life of loan cap. The cost of the loan is 1 points. There is Private Mortgage Insurance (PMI) monthly. The initial rate is 6%. Term of loan is 30 years.

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	145000.00	
FIXED RATE (Y/N)	N	Input N because this is an ARM
INTRST RATE	6.00	Input 6 the initial rate
RATE CAP	1.0	*Input 1 because the rate may adjust by 1% every 6 months
PAYMENT CAP	0.00	Input 0
LIFE LOAN CAP	6.00	**Input the Life of Loan Cap - 6 for 6% higher than the initial rate.
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 10.00%	14500.00	
BYRS LN AMNT	130500.00	
PAYMNT 6.00%	782.41	
PROP TAX 1.25	151.04	
HOME INS 3.60	43.50	
MTG INS 0.620	67.42	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1044.38	**[ENTER]** or **PRINT-[DEF][H][DEF][F]**
P&I ADJUSTMNT	867.29	1st adj **[ENTER]**
P&I ADJUSTMNT	954.80	2nd adj **[ENTER]**
P&I ADJUSTMNT	1044.57	3rd adj **[ENTER]**
P&I ADJUSTMNT	1136.27	4th adj **[ENTER]**
P&I ADJUSTMNT	1229.61	5th adj **[ENTER]**
P&I ADJUSTMNT	1324.35	6th adj **[ENTER]**

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

Now go on to the Buyers Costs Program
PRESS the **[DEF]** key and then the **[B]** key

* 1 represents a **1% interest rate increase**. This is a common interest rate increase for ARM loans.

Another common adjustment is a **7.5% payment increase** (7.5% of the initial P&I payment is "added" to that initial payment). This loan may be negative amortizing. This could be a "Negative ARM" or a GPM (Graduated Payment Mortgage).

** 6 represents the Life of Loan Cap. The maximum interest rate is the initial interest rate plus the "Life Of Loan Cap". A common "cap" is 6%. If you don't know the Life of Loan Cap but you know the highest interest rate, you can simply subtract the Initial Interest Rate from the Maximum Interest Rate (e.g.. 12-6 **[ENTER]**). **DO NOT INPUT THE MAXIMUM INTEREST RATE.**

"NEGATIVE" ADJUSTABLE RATE MORTGAGE / 7.5% PAYMENT ADJUSTMENT

You have just previewed a $450,000 property with your clients and they request that you show them an estimate of their payments and closing costs if they were to buy with 10% down, utilizing an NEGATIVE ARM loan with a rate cap of 1, a payment cap of 7.5% and a Maximum Interest Rate of 9.95%. The initial rate is 1.95%. There is Private Mortgage Insurance (PMI) monthly.   Term of loan is 30 years.

PRESS the **[DEF]** key and then the **[F]** key

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	450000.00	
FIXED RATE (Y/N)	N	Input N because this is an ARM
INTRST RATE	1.95	Input 1.95 the initial rate
RATE CAP	1.0	Input 1
PAYMENT CAP	7.5	*Input 7.5 because the payment increases by 7.5% if the previous payment
LIFE LOAN CAP	9.95	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 10.00%	45000.00	
BYRS LN AMNT	405000.00	
PAYMNT 1.95%	1486.85	
PROP TAX 1.25	468.75	
HOME INS 3.60	135.00	
MTG INS 0.620	209.25	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	2299.85	**[ENTER]** or **PRINT [DEF][H][DEF][F]**
P&I ADJUSTMNT	1598.36	1st adj **[ENTER]**
P&I ADJUSTMNT	1718.24	2nd adj **[ENTER]**
P&I ADJUSTMNT	1847.11	3rd adj **[ENTER]**
P&I ADJUSTMNT	1985.64	4th adj **[ENTER]**
P&I ADJUSTMNT	2134.56	5th adj **[ENTER]**

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

Now go on to the Buyers Costs Program
PRESS the **[DEF]** key and then the **[B]** key

* A **7.5% payment increase** (7.5% of the initial P&I payment is "added" to that initial payment). This loan may be negative amortizing.

** 6.00 represents the **LIFE OF LOAN CAP**

GRADUATED PAYMENT MORTGAGE (GPM'S)

You have just previewed a $125,000 property with your clients and they request that you show them an estimate of their payments and closing costs if they were to buy with 10% down, utilizing an GPM loan with a note rate of 10.25, a rate cap of 0 and a payment adjustment (Cap) of 7.5% per year. The cost of the loan is 1 points. There is Private Mortgage Insurance (PMI) monthly.   Term of loan is 30 years.

PRESS the **[DEF]** key and then the **[F]** key

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	125000.00	
FIXED RATE (Y/N)	N	Input N to indicate GPM
INTRST RATE	10.25	Input the **NOTE RATE**
RATE CAP	0.00	Input 0. There is no Rate Cap on a GPM loan.
PAYMENT CAP	7.50	* Input 7.5 to indicate a 7.5% per year graduation in the payment
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 10.00%	12500.00	
BYRS LN AMNT	112500.00	
PAYMNT 10.25%	767.42	
PROP TAX 1.25	130.20	
HOME INS 3.60	37.50	
MTG INS 0.620	58.12	
ASSOC FEE/MO	0.00	

```
TOTAL PMT/MO              993.25   [ENTER] or PRINT-[DEF][H][DEF][F]
P&I ADJUSTMNT             824.98   1st adj [ENTER]
P&I ADJUSTMNT             886.85   2nd adj [ENTER]
P&I ADJUSTMNT             953.37   3rd adj [ENTER]
P&I ADJUSTMNT            1024.87   4th adj [ENTER]
P&I ADJUSTMNT            1101.73   5th adj [ENTER]
```

*__7.5% payment increase__ (7.5% of the initial P&I payment is "added" to that initial payment). This loan may be negative amortizing. You could also use a 5% or 2.5% payment adjustment.

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

3-2-1 BUYDOWN

Your clients are purchasing a $125,000 property with 20% down, using a Conventional 3-2-1 Buydown. The current interest rate is 10.25% and the seller (or builder or borrower) is "buying down" the interest rate as follows:
Year 1 = 7.25%
Year 2 = 8.25%
Year 3 = 9.25%
Years 4-30 = 10.25%

PRESS the **[DEF]** key and then the **[F]** key

Finance

```
FHA=1  VA=2  CONV=3         3   Input 3
SALES PRICE          125000.00
FIXED RATE (Y/N)            N   Input N
INTRST RATE              7.25   Input the Initial   Interest  Rate
RATE CAP                 1.00   * Input 1 to indicate that the Interest Rate will adjust 1% every year
PAYMENT CAP              0.00   Input 0
LIFE LOAN CAP            3.00   ** Input the Life of Loan Cap - in this     case, 3% higher than the Initial Rate
YEARS AMORT             30.00
2ND TD %/$               0.00
DOWN   20.00%        25000.00   Input 20
BYRS LN AMNT        100000.00
PAYMNT 7.25%           682.17
PROP TAX 1.25          130.20
HOME INS 3.60           37.50
MTG INS 0.000            0.00
ASSOC FEE/MO             0.00
TOTAL PMT/MO           849.88   [ENTER] or PRINT-[DEF][H][DEF][F]
P&I ADJUSTMNT          750.61   1st adj [ENTER]
P&I ADJUSTMNT          820.76   2nd adj [ENTER]
P&I ADJUSTMNT          892.35   3rd adj [ENTER]
```

NOW PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

* 1 represents a __1% interest rate increase__
** 3 represents the <u>Life of Loan Cap</u>.

80-10-10

The buyers of a $150,000 property want to purchase with a 10% down payment and have the seller carry back a second of 10%, (at 11% interest amortized over 30 years with a 7 year <u>balloon payment</u> (which can be calculated with the Amortization program - see Amortization Example #2). The new conventional loan will be 80% at the current interest rate of 10.25% and amortized over 30 years.

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	150000.00	
FIXED RATE (Y/N)	Y	Input Y
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	
2ND TD %/$	15000.00	Input 10
YRS 2ND AMORT	30.00	Input 30
PYMT>2ND 11.0%	142.84	Input 11
DOWN 10.00%	15000.00	Input 10
BYRS LN AMNT	120000.00	
PAYMNT 10.25%	1075.32	Input 10.25
PROP TAX 1.25	156.25	
HOME INS 3.60	45.00	
MTG INS 0.000	0.00	No PMI on new 80% loan
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1419.42	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

Now go on to the Buyers Costs Program
PRESS the **[DEF]** key and then the **[B]** key

Buyers

ORIG/PTS 1.0	1200.00	Input 1
DSC/VAFF 0.0	0.00	
HOME WARRNTY	0.00	
RECORDING	80.00	
TITLE INSUR	515.00	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	700.00	
APPRSL/CREDT	410.00	
MOS TAXES 0	0.00	
MOS INSUR 12	540.00	Input 12 - Generally 1 full year policy
DAYS INT 30	1025.00	<u>Safest</u> to calculate 30 days prepaid interest
MTG IMP 2	0.00	
TAX SERVICE	86.00	
PROCESS/DOCS	1400.00	
MISC/TERMITE	200.00	"Padding"
=ABOVE COSTS	6281.00	
+ DOWN PYMNT	15000.00	
SELLERS ASST	0.00	
1=P 2=C 3=P+C or $?		Select or leave 0. P is for Prepaids, C is for Closing Costs, All is for the Prepaids + Closing Costs
BUYERS COSTS	21281.00	
A.P.R. AS %	10.65	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key

PRESS the **[DEF]** key and then the **[B]** key

Now let's go on to the <u>Seller's Net Program</u>.

PRESS the **[DEF]** key and then the **[S]** key

Sellers

FHA=1 VA=2 CONV=3	3	**[ENTER]**
SALES PRICE	150000.00	
1ST TD BAL	65000.00	
1ST TD INT	9.00	
2ND TD BAL	0.00	
2ND TD INT	0.00	
OTHER LIENS	0.00	
GROSS EQUITY	85000.00	
BYRS LN AMNT	0.00	<u>Leave this 0 as the Seller is not paying any points for the Buyer</u>.
ORIG/PTS 0.0	0.00	
DSC/VAFF 0.0	0.00	
LISTNG 3.00%	4500.00	
SELLNG 3.00%	4500.00	
RECON/DEMAND	150.00	$75 per statement per loan
TX STMP 1.10	165.00	
TAX/INS PROR	0.00	
HOME WARRNTY	390.00	Home protection policy. Input 390
DAYS OWED 30	480.82	30 days interest on existing loan
RECORDING	80.00	
TITLE INSUR	910.00	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	700.00	
HOA / ACCOM.	0.00	
ZONE DISCLOS	114.00	
TRANSACT FEE	0.00	
PROCESS/DOCS	0.00	
MISC/TERMITE	200.00	"Padding"
=ABOVE COSTS	12314.82	
SELLERS ASST	0.00	
=TOTAL COSTS	12314.82	
EQUITY-COSTS	72685.17	
2ND TD %/$	15000.00	
NET CASH	57685.17	

ALL CASH TRANSACTION

Your buyers are purchasing a $75,000 property (i.e. land or improvements) all cash. They are placing a 12 month Insurance policy on the property. The following illustrates the financing program and buyers costs.

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	3	Input 3
SALES PRICE	75000.00	
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 100.00%	75000.00	Input 75000 or **S** (**S**alesprice) Your ***REALPRO*** <u>will not accept 100 for 100%</u>
BYRS LN AMNT	0.00	There is no new loan
PAYMNT 12.50%	0.00	Ignore the percentage, there is no new loan. Do not enter 0 or you will receive an error message
PROP TAX 1.25	78.12	

```
HOME INS 3.60          22.50
MTG INS 0.000           0.00
ASSOC FEE/MO            0.00
TOTAL PMT/MO          100.62   Taxes & Insurance
```

PRESS the **[DEF]** key and then the **[B]** key
to go on to the Buyers Costs

Buyers

```
ORIG/PTS 0.0            0.00
DSC/VAFF 0.0            0.00
HOME WARRNTY           0.00
RECORDING             80.00
TITLE INSUR          432.50
LEGAL FEE              0.00
SUB ESCROW           125.00
ESCROW FEE           535.00
APPRSL/CREDT           0.00   Input 0
MOS TAXES  0           0.00   Input 0
MOS INSUR 12         270.00   Input 12 for 1 year policy
DAYS INT 30.0          0.00   Input 0
MTG IMP   2            0.00
TAX SERVICE            0.00
PROCESS/DOCS           0.00   Input 0
MISC/TERMITE         200.00   "Padding" (termite in No. CA only)
=ABOVE COSTS        1642.50
+ DOWN PYMNT       75000.00
SELLERS ASST           0.00
1=P 2=C 3=ALL OR $  ?         Select  or leave 0.  P is for Prepaids, C is for Closing Costs, All is for the Prepaids +
                              Closing  Costs
BUYERS COSTS       76642.50
A.P.R. AS %            0.00
```

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key
Wait for computer to complete printing and then:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[B]** key

FHA FINANCE PROGRAMS

FHA Finance Program Information

IMPORTANT! PLEASE NOTE: Regarding Buyer's Costs and Seller's Net Programs in the following examples.

Because of custom (who pays what individual costs) and cost item differences throughout the state, the examples of buyer's costs and seller's net MAY NOT reflect your individual programs (Northern and Central California). Complete these programs and be aware of these individual differences which relate to your area. As a result, the "bottom lines" may be different than the examples shown.

203B FIXED 30 YEARS

Your clients are purchasing a $240,000 home with the MINIMUM down payment. The current interest rate is 5.50%

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	1	Input 1
SALES PRICE	240000.00	
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
DOWN 3.50%	8400.00	Automatic Minimum Down Payment rounded UP to the nearest $50
BYRS LN AMNT	231600.00	
MIP/FF 1.75	4053.00	
= TOTAL LOAN	235653.00	
PAYMNT 5.50%	1338.01.14	
PROP TAX 1.25	250.00	
HOME INS 3.60	72.00	The factor has been raised to 9.99 to allow for higher insurance rates and the inclusion of earthquake and flood insurance.
MTG INS 0..850	164.05	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1824.06	

Now go on to the Buyers Costs Program
PRESS the **[DEF]** key and then the **[B]** key

Buyers

ORIG/PTS 1.0	2316.00	Origination point
DSC/VAFF 0.00	0.00	
HOME WARRNTY	0.00	
RECORDING	80.00	
TITLE INSUR	614.00	Call to customize the TITLE INSURANCE charts.
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	898.00	Call to customize the ESCROW FEE charts.
APPRSL/CREDT	410.00	
MOS TAXES 6	1500.00	Generally 6 months for FHA/VA
MOS INSUR 14	1008.00	Generally 14 months for FHA/VA
DAYS INT 30	1080.07	
MTG IMP 2	328.10	You can now change the number of months
TAX SERVICE	0.00	The FHA buyer does not pay the TAX SERVICE fee.
PROCESS/DOCS	1400.00	The FHA buyer can now pay the PROCESS/DOCS fee.
MISC/TERMITE	200.00	"Padding"
=ABOVE COSTS	9959.17	
+ DOWN PYMNT	8400.00	
SELLERS ASST	0.00	
1=P 2=C 3=ALL or $	?	P stands for PREPAIDS, C stands for CLOSING COSTS, ALL stands for the NEGOTABLE CC, or you can enter a specific dollar amount.
BUYERS COSTS	18359.17	Buyers Cash to Close
A.P.R. AS %	7.00	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key
Wait for computer to complete printing and then:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[B]** key

203B W/ SELLER PAYING ALL OF THE NEGOTIABLE CLOSING COSTS

Your clients are purchasing a $200,000 property using an FHA Fixed Mortgage with minimum down payment. The interest rate is 5.00% and the loan is amortized for 30 years. The <u>seller will be paying all of the buyers NEGOTIABLE closing costs</u> up to 6%.

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	1	Input 1
SALES PRICE	200000.00	
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
DOWN 3.50%	7000.00	
BYRS LN AMNT	193000.00	
MIP/FF 1.75	3377.50	
= TOTAL LOAN	196377.50	
PAYMNT 5.00%	1054.19	
PROP TAX 1.25	208.33	
HOME INS 3.60	60.00	
MTG INS 0.850	136.70	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1459.23	

Now go on to the Buyers Costs
PRESS the **[DEF]** key and then the **[B]** key

Buyers

ORIG/PTS 1.0	1930.00	Origination point
DSC/VAFF 0.00	0.00	
HOME WARRNTY	0.00	
RECORDING	80.00	
TITLE INSUR	570.00	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	810.00	
APPRSL/CREDT	410.00	
MOS TAXES 6	1250.00	
MOS INSUR 14	840.00	
DAYS INT 30	818.23	
MTG IMP 2	273.41	
TAX SERVICE	0.00	
PROCESS/DOCS	1400.00	
MISC/TERMITE	200.00	"Padding"
=ABOVE COSTS	8706.65	
+ DOWN PYMNT	7000.00	
SELLERS ASST	8706.65	
1=P 2=C 3=ALL or $	? 3	Input 3 for ALL (actual) not to exceed 6% which is all that is allowed
BUYERS COSTS	7000.00	
A.P.R. AS %	6.50	

PRINT FINANCING AND BUYERS COSTS:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key
Wait for computer to complete printing and then:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[B]** key

Now go on to do the SELLERS NET

The Sales Price is $200,000. The Existing 1st loan balance is $150,000 at 8% and there is an existing 2nd loan of $12,000 at 12%. The seller is paying the brokerage fee of 6% divided between the sellers agent and the buyers agent at 3% each. The

seller is also paying $8706.65 for ALL the Buyers Closing Costs (see Buyers Costs in the preceding example).

PRESS the **[DEF]** key and then the **[S]** key

Sellers

FHA=1 VA=2 CONV=3	1	Input 1
SALES PRICE	200000.00	
1ST TD BAL	150000.00	
1ST TD INT	8.00	
2ND TD BAL	12000.00	
2ND TD INT	12.00	
OTHER LIENS	0.00	
GROSS EQUITY	38000.00	
BYRS LN AMNT	0.00	*Input the Buyer's loan if the Seller is paying discount points for the Buyer (from the buyer's financing)
= TOTAL LOAN	0.00	
ORIG/PTS 0.00	0.00	Input 0
DSC/VAFF 0.0	0.00	
LISTNG 3.00%	6000.00	
SELLNG 3.00%	6000.00	
RECON/DEMAND	300.00	
TX STMP 1.10	220.00	If you are in a city with a CITY TRANSFER FEE, add that factor to the TAX STAMP factor. Los Angeles - 4.50, Riverside - 1.10, Pomona - 2.20 etc.
TAX/INS PROR	0.00	
HOME WARRNTY	0.00	Input 0
DAYS OWED 30	1104.65	30 days interest on 1st and 2nd loans
RECORDING	80.00	
TITLE INSUR	1050.00	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	810.00	
HOA / ACCOM.	0.00	
ZONE DISCLOS	114.00	
TRANSACT FEE	0.00	
PROCESS/DOCS	0.00	Input 0 - The seller does not have to pay this anymore.
MISC/TERMITE	200.00	
=ABOVE COSTS	16003.65	
SELLERS ASST	8706.65	Total of Buyer's Negotiable Costs to be paid by the Seller
=TOTAL COSTS	24710.31	
EQUITY-COSTS	13289.68	
NET CASH	13289.68	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[S]** key

3-2-1 BUYDOWN

Your clients are purchasing a $96,000 property using an FHA Fixed Loan on a 3-2-1 Buydown program. The initial interest rate is 7.5%. The loan is amortized 30 years, with the MIP financed in. The down payment is the minimum amount required.

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	1	Input 1
SALES PRICE	96000.00	
FIXED RATE (Y/N)	N	
INTRST RATE	7.50	
RATE CAP	1.00	
LIFE LOAN CAP	3.00	Input 3

YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
DOWN 3.50%	3360.00	Automatic Minimum Down Payment
BYRS LN AMNT	92640.00	
MIP/FF 1.75	1621.20	
= TOTAL LOAN	94261.20	
PAYMNT 7.50%	659.08	
PROP TAX 1.25	100.00	
HOME INS 3.60	28.80	
MTG INS 0.850	65.62	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	853.50	**[ENTER]** or **PRINT-[DEF][H][DEF][F]**
P&I ADJUSTMNT	723.57	1st adj **[ENTER]**
P&I ADJUSTMNT	788.99	2nd adj **[ENTER]**
P&I ADJUSTMNT	855.12	3rd adj **[ENTER]**

NOW PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

ADJUSTABLE RATE MORTGAGE (ARM)

Your clients plan to purchase a $77,500 property, using the FHA ARM LOAN. The initial rate is 8% and they want to put down the MINIMUM required down payment. You can show them the initial payment and any or all 5 graduations (<u>should</u> they occur).

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	1	Input 1
SALES PRICE	77500.00	
FIXED RATE (Y/N)	N	
INTRST RATE	8.00	Input the initial rate
RATE CAP	1.00	
LIFE LOAN CAP	5.00	Input 5 for the Life of Loan Cap
YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
DOWN 3.50%	2712.50	Automatic Minimum Down Payment
BYRS LN AMNT	74787.50	
MIP/FF 1.75	1308.78	
= TOTAL LOAN	76096.28	
PAYMNT 8.00%	558.36	
PROP TAX 1.25	80.72	
HOME INS 3.60	23.25	
MTG INS 0.850	52.97	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	715.32	**[ENTER]** or **PRINT-[DEF][H][DEF][F]**
P&I ADJUSTMNT	611.34	1st adj **[ENTER]**
P&I ADJUSTMNT	665.01	2nd adj **[ENTER]**
P&I ADJUSTMNT	719.20	3rd adj **[ENTER]**
P&I ADJUSTMNT	773.76	4th adj **[ENTER]**
P&I ADJUSTMNT	828.58	5th adj **[ENTER]**

NOW PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

UNITS EXAMPLE (3 UNITS)

Your client (an "owner occupant") is purchasing a triplex (3 units) at $598,000 with an FHA 203B Loan and Minimum down. The current interest rate is 5.50%. The term of loan is 30 years.

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	1	Input 1	
SALES PRICE	598000.00		
FIXED RATE (Y/N)	Y		
YEARS AMORT	30.00		
NUMBER UNITS	3.00	Input 3 Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties. If so, use 4 and be careful not to exceed the correct amount for the number of units you are dealing with	
DOWN 3.50%	5775.00	Minimum Owner Occupied Down Payment	
BYRS LN AMNT	577070.00		
MIP/FF 1.75	10098.72		
= TOTAL LOAN	587168.72		
PAYMNT 9.50%	3333.87		
PROP TAX 1.25	622.91		
HOME INS 3.60	179.40		
MTG INS 0.850	408.75		
ASSOC FEE/MO	0.00		
TOTAL PMT/MO	4544.95		

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key

Now go on to the Buyers Costs Program
PRESS the **[DEF]** key and then the **[B]** key

VA FINANCING PROGRAMS

VA Finance Program Information

IMPORTANT! PLEASE NOTE: Regarding Buyer's Costs and Seller's Net Programs in the following examples.

Because of custom (who pays what individual costs) and cost item differences throughout the state, the examples of buyer's costs and seller's net WILL NOT reflect your individual programs (Northern and Central California). Complete these programs and be aware of these individual differences which relate to your area. As a result, the "bottom lines" will be different then the examples shown.

THE FOLLOWING EXAMPLES ARE BASED ON A MAXIMUM VA LOAN OF $424,100 AND THE ELIGIBILITY OF $424,100 (106,025.00 X4). There is 0 down on loans up to **$424,100** with the VA Funding Fee added to the base loan. Loans above the **$424,100** require a downpayment of 25% of the difference between the **$424,100** and the Sales Price. There are some counties with higher loan amounts. For example, Los Angeles county Zero-Down Maximum loan amount is $636,150. If you are in LA County, you will enter this amount for ELIGIBILITY.

VA FUNDING FEE
The VA funding fee is required by law.
The fee, currently 2.15 percent on no down payment loans, is intended to enable the **REGULAR MILITARY** veteran who obtains a VA home loan to contribute toward the cost of this benefit, and thereby reduce the cost to taxpayers. The funding fee for second time users who do not make a down payment is 3.3 percent. The fee, currently 2.4 percent on no down payment loans, is intended to enable the **NATIONAL GUARD/RESERVIST** veteran who obtains a VA home loan to contribute toward the cost of this benefit, and thereby reduce the cost to taxpayers. The funding fee for second time users who do not make a down payment is 3.3 percent. The idea of a higher fee for second time use is based on the fact that these veterans have already had a chance to use the benefit once, and also that prior users have had time to accumulate equity or save money towards a down payment.

Cash-out refinancing loans for regular military requires a 2.15% fee for first time users and a 3.3% fee for subsequent users. For Reserves / National Guard, the requirement is a 2.4% fee for first time users and a 3.3% fee for subsequent users. On interest rate reduction loans, the VA funding fee is .50%.

First time users of VA Loan benefits (Purchase / Construction Loans)

	Active duty/Retired	Guard/Reserve
0 down payment	2.15%	2.40%
5-10% down payment	1.50%	1.75%
10% or more down payment	1.25%	1.50%

Additional use of VA Loan benefits (Purchase / Construction Loans)

	Active duty/Retired	Guard/Reserve
0 down payment	3.30%	3.30%
5-10% down payment	1.50%	1.75%
10% or more down payment	1.25%	1.50%

VA Cash Out Refinance

	Active duty/Retired	Guard/Reserve
1st Time Users	2.15%	2.4%
Additional Uses	3.3%	3.3%

VA Interest Rate Reduction Refinance Loan (IRRRL)

	Active duty/Retired	Guard/Reserve
1st Time Users	0.50%	0.50%
Additional Uses	0.50%	0.50%

VA Funding Fee Exemptions VA Funding Fee Exemption Form

There are three exemptions to the VA funding fee.

- If the Veteran is receiving disability compensation from the Department of Veteran Affairs, the fee is waived.

- If the veteran WOULD be receiving VA compensation but is receiving retirement pay instead, the fee is waived.

- A surviving spouse of a veteran whom died in service or from a service connected disability, the fee is waived.

NO DOWN I As with any circumstance the VA is the final authority and can choose to make determinations on a case by case basis.

Your clients are purchasing a home using their Full VA eligibility ($424,100) and the MINIMUM down payment. They are asking that the sellers pay ALL of the buyer's closing costs as well, including 30 days new loan interest should it be required (depending on the date escrow closes). The purchase price is $195,000. The new loan is Fixed for 30 years at 6.00% interest and the VAFF (VA Funding Fee) is being financed into the loan. $424100 is the minimum eligibility, your county may be higher.

PRESS the **[DEF]** key and then the **[F]** key

Finance

FHA=1 VA=2 CONV=3	2	Input 2
ELIGIBILITY	424100.00	Input 424100 which indicates the VET has "FULL ELIGIBILITY" LENDERS please note: 424100=106025 x 4
SALES PRICE	195000.00	
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 0.00%	0.00	Automatic Minimum Down Payment
BYRS LN AMNT	195000.00	
MIP/FF 2.15	4192.50	
= TOTAL LOAN	199192.50	
PAYMNT 6.00%	1194.25	Input 6
PROP TAX 1.25	203.12	
HOME INS 3.60	58.50	
ASSOC FEE/MO	0.00	

TOTAL PMT/MO   1455.88

PRESS the **[DEF]** key and then the **[B]** key
to go on to the Buyers Costs

Buyers

ORIG/PTS 1.0	1950.00	Origination point
DSC/VAFF 0.00	0.00	
HOME WARRNTY	0.00	
RECORDING	80.00	
TITLE INSUR	564.50	
LEGAL FEE	0.00	
SUB ESCROW	0.00	
ESCROW FEE	0.00	The VET <u>cannot pay</u> the escrow fee
APPRSL/CREDT	410.00	
MOS TAXES 6	1218.75	Input 6
MOS INSUR 14	819.00	Input 14
DAYS INT 30	995.96	
MTG IMP 2	0.00	
TAX SERVICE	0.00	
PROCESS/DOCS	0.00	
MISC/TERMITE	200.00	"Padding"
=ABOVE COSTS	6238.21	
+ DOWN PYMNT	0.00	
SELLERS ASST	6238.21	
1=P 2=C 3=ALL OR $?	3	
BUYERS COSTS	0.00	
A.P.R. AS %	6.40	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[F]** key
Wait for the computer to complete printing and then:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[B]** key

NOW GO ON TO THE SELLER'S NET ON A VA NO DOWN WHICH, <u>IF IT FOLLOWS THE FINANCING AND BUYERS COSTS,</u> WILL USE INFORMATION COMPUTED ABOVE.

Seller's Net on VA No Down
(Calculated on VA NO DOWN above)

The sellers have just been presented with a VA NO DOWN offer asking that they also pay the buyer's closing costs in addition to their own (see previous example "VA NO DOWN FINANCING"). The sales price of their property is $138,000 and there is an existing mortgage on their property. The 1ST TD is $55,000 at 8%. The seller is also paying $295 for a home protection warranty. The seller's discount points on the new loan are currently at 2, and the brokerage commission is 6% split between the buying agent and the selling agent. Termite inspection fee is $55.

PRESS the **[DEF]** key and then the **[S]** key

Sellers

FHA=1 VA=2 CONV=3	2	**[ENTER]**
SALES PRICE	195000.00	
1ST TD BAL	55000.00	
1ST TD INT	8.00	
2ND TD BAL	0.00	
OTHER LIENS	0.00	
GROSS EQUITY	140000.00	
BYRS LN AMNT	0.00	Calculates automatically if you have run the Financing and Buyers cost programs first. If not, Input **S** (for salesprice). Your **REALPRO** will then calculate your correct VAFF and TOTAL LOAN amount. Seller is not paying discount points so input 0.
MIP/FF 2.15	0.00	

```
= TOTAL LOAN           0.00   Seller's VA Discount Points are calculated on this amount.
ORIG/PTS  0.00         0.00   This point was already taken into consideration in the Sellers Assist.
DSC/VAFF  0.0          0.00   Seller's discount points
LISTNG   3.00%      5850.00
SELLNG   3.00%      5850.00
RECON/DEMAND        150.00    $75 per statement per loan
TX STMP  1.10        214.50
TAX/INS PROR          0.00
HOME WARRNTY        295.00    Seller to pay 295
DAYS OWED  30        361.64   30 days interest on existing loan
RECORDING            80.00
TITLE INSUR        1036.00
LEGAL FEE             0.00
SUB ESCROW            0.00
ESCROW FEE         1598.00    "Both sides" of the Escrow Fee
HOA / ACCOM.          0.00
ZONE DISCLOS        114.00
TRANSACT FEE          0.00
PROCESS/DOCS       1400.00
MISC/TERMITE        200.00
=ABOVE COSTS      17149.14
SELLERS ASST       6238.21
=TOTAL COSTS      23387.35
EQUITY-COSTS     116612.64
2ND TD %/$            0.00
NET CASH         116612.64
```

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[S]** key

PREQUALIFICATION PROGRAMS

CONVENTIONAL PREQUALIFICATION

1.   **SOLVE FOR THE MAXIMUM SALESPRICE**
      If GROSS INCOME is known, input 0 for SALES PRICE and maximum sales price range will be calculated.

2.   **SOLVE FOR THE GROSS INCOME**
      If SALES PRICE is known, input 0 for GROSS INCOME and required gross income will be calculated.

3.   **SOLVE FOR THE ACTUAL RATIOS**
      If GROSS INCOME AND SALES PRICE are known (eg. offer has already been presented and accepted), input BOTH and Borrower's "actual" ratios will be calculated. For FHA & VA, be sure the Loan to Value is 100 for Maximum Loan/Minimum Down Payment.

SOLVING FOR THE SALES PRICE

Your clients are considering a purchase with a 10% down payment and a new 30 year Fixed Conventional Loan. The current interest rate is 5.00% and there will be Private Mortgage Insurance (PMI) monthly. Their gross income is $3700 monthly and they have a MONTHLY DEBT of one car payment of $290 and credit card payments of $100.00. What is the sales price range and the loan amount for which they qualify?

PRESS the **[DEF]** key and then the **[X]** key

Prequal		
MONTHLY DEBT	390.00	290+100
FHA=1 VA=2 CONV=3	3	Input 3
INCOME/MO	3700.00	
MARRIED (Y/N)	Y	
EXEMPTIONS	2.00	Number of family members.
SALES PRICE	0.00	You must input 0 to allow the computer to establish the correct sales price range (**No matter what the display shows**)
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
LOAN TO VAL	90.00	
FRONT RATIO	28.00	
BACK RATIO	36.00	
BYRS LN AMNT	0.00	**[ENTER]**
PAYMNT 5.00%	0.00	Input 5
PROP TAX 1.25	0.00	**[ENTER]**
HOME INS 3.60	0.00	**[ENTER]**
MTG INS 0.620	0.00	**[ENTER]**
ASSOC FEE/MO	0.00	**[ENTER]**
SALES PRICE	141908.90	Round down to **141900**
(SALES PRICE	**141900.00**)	
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 10.00%	14190.00	
BYRS LN AMNT	127710.00	
PAYMNT 5.00%	685.57	
PROP TAX 1.25	147.81	
HOME INS 3.60	42.57	
MTG INS 0.620	65.98	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	941.94	
LOAN TO VAL	90.00	
FRONT RATIO	25.45	
BACK RATIO	35.99	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[X]** key

You can go on and calculate the buyers costs based on the above information.

PRESS the **[DEF]** key and then the **[B]** key

AND/OR

Because the above information is "retained" in your **REALPRO**'s memory, you can show your first time buyers the advantage of owning (based on the above information) by running the **BUYING vs RENTING PROGRAM**. (see Buying vs. Renting example)

SOLVING FOR THE SALES PRICE - INTEREST ONLY

PRESS the **[DEF]** key and then the **[X]** key

Prequal
MONTHLY DEBT	390.00	290+100
FHA=1 VA=2 CONV=3	3	Input 3
INCOME/MO	3700.00	
MARRIED (Y/N)	Y	
EXEMPTIONS	2.00	Number of family members.
SALES PRICE	0.00	You <u>must</u> <u>input 0</u> to allow the computer to establish the correct sales price range (**No matter what the display shows**)
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	Y	
2ND TD %/$	0.00	
LOAN TO VAL	90.00	
FRONT RATIO	28.00	
BACK RATIO	36.00	
BYRS LN AMNT	0.00	**[ENTER]**
PAYMNT 5.00%	0.00	Input 5
PROP TAX 1.25	0.00	**[ENTER]**
HOME INS 3.60	0.00	**[ENTER]**
MTG INS 0.620	0.00	**[ENTER]**
ASSOC FEE/MO	0.00	**[ENTER]**
SALES PRICE	168705.41	Round down to **168700**
(SALES PRICE	**168700.00)**	
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	Y	
2ND TD %/$	0.00	
DOWN 10.00%	16870.00	
BYRS LN AMNT	151830.00	
PAYMNT 5.00%	632.62	
PROP TAX 1.25	175.72	
HOME INS 3.60	50.61	
MTG INS 0.620	78.44	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	937.40	
LOAN TO VAL	90.00	
FRONT RATIO	25.33	
BACK RATIO	35.87	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[X]** key

You can go on and calculate the buyers costs based on the above information.

SOLVING FOR THE INCOME REQUIRED

This example is based on the previous Conventional Prequalifier information except that now the SALES PRICE is **known** ($168,000) and the borrowers GROSS INCOME is **unknown**.

PRESS the **[DEF]** key and then the **[X]** key

Prequal

MONTHLY DEBT	390.00	
FHA=1 VA=2 CONV=3	3	Input 3
INCOME/MO	0.00	**Input 0** to allow the computer to calculate
MARRIED (Y/N)	Y	
EXEMPTIONS	2	
SALES PRICE	168000.00	Input 168000
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
LOAN TO VAL	90.00	
FRONT RATIO	28.00	
BACK RATIO	36.00	
DOWN 10.00%	16800.00	
BYRS LN AMNT	151200.00	
PAYMNT 5.00%	811.67	Input 5
PROP TAX 1.25	175.00	
HOME INS 3.60	50.40	
MTG INS 0.620	78.12	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1115.19	
FHA=1 VA=2 CONV=3	3	
INCOME/MO	4182.00	This is the required monthly income needed to qualify for this property

Continue to press enter to see your answers. When you get to the end, you may print. OR You may print when you get to the INCOME/MO. **[DEF] [H] [DEF] [X]**

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[X]** key

SOLVING FOR THE RATIOS

(Calculates **"actual"** Front & Back End Ratios)

Your buyers/borrowers offer was presented and accepted earlier! Their gross income is $4500 monthly and the sales price of their new home is $175000. The offer states that they are to qualify for a new 90%, 30 year FIXED loan at the current interest rate of 5.5%. They have one car payment of $250.00 and credit card payments totaling $75.00. They are married and have 2 children. You want to calculate their "actual" ratios to be sure they qualify for the 90% loan. Fannie Mae Guidelines are <u>not</u> to exceed 28% Front Ratio and 36% Back Ratio.

PRESS the **[DEF]** key and then the **[X]** key

Prequal

MONTHLY DEBT	325.00	250+75
FHA=1 VA=2 CONV=3	3	Input 3
INCOME/MO	4500.00	Input 4500
MARRIED (Y/N)	Y	
EXEMPTIONS	4	
SALES PRICE	175000.00	
FIXED RATE (Y/N)	Y	
INTEREST ONLY (Y/N)	N	
YEARS AMORT	30.00	

2ND TD %/$	0.00	
DOWN 10.00%	17500.00	
BYRS LN AMNT	157500.00	
PAYMNT 5.50%	894.26	
PROP TAX 1.25	182.29	
HOME INS 3.60	52.50	
MTG INS 0.620	81.37	Input .62
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1210.43	
LOAN TO VAL	90.00	
FRONT RATIO	26.89	**THEY QUALIFY!** because the guidelines were **28/36**
BACK RATIO	34.12	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[X]** key
You can go on and calculate the buyers costs based on the above information.
PRESS the **[DEF]** key and then the **[B]** key

FHA PREQUALIFICATION

1.   **SOLVE FOR THE MAXIMUM SALESPRICE**
        If GROSS INCOME is known, input 0 for SALES PRICE and maximum sales price range will be calculated.

2.   **SOLVE FOR THE GROSS INCOME**
        If SALES PRICE is known, input 0 for GROSS INCOME and required gross income will be calculated.

3.   **SOLVE FOR THE ACTUAL RATIOS**
        If GROSS INCOME AND SALES PRICE are known (eg. offer has already been presented and accepted), input BOTH and Borrower's "actual" ratios will be calculated. For FHA & VA, be sure the Loan to Value is 100 for Maximum Loan/Minimum Down Payment.

At the end of the prequalifying programs, you **STILL** have the ability to change or adjust the ratios. Your **REALPRO** will then recalculate a new sales price and loan amount based on your adjusted numbers.

REMEMBER: Prequalification helps to determine the maximum loan amount for which your clients can qualify. This loan MAY NOT necessarily be in the "price range" calculated because of the FHA Maximum Loan Amount limits in your area, and your client being "overqualified" for that loan amount! If this is the case, you can ADD his available down payment to this loan displayed and get the salesprice, or try prequalifying for a CONVENTIONAL minimum down loan. The loan amount also varies according to the number of units the client is interested in purchasing.

PREQUALIFYING USING FRONT AND BACK RATIO PARAMETERS

The maximum loan and sales price range will be calculated based on the ratio parameters and then the "actual" residual income amount will be shown. You may adjust **EITHER or BOTH** the Front and Back Ratio up or down. If clients have debts, the Back Ratio will be the limiting parameter and can be increased if applicable.

THE RESULTING ANSWERS ARE MEANT TO BE A "BALLPARK" GUIDELINE ONLY!! ONLY AFTER YOUR LENDER HAS INTERVIEWED THE BORROWERS, CAN YOU GET THE "WHOLE" QUALIFYING PICTURE. THIS PROGRAM IS AN AID AND NOT A SUBSTITUTE FOR YOUR LENDER'S PROFESSIONAL QUALIFICATION.

*NOTE: Answer EXEMPTIONS with the Number of Family Members or actual exemptions claimed for tax purposes.

SOLVING FOR THE SALES PRICE

Your clients ask what price range they are qualified to obtain a loan to purchase a property with a MINIMUM down payment at the current 5% interest rate on a FIXED RATE FHA loan.   Their combined GROSS INCOME is $3,200 monthly and they have one car payment of $220 per month and another of $130. Their credit card payments are $75.

PRESS the **[DEF]** key and then the **[X]** key

Prequal

MONTHLY DEBT	425.00	Input 220+130+75
FHA=1 VA=2 CONV=3	1	Input 1
INCOME/MO	3200.00	Input 3200
MARRIED (Y/N)	Y	
EXEMPTIONS	4	
SALES PRICE	0.00	**INPUT 0** to allow the computer to establish the correct sales price range! If any salesprice is displayed, it is from an earlier program and is to be disregarded!
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
LOAN TO VAL	100.00	
FRONT RATIO	31.00	
BACK RATIO	43.00	
BYRS LN AMNT	0.00	**[ENTER]**
PAYMNT 5.00%	0.00	Input 5
PROP TAX 1.25	0.00	**[ENTER]**
HOME INS 3.60	0.00	**[ENTER]**
MTG INS 0.850	0.00	**[ENTER]**
ASSOC FEE/MO	0.00	**[ENTER]**
SALES PRICE	128197.93	Round to **128190**
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
DOWN 3.50%	4486.65	
BYRS LN AMNT	123703.35	
MIP/FF 1.75	2164.80	
= TOTAL LOAN	125868.15	
PAYMNT 5.00%	675.68	
PROP TAX 1.25	133.53	
HOME INS 3.60	38.45	
MTG INS 0.850	87.62	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	935.29	
LOAN TO VAL	96.50	Actual Loan To Value
FRONT RATIO	29.22	Below 31 is generally considered good
BACK RATIO	42.50	The 43 Back Ratio was the limiting factor

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[X]** key

* Front and Back Ratios in themselves do not generally constitute the ONLY criteria to approve or deny a loan. (Check with your lender for his opinions)

NOTE: You can raise or <u>lower</u> either the front or back ratio when displayed. Doing so, will recalculate the loan amount and the sales price again. Your lenders experience and intuition are important here, as no <u>single</u> factor except perhaps, <u>bad</u> credit or a recent bankruptcy, will determine a government loan's approval or disapproval.

SOLVING FOR THE INCOME REQUIRED

PRESS the **[DEF]** key and then the **[X]** key

Prequal

MONTHLY DEBT	345.00	Input 295+50
FHA=1 VA=2 CONV=3	1	Input 1
INCOME/MO	0.00	Input 0
MARRIED (Y/N)	Y	
EXEMPTIONS	4	
SALES PRICE	123000.00	Input 123000 as the Sales Price is known

FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
LOAN TO VAL	100.00	
FRONT RATIO	31.00	
BACK RATIO	43.00	
DOWN 3.50%	4305.00	
BYRS LN AMNT	118695.00	
MIP/FF 1.75	2077.16	
PAYMNT 5.50%	685.73	Input 5.5
PROP TAX 1.25	128.12	
HOME INS 3.60	36.90	
MTG INS 0.850	84.07	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	934.83	
FHA=1 VA=2 CONV=3	1	
INCOME/MO	3016.00	**THIS IS THE INCOME NEEDED TO QUALIFY FOR THE 123,000 SALES PRICE**
MARRIED (Y/M)	Y	
EXEMPTIONS	4	

Continue to press enter to see your answers. When you get to the end, you may print. OR You may print when you get to the INCOME/MO. **[DEF] [H] [DEF] [X]**

SALES PRICE	123000.00	
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
FHA CONDO (Y/N)?	N	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
DOWN 3.50%	4305.00	
BYRS LN AMNT	118695.00	
MIP/FF 1.75	2077.16	
= TOTAL LOAN	120772.16	
PAYMNT 5.50%	685.73	
PROP TAX 1.25	128.12	
HOME INS 3.60	36.90	
MTG INS 0.850	84.07	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	934.83	
LOAN TO VAL	96.50	Actual LTV
FRONT RATIO	30.99	The 31 Front Ratio was the limiting factor
BACK RATIO	42.43	

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[X]** key

VA PREQUALIFICATION

1. **SOLVE FOR THE MAXIMUM SALESPRICE**
   GROSS INCOME is known, input 0 for SALES PRICE and maximum sales price range will be calculated.

2. **SOLVE FOR THE ACTUAL RATIOS**
   GROSS INCOME AND SALES PRICE are known (eg. offer has already been presented and accepted), input BOTH and Borrower's "actual" ratios will be calculated. For FHA & VA, be sure the Loan to Value is 100 for Maximum Loan/Minimum Down Payment.

Your *REALPRO* will prequalify using Ratio Guidelines and then display the "actual" residual income remaining after borrowers living expenses are considered.

At the end of the prequalifying programs, you **STILL** have the ability to change or adjust either the residual amount or the ratios.

Your **REALPRO** will then recalculate a new sales price and loan amount based on your adjusted numbers.

The RESIDUAL INCOME REQUIRED is the amount of money the VA requires the borrower to have for living expenses AFTER the total monthly obligations have been paid. (eg. Mortgage PITI, utilities and maintenance, state and federal taxes, social security and monthly installments.)

REMEMBER: Prequalification helps to determine the <u>maximum loan amount</u> for which your clients can qualify.

THE RESULTING ANSWERS ARE MEANT TO BE A "BALLPARK" GUIDELINE ONLY!! ONLY AFTER YOUR LENDER HAS INTERVIEWED THE BORROWERS, CAN YOU GET THE "WHOLE" QUALIFYING PICTURE. THIS PROGRAM IS AN AID AND NOT A SUBSTITUTE FOR YOUR LENDER'S PROFESSIONAL QUALIFICATION.

*NOTE: Answer EXEMPTIONS with the Number of Family Members or actual exemptions claimed for tax purposes.

SOLVING FOR THE SALES PRICE

Using <u>41% as the limiting ratio</u>
(Guideline for Borrower approval)

Your clients are considering a property purchase, using their **FULL VA ELIGIBILITY of $424,100** (Lender's Note: $424,100=106,025 X 4) for a 30 year Fixed Loan. Their monthly gross income is $3,000 and they have 2 children. They have a car payment of $290 and credit card payments of $100. The interest rate for a VA Fixed loan is currently at 5.50%.

PRESS the **[DEF]** key and then the **[X]** key

Prequal
MONTHLY DEBT	390.00	
FHA=1 VA=2 CONV=3	2	Input 2
INCOME/MO	3200.00	Input 3200
MARRIED (Y/N)	Y	
EXEMPTIONS	4	
ELIGIBILITY	424100.00	
SALES PRICE	0.00	You <u>must</u> Input 0 to allow the computer to establish the correct sales price range (**No matter what the display shows**)
FIXED RATE (Y/N)	Y	Input Y
YEARS AMORT	30.00	
2ND TD %/$	0.00	
LOAN TO VAL	100.00	
BACK RATIO	41.00	You may change this ratio.
BYRS LN AMNT	0.00	**[ENTER]**
PAYMNT 5.50%	0.00	Input 5.5
PROP TAX 1.25	0.00	**[ENTER]**
HOME INS 3.60	0.00	**[ENTER]**
ASSOC FEE/MO	0.00	**[ENTER]**
SALES PRICE	131347.32	Round down to nearest $50 **131300**
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
2ND TD %/$	0.00	
DOWN 0.00%	0.00	
BYRS LN AMNT	131300.00	
MIP/FF 2.15	2822.95	
= TOTAL LOAN	134122.95	
PAYMNT 5.50%	761.53	
PROP TAX 1.25	136.77	
HOME INS 3.60	39.39	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	937.69	
FED/STATE TX	166.54	
MAINT & UTIL	288.86	
RESIDUAL INC	1416.90	Actual Residual Income. Refer to the Residual Income Chart to be sure that it doesn't fall below the required amount.

```
LOAN TO VAL            100.00
BACK RATIO              41.49
```

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[X]** key

Now go on to the Buyers Costs Program
PRESS the **[DEF]** key and then the **[B]** key

REFINANCE PROGRAMS

IMPORTANT: UPON COMPLETING OR EXITING ANY REFINANCE PROGRAM, YOU <u>MUST</u>:

1.   PRESS THE **[DEF]** AND THEN THE **[=]** KEY
2.   PRESS THE **[SHIFT]** AND THEN THE **[CL]** KEY

<u>BEFORE</u> YOU BEGIN ANOTHER REFI OR ANY OTHER PROGRAM!

The programs <u>will not</u> operate properly if you <u>do not</u> follow these instructions!

CONVENTIONAL 80% LOAN TO VALUE W/ CASH BACK

Your borrower wishes to refinance his property, using a Conventional Fixed Rate Mortgage. He wants to know the<u> maximum cash he can get back after paying his costs. He also wants to know the "break even" refi after costs have been added back to the new loan</u>. His present loan balance is $75,000 and the Interest Rate is 6.50%. The new Interest Rate is 5% and the term will be 30 years. The Loan Points are 2.5 and the Maximum Loan to Value is 80%. The existing property tax is $75 monthly. The appraised value is $165,000.

First, let's look at the maximum 80% LTV REFI with cash back.

PRESS the **[DEF]** key and then the **[Z]** key

```
REFINANCE
FHA=1  VA=2  CONV=3         3    Input 3
SALES PRICE          165000.00   Appraised  value
ORIG/PTS 2.5              0.00    Input the number of points you are going to charge. DO NOT use a dollar amount. That
                                  will  come  later.
DSC/VAFF 0.0             0.00
1ST TD BAL          75000.00
1ST TD INT              6.50
2ND TD BAL              0.00
2ND TD INT              0.00
OTHER LIENS             0.00
GROSS EQUITY        90000.00
FIXED RATE (Y/N)          Y
INTEREST ONLY (Y/N)       N
YEARS AMORT            30.00
LOAN TO VAL            80.00      Input 80 - the  Maximum  Loan  to  Value
BYRS LN AMNT       132000.00
PAYMNT 5.50%          749.48      Input 5.5
PROP TAX .54           75.00      Input 75.   The taxes are not reassessed on a Refi so you need to enter the existing
                                  taxes  per  month.
HOME INS 3.60          49.50
MTG INS  0.000          0.00
ASSOC FEE/MO            0.00
TOTAL PMT/MO          873.98
```

Buyers

```
ORIG/PTS  2.5        3300.00
DSC/VAFF 0.0            0.00
HOME WARRNTY           0.00
DAYS OWED  30        400.68
RECORDING             80.00
TITLE INSUR          710.40    Input short term rate amount if applicable.
LEGAL FEE              0.00
SUB ESCROW           125.00
ESCROW FEE           577.60
APPRSL/CREDT         410.00
MOS TAXES  0           0.00
MOS INSUR  0           0.00
DAYS INT 30          605.00
MTG IMP    2           0.00
TAX SERVICE           86.00
PROCESS/DOCS        1400.00
MISC/TERMITE         200.00
=ABOVE COSTS        7894.68
BUYERS COSTS        7894.68
A.P.R. AS %            5.90
NET REFI           49105.31    [ENTER]
```

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[Z]** key

TO EXIT YOU <u>MUST</u>:
PRESS THE **[DEF]** AND THEN THE **[=]** KEY
PRESS THE **[SHIFT]** AND THEN THE **[CL]** KEY

CONVENTIONAL "<u>NO</u> CASH OUT" WITH COSTS ADDED TO THE NEW LOAN

PRESS the **[DEF]** key and then the **[Z]** key

```
Refinance
FHA=1  VA=2  CONV=3         3    [ENTER]
SALES PRICE        165000.00
ORIG/PTS  1.0           0.00    If there is a dollar figure here, disregard it as the amount will be recalculated
DSC/VAFF  1.5           0.00    If there is a dollar figure here, disregard it as the amount will be recalculated
1ST TD BAL          75000.00
1ST TD INT              6.50
2ND TD BAL              0.00
2ND TD INT              0.00
OTHER LIENS             0.00
GROSS EQUITY        90000.00
FIXED RATE (Y/N)           Y
INTEREST ONLY (Y/N)        N
YEARS AMORT            30.00
LOAN TO VAL                0    Input 0 for a No Cash Out REFI
BYRS LN AMNT        81750.00    Approximate amount to establish the new loan amount to "cover" existing loan(s) and
                               REFI costs.
PAYMNT 5.50%          464.16
PROP TAX 0.54          75.00
HOME INS 3.60          49.50
MTG INS  0.000          0.00
ASSOC FEE/MO           0.00
TOTAL PMT/MO          588.66

Buyers
ORIG/PTS  1.0         817.50
DSC/VAFF  1.5        1226.25
```

HOME WARRNTY	0.00	Input 0
DAYS OWED 30	400.68	
RECORDING	80.00	
TITLE INSUR	599.85	
LEGAL FEE	0.00	
SUB ESCROW	125.00	
ESCROW FEE	487.15	
APPRSL/CREDT	410.00	
MOS TAXES 6	450.00	
MOS INSUR 14	693.00	
DAYS INT 30	374.68	
MTG IMP 2	0.00	
TAX SERVICE	86.00	
PROCESS/DOCS	1400.00	
MISC/TERMITE	200.00	
=ABOVE COSTS	7350.12	
BUYERS COSTS	7350.12	
A.P.R. AS %	6.00	
NET REFI	-600.12	**[ENTER]**

*** Because costs will vary (also possible days interest) , the NET REFI may **NOT** be 0. In this example the amount of the NET REFI is -600.12 which is very close.

When you include tax and insurance impounds in the costs, your net refi will reflect this amount. You will want to increase the loan amount to include these costs. Your **REALPRO** does not automatically include these in the loan amount because they are not customarily done. This amount will show as a negative number.

TO EXIT YOU <u>MUST</u>:
PRESS THE **[DEF]** AND THEN THE **[=]** KEY
PRESS THE **[SHIFT]** AND THEN THE **[CL]** KEY

FHA "NO CASH OUT"

Your client wishes to refinance his existing loan ($50,000 at 6.00%) with a new FHA 30 year Fixed loan at the current interest rate of 5%. He wants the cost of the refi to be added into the new loan amount. The origination point is 1 and the discount points are currently 2. His monthly property tax is $50.00 and the "Appraised" value is $85,000.

PRESS the **[DEF]** key and then the **[Z]** key

REFINANCE		
FHA=1 VA=2 CONV=3	1	Input 1
SALES PRICE	85000.00	
ORIG/PTS 1.0	0.00	If there is a dollar figure here, disregard it as the amount will be recalculated
DSC/VAFF 2.0	0.00	If there is a dollar figure here, disregard it as the amount will be recalculated
1ST TD BAL	50000.00	
1ST TD INT	6.00	
2ND TD BAL	0.00	
2ND TD INT	0.00	
OTHER LIENS	0.00	
GROSS EQUITY	35000.00	
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
NUMBER UNITS	1.00	Might say **COUNTY #** which goes with FHA Max Loan amounts for various counties
LOAN TO VAL	0.00	Input 0 for Break-even Refi
BYRS LN AMNT	53750.00	
MIP/FF 1.00	537.50	
= TOTAL LOAN	54287.50	
PAYMNT 5.00%	291.42	Input 5
PROP TAX 0.70	50.00	Input 50
HOME INS 3.60	25.50	
MTG INS 0.850	38.07	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	404.99	**[ENTER]**

Buyers		**[ENTER]**	
ORIG/PTS 1.0	537.50		
DSC/VAFF 0.0	0.00		
HOME WARRNTY	0.00		
DAYS OWED 30	246.57		
RECORDING	80.00		
TITLE INSUR	538.25		
LEGAL FEE	0.00		
SUB ESCROW	125.00		
ESCROW FEE	436.75		
APPRSL/CREDT	410.00		
MOS TAXES 6	300.00	Input 6. If there is already an impound account you can enter 0.	
MOS INSUR 14	357.00	Input 14 for a new policy and impounds.	
DAYS INT 30	226.19		
MTG IMP 2	76.14		
TAX SERVICE	0.00		
PROCESS/DOCS	1400.00		
MISC/TERMITE	200.00		
=ABOVE COSTS	4933.41		
BUYERS COSTS	4933.41		
A.P.R. AS %	6.70		
NET REFI	-1183.41	**[ENTER]** This negative amount represents the prepaids which are not financed into the loan. If you can finance the prepaids into the loan, rerun the program and add this amount to the loan amount shown by changing the LTV.	

*** Because costs will vary (also possible days interest) , the NET REFI may **NOT** be 0. If the amount of the NET REFI is a substantially higher amount or a negative amount, you can go back through the program and add or subtract this amount from the loan amount by changing the LTV.

VA REWRITE

Your client wishes to refinance (rewrite) his existing VA loan ($50,000 at 15.00%) with a new 30 year Fixed loan at the current interest rate of 9.5%. He wants the cost of the refi to be added into the new loan amount. The discount points are currently 2. His monthly property tax is $50.00 and the "Appraised" value is $85,000.

PRESS the **[DEF]** key and then the **[Z]** key

REFINANCE		
FHA=1 VA=2 CONV=3	2	Input 2
ELIGIBILITY	417000.00	
SALES PRICE	85000.00	
ORIG/PTS 1.0	0.00	If there is a dollar figure here, disregard it as the amount will be recalculated
DSC/VAFF 2.0	0.00	If there is a dollar figure here, disregard it as the amount will be recalculated
1ST TD BAL	50000.00	
1ST TD INT	13.00	
2ND TD BAL	0.00	
2ND TD INT	0.00	
OTHER LIENS	0.00	
GROSS EQUITY	35000.00	
FIXED RATE (Y/N)	Y	
YEARS AMORT	30.00	
LOAN TO VAL	0.00	Input 0 for a Break-even Refi.
BYRS LN AMNT	54750.00	
MIP/FF 0.50	273.75	VA Funding Fee is .5 on a Refi
= TOTAL LOAN	55023.75	
PAYMNT 9.50%	462.66	
PROP TAX 0.70	50.00	
HOME INS 3.60	25.50	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	538.16	**[ENTER]**
Buyers		**[ENTER]**

```
ORIG/PTS 1.0          547.50
DSC/VAFF 2.0         1100.47
HOME WARRNTY           0.00
DAYS OWED  30         534.24
RECORDING             80.00
TITLE INSUR          497.60
LEGAL FEE              0.00
SUB ESCROW           125.00
ESCROW FEE             0.00
APPRSL/CREDT         410.00
MOS TAXES  0           0.00    Input 0.  There may already be an impound account.
MOS INSUR 14         357.00
DAYS INT 30          435.60
MTG IMP    2           0.00
TAX SERVICE            0.00    Input 0 The borrower cannot pay
PROCESS/DOCS           0.00    Input 0 The borrower cannot pay
MISC/TERMITE         200.00
=ABOVE COSTS        4287.42
BUYERS COSTS        4287.42
A.P.R. AS %           10.10
NET REFI             462.57
```

TO PRINT:
PRESS the **[DEF]** key and then the **[H]** key
PRESS the **[DEF]** key and then the **[Z]** key

TO EXIT YOU MUST:
PRESS THE **[DEF]** AND THEN THE **[=]** KEY
PRESS THE **[SHIFT]** AND THEN THE **[CL]** KEY

Index

Z

ZONE DISCLOS 12