

THE BASICS OF HOMEBUYING

Homebuyer Education Information Booklet



Brought to you by **Kelly Ann Worthington**
of **CrossCountry Mortgage**.



KELLY ANN WORTHINGTON
CROSSCOUNTRY MORTGAGE®

The Kelly Ann Experience

Here To Help With Home Financing.

Hello! My name is Kelly Ann Worthington. I've lived in Ohio for most of my life, traveling between Ohio and Florida for family and business. My husband and I have four children in college and beyond.

I grew up in Northwest Ohio and graduated from Bluffton High School. From there, I moved to Cleveland, graduating from Baldwin Wallace University with a bachelor's degree in business administration with an emphasis in marketing and sales, which has helped me throughout my career.

My strength lies in developing relationships with agents and the clients they entrust me to care for. Communication, transparency, and ethics are key values to me, and those relationships are the cornerstone of my business.

Customer service and satisfaction are my focus every day — giving everyone "The Kelly Ann Experience!" Please feel free to reach out to me anytime via call, text, or email. My direct cell phone number to call or text anytime is 440.252.2612. I'm available 7 days a week, 8 a.m. to 10 p.m.!



Kelly Ann Worthington

Senior Loan Officer

NMLS1464587

Call/Text: 440.252.2612

O: 216.293.7800

Kelly.Worthington@ccm.com

applywithkellyann.com

Licensed in:

OH, FL, MI, WV, PA, KY, VA, TN, WA

**Available 7 days a week,
8 a.m. to 10 p.m. ET**

4.98 stars on Zillow | 5.000 stars on Google ★★★★★

"Kelly and her team made our dream come true!! We were struggling with the process of purchasing a house. But Kelly and her team made the entire process easy, quick, and efficient! We got the right mortgage for the right house we wanted. I highly recommend Kelly and her team if you want a quick and fast process!! I would give them more than 5 stars if I could! Thanks again!!"

— Hussein & Abigail, Client,
December 2025

"First time home buyer. Closed on time. Kelly Ann is upfront and honest, always available for questions, kept us on track, and guided us through every step. Highly recommended."

— Rodney, Client,
July 2025

"This is my second time working with Kelly Ann Worthington and her team on a home purchase. I chose to use her services again, because she is so incredibly involved and responsive. She is one step ahead of the process at all times, ensuring that her clients are educated and prepared in advance of each task. It was no surprise that with her help our loan closed quickly and without any issues."

— Kelly, Client, June 2025

*Not paid testimonials

Enjoy the Kelly Ann Experience

The Kelly Ann Experience is more than just securing a mortgage. It's a guided, supportive journey built on trust, clarity, and confidence from start to finish.

It means having a loan officer who treats your goals like her own, anticipates challenges before they arise, and delivers a smooth, organized, and personalized experience. It's not just about closing a loan. It's about creating peace of mind, earning trust, and making one of life's biggest decisions feel simple, supported, and successful.

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Meet CrossCountry Mortgage.

About us

- Co-branded print and social media marketing available
- Work with credit scores as low as 500

Our products

- Conventional, FHA, VA, USDA, Jumbo
- Refinances, cash-out refinances, and HELOCs
- Renovation loans (FHA 203(k), VA, USDA, conventional)
- HUD \$100 down loan
- CCM Signature Expanded Bank Statement loan
- CCM Signature Expanded DSCR loan

CCM specials

- Down payment assistance programs
- First responder programs
- Grants for Grads program
- Doctor loans
- No credit score FHA loan
- Manufactured home loans
(single-wide, double-wide, and stick-built add-on)

We take pride in

- In-house underwriting to control the process and quick turnaround
- FastTrack Credit Approvals to close in as few as 10 days
- Innovative technology to make home financing feel easy



Why choose us

As **America's #1 Retail Mortgage Lender**, we set the standard for home financing. We offer more than 120 purchase, refinance, and home equity solutions, empowering us to find the right loan for your home.

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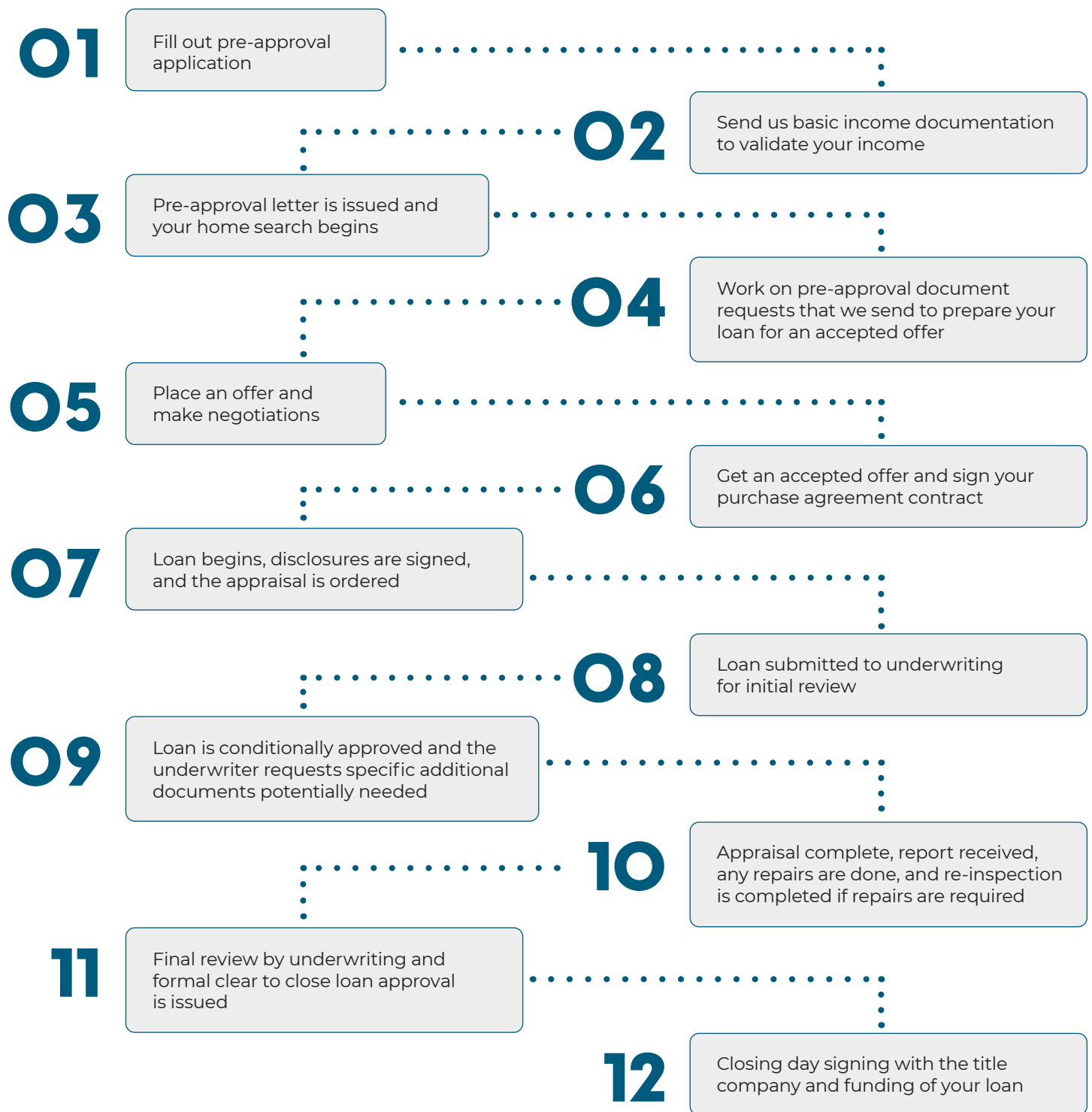


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Process of a Loan Application.



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Documents To Prepare for Pre-Approval.

NOTE:

Document requests will be different based on specific information given during the application process. There can be other documents needed other than what is listed below. However, these are the basics to prepare.

To get pre-approved, certain documents will be needed to begin the loan process. This list should help you be ready when the time comes to turn in documents to buy a home.

Identification documents

- Driver's license (make sure it isn't expired)
- Social Security card (make sure it's signed — if you can't find it, call 800.722.1213 to request a new card)
- Marriage certificate (if you have a different last name from your spouse)
- Divorce decree and/or child support court orders (if you have been divorced in the past 10 years and or have any children with someone other than your spouse, that there is shared custody and/or child support is involved)*

*You must be current and on-time with no overdue or back payments owed on any child support and/or alimony you pay.

Asset documents

- Most recent bank statements of any accounts which money is being used
 - Nothing can be redacted/blacked out
 - All pages required (even if the last page is blank other than the page numbers)
- If using retirement or stock accounts
 - Terms of withdrawal
- If you own homes/property
 - Most recent mortgage statement (if applicable)
 - Most recent tax bill
 - Most recent home insurance declaration pages (if applicable)

Income documents

- If W-2 employee:
 - 30-days most recent pay stubs
 - W-2s from all jobs in the past 24 months
 - Year-end pay stubs for the past 2 years for your current job
 - Meaning the last pay stub received for that year
 - If you have not been at your current job for 2 years, just the most recent year-end pay stub will be needed
 - 2-year employment timeline (company name, job title, address, phone, start date, end date, pay structure, etc.)
- If self-employed or using income from pensions, Social Security/Disability, etc.:
 - 2 most recent years of tax returns (IRS Form 1040)
 - 2 most recent years of IRS 1099 forms, or equivalent
 - For pensions, SSI, SSID and VA disability: we'll always need the award letter for the current year
 - Contact the relevant agency to receive a copy of these documents if needed
- If using child support or alimony:
 - Proof of 3 most recent months of on-time payments (if not paid on time, we can't use)
 - If support ends within 72 months of your home purchase closing date, then we cannot use that income source
- If a union worker:
 - Letter of Good Standing
- If Veteran or Active-Duty Service Member:
 - DD-214 or Certificate of Eligibility
 - Points Statement
- If using high school or college education to help cover 2-year work history:
 - Official school transcripts

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What You **Need To Have** in Place To Buy a Home.

Credit score

- ✓ Mortgage lenders use your three credit scores from Equifax, Experian, and TransUnion.
- ✓ Check their websites along with sites like Credit Karma or CreditWise for estimates of your credit score.
- ✓ To get pre-approved, we'll need to do a hard inquiry to check your credit scores, full credit history, and other important financial information.
- ✓ Each home loan type has different credit score requirements. Depending on the loan, you may be able to qualify with a credit score as low as 500.
 - Subject to changes that can occur to government-specific rules, regulations, and requirements.

*Out of the three scores, we are required, per investor guidelines, to use the middle score. If you have more than one borrower on a loan, we are required to use the lower of the middle scores amongst all borrowers.

Money

- ✓ There are three costs to buying a home:
Down Payment + Closing Costs + Prepaid Expenses = Total Cash to Close
 - See page 10 for the breakdown of what is included in each of these categories.
- ✓ Depending on the loan type and funds being used, these are some items we may review:
 - Checking accounts
 - Saving accounts
 - Retirement accounts
 - Investment accounts
 - Eligible cryptocurrency
 - Business funds
 - Gift funds
 - Ask your lender about timing and gift donors

Income

- ✓ Income rules vary by loan type, and guidelines can change, so your eligibility is always based on full underwriting review.
- ✓ Most programs look for about 24 months of total employment history, though it does not always need to be with the same employer. In some cases, related schooling or training may count.
- ✓ Employment gaps may be acceptable depending on the circumstances and documentation.
- ✓ Only applicants listed on the loan can use their income for qualifying.
- ✓ Income such as Social Security, disability, pension, child support, alimony, or long-term disability may be used if it has begun and documentation shows it is expected to continue.
- ✓ Self-employed, 1099, or K-1 income typically requires two years of tax returns and must show stability.
- ✓ Part-time, variable, overtime, bonus, or commission income generally requires a 12–24-month history, depending on the program and consistency of earnings. Full-time salary income can sometimes be used after 30 days on the job, depending on the program.
- ✓ New salary jobs may be eligible if the borrower starts within the program-allowed timeframe and the offer letter/employer verifies the terms.
- ✓ Rental income may be used when proper documentation supports it.
- ✓ Retirement income or account distributions may be used when documentation supports access and continuation.

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Housing Expense and Debt-to-Income Ratios.

Housing expense ratio

Your Housing Expense Ratio (HER) or “front-end ratio” is the mortgage payment you can technically afford based on just your income.

HER equation: Total Usable Income x 35% (0.35) = Maximum Mortgage Payment

You want to keep this number under 35%. There are times we can go higher, but not always. There are also times when you may be required to be lower than 35% for this ratio.

Debt-to-income ratio

Your Debt-to-Income (DTI) Ratio or “back-end ratio” is your total income vs. total debts (including the new estimated mortgage payment).

Typical DTI ratio allowances based on loan type:

- Conventional = 48% DTI
- FHA = 56% DTI
- USDA = 43% DTI
- VA = No DTI requirement. Need approved/eligible finding through the AUS (Automated Underwriting System) for the VA (you typically want to stay under 50% DTI).

It's important to note that just because the above DTI ratios are listed requirements does not mean you will be approved to the max of that number.

Max DTI allowed equation: Total Usable Income x Your Loan's DTI Ratio

Maximum mortgage payment after debts equation: Max DTI Allowed – Total Monthly Credit Report Debt Payments = Estimated Monthly Mortgage Payments Allowed

Monthly debts considered (use the monthly minimum payment amount for anything on your credit report, current and/or delinquent)

- ✓ Car payments
- ✓ Credit card payments
- ✓ 5% of collections (medical collections we don't have to count as debt – so you can leave those out)
- ✓ Any other loans or items on your credit reports
- ✓ Student loan debt (half a percent of the total student loan debt on average)
- ✓ Mortgage payments of any homes you are keeping after buying
 - If you have a current home that you plan to keep after buying your new home and the insurance and/or taxes for the mortgage are not included in the mortgage payment, you will need to factor those numbers into your total monthly debt as well, along with any HOA fees on any properties being kept.



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Determining Your Monthly Debts for the Calculations.

Monthly debt	Amount	Monthly debt	Amount
Monthly car payment #1		Monthly mortgage payment (if keeping a current property)	
Monthly car payment #2		Monthly taxes and/or insurance (if keeping a current property and taxes and insurance are not included in the mortgage payment)	
Credit card #1		HOA fees (if keeping a current property)	
Credit card #2		Student loan #1	
Credit card #3		Student loan #2	
Credit card #4		Student loan #3	
Other debt on credit		Other debt on credit	

Determining monthly income

Please note that the following are basic calculations that do not promise an accurate validation that would occur with employers. These are intended to give you an estimate of potential income that could be used for a home purchase. All real income must be validated with documentation and the employer.

Fixed hourly income

Calculation = Hourly Rate x # of Minimum Hours Guaranteed Per Week x 52 Weeks in a Year / 12 Months

- Example with \$20 per hour at 40 hours per week:
 $20 \times 40 \times 52 / 12 = \$3,466.66$
 per month usable income

Salary income

Calculation = Base Salary Annual Amount / 12 Months

- Example with \$60,000 per year base salary:
 $60,000 / 12 = \$5,000$ per month usable income

Self-employment income

Contact me to review your tax returns for you.

Part-time or variable income

Calculation = Take the most recent total base pay for the past 12 months and divide by 12

- **NOTE:** This is the calculation that could potentially be very off in your personal calculations compared to validated income once we have documents and validate your income with an employer.

Social Security, disability, pensions, etc. income

Calculation = Total Annual Amount / 12 Months

- If the income is "tax-free," then you can increase the income you can use.
 - FHA = 115% | Example: \$670 per month x 115% (1.15) = \$770.50 per month we can use
 - Conventional, VA, and USDA = 125% | Example: \$670 per month x 125% (1.25) = \$837.50 per month we can use

Contact me to discuss other types of income (retirement account disbursements, child support, alimony, bonus, overtime, commissions, etc.)

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Three Costs of a Mortgage.

Down payment

Down payment is the percentage of the purchase price paid toward your home purchase.

- ✓ FHA = 3.5% minimum
 - Down payment assistance may be available with FHA loans
- ✓ Conventional = 5% minimum (unless you are a first-time homebuyer, in which you may qualify for as low as 3%)
 - Multi-unit homes require a minimum of 5% down
 - For investors:
 - Single-family homes = 15%-20% minimum
 - Multi-unit homes = 25% minimum
- ✓ VA & USDA = 0% minimum

Pre-paid expenses

- ✓ Pre-paid interest (changes based on the date you close in a month)
- ✓ First year of homeowners insurance premium
- ✓ Escrow held for taxes and insurance
 - Typically around 3 months of each, but may vary depending on the month you are buying in

Closing costs

- ✓ Title company fees
- ✓ Lender fees
- ✓ Recording fees
- ✓ Credit report fee
- ✓ Flood certificate
- ✓ Discount points
- ✓ Appraisal fee
- ✓ Survey fee
- ✓ Transfer taxes
- ✓ Buyer's agent commission (when seller isn't paying, as determined by Buyer's Agent Agreement)
- ✓ Condo document package fee (if purchasing a condo and required by the HOA)

Total cash-to-close

Down payment + pre-paid expenses + closing costs = total amount needed to buy your home



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Rent vs. Own

When you rent

- ✓ You build your landlord's wealth
- ✓ Your monthly payment depends on ever-rising rents
- ✓ You don't benefit from your home price appreciation

When you buy

- ✓ You build your own wealth
- ✓ Your monthly principal and interest payment is locked in
- ✓ You benefit directly from home price appreciation

How to prepare to buy a home

- ✓ Check with your lender about what items to pay down or pay off
- ✓ Save for a down payment
- ✓ Build up your credit score
- ✓ Consider your future lifestyle and where you might want to live
- ✓ Create a budget
- ✓ Contact your lender to find out what you can afford and how much you will need to save
- ✓ Contact your real estate agent when you are pre-approved with your lender and are ready to start looking



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The People Involved in Your Homebuying Process.

Loan officer

- That's me, the person helping you get the loan to buy your home.
- I'll help you get pre-approved, determine a homebuying budget, and understand what your mortgage payment looks like.
- I'll work with you and your real estate agent through the home search process as well as through the accepted offer to give you your home loan once the loan is finally approved and clear to close.

Home inspector

- The person who helps you determine the current condition of the property and any potential issues they see now or in the future.
- While a home inspection is not required for you to obtain a home loan, it is highly recommended to protect you as the buyer of the home.
- Anyone can pay for your home inspection. We do not require proof of that payment, nor do we require a copy of that report.

Real estate agent

- The real estate agent that you choose to help you find the home you want to buy, make offers, and help you with your purchase agreement contract when you get an accepted offer.

Title company

- The business that helps handle the transfer of title/deed of the ownership rights to the property you are buying from the seller to you, records those documents with the city/county/state, etc., and handles the transfer of funds for buying the property.

Homeowners insurance company

- The business that provides you with your homeowners insurance policy and coverage to protect you and your home.
- Homeowner insurance is required to obtain a home loan.
- You will want to decide who you plan to use as you are preparing to buy a home.

Appraiser

- The person who helps you determine the property's value and makes sure that you are not overpaying for your home. They also make sure there are no safety or soundness issues with the property, per government regulation standards required for the purchase of the home.
- Appraisals are required for home loans, and you do not get to determine your appraiser. They are randomly assigned to the property by the AMC (Appraisal Management Company), which is not connected to the lending institution. They are a completely separate entity.
- Appraisals can only be paid for by buyers on the home loan application. Family and friends who are not on the home loan are not allowed to pay for appraisals.
- The cost of the appraisal is determined by the loan type, as well as the area you are buying in and the availability of appraisers in that area.

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Home Inspections.

What is the difference?

When purchasing a home, you typically can receive two property-related reports that help you in the decision making process. One is a home inspection, and the other is a home appraisal. They each serve a completely different purpose. One is optional, and one is required.

Below, and on the next two pages, we will discuss the differences between inspections and appraisals and why each of them matters in the home purchasing process.

Home inspections

- **Optional:** This is not required, but it is highly encouraged.
- **Purpose:** To determine the condition of the property.
- **Who does it protect:** You. The job of the home inspection is to protect the homebuyer with the knowledge of anything that might potentially be an issue with the property now or in the future.
- **How much does it cost:** Typically between \$350–\$550 (it is usually based on the square footage of the home).
- **Who can pay for it:** Anyone can pay for a home inspection. It does not have to be paid for by the homebuyers.
- **How and when is it ordered:** A home inspection is ordered by you and your agent with an inspector of your choosing shortly after your offer is accepted. Most states' real estate contracts stipulate that the buyer has 10 days from the date of contract acceptance to complete the inspection and communicate any issues/concerns to the seller through their real estate agent.
- **When is the report delivered:** A home inspection report is typically delivered within 24 hours of the completed inspection to the buyer.

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Home Appraisal.

Not optional

- This is required on all home purchases that are being financed with a home loan.
- The only exception to having a home appraisal done is after the loan is started, once we receive the signed purchase agreement. We will officially run the file through the AUS (Automated Underwriting System) with the home address and loan specific information officially in the file. Occasionally, the findings come back that the buyer and property are “appraisal waiver eligible,” meaning you can choose whether to have the appraisal done. Then, and only then, can a loan close without an appraisal.

Purpose

- To determine the property's market value.
- This report is ordered by us through an AMC (Appraisal Management Company). It is used to determine the fair market value and the general physical condition of the property being purchased.

Who it protects

- CCM and you.
- The job of the report is to protect the lender from lending more than the home is worth. It is also there to protect the buyer from paying more for a home than it is worth.

Cost

- Typically between \$450-\$750.
- It is based on the loan type you are getting and the type of property.
 - For example: multi-unit homes have a higher appraisal cost than a single-family home.
- You also have the option to do a “rush appraisal,” where you can choose to pay an additional fee to get the appraisal and report completed and given to the lender faster than the normal time frame.

Who pays for it

- The appraisal is paid for directly by the buyer(s) on the home loan. It can be paid out of their validated bank accounts in the loan file or a credit card that is in their name. It cannot be paid for by anyone not on the loan, and it can't be paid for in cash or money order.

How and when it is ordered

- An appraisal is ordered once the Initial Loan Disclosures have been sent to you, signed, and the loan proceeds have been forwarded into intake. It can take a few days for the appraisal order to be picked up by an appraiser.
- Sometimes, an agent will have concerns about a property that they are aware of ahead of time. If this is your situation, you can ask us to hold off on ordering the appraisal until after the inspection is complete. Just be aware that this delays the process of the appraisal being scheduled and the report coming back. So be mindful of time frames of closing, etc., and if you have concerns, get your inspection ordered and completed as quickly as possible. Communication between the real estate agent who is physically seeing the property and us is essential. Let us know ahead of time, or when sending us the copy of the signed purchase agreement, if you would like us to hold off on ordering the appraisal.
- Per government-regulated guidelines, the lending institution is required to have the appraiser randomly assigned through the appraisal management company. You are not allowed to pick your specific appraiser.

When the report is delivered

- Timing of appraisals being completed and reports being delivered back will always vary.
- Typically, a home appraisal is scheduled within a few days of being ordered through the AMC. The scheduling of the appraisal is done between the appraiser and the listing agent/seller side of the transaction. You and your agent do not get to be part of this process.
- Once an appraisal is completed, the report is typically delivered back to the lender, once reviewed by the AMC, within 5-7 business days. All lenders are required to deliver a copy of the appraisal to the borrower(s) at least three days before the loan closes.

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Home Appraisal Report.

Does the property purchase price in the contract match the market value that the appraiser came back with?

- **If it comes in higher:**
 - There is no issue, and you have instant equity in the home!
 - The seller is never allowed to see a report that comes in with a higher or equal value and will not be made aware of anything other than if the value is good to go.
- **If it comes in at equal value to the purchase price:**
 - There is no issue.
- **If the market value comes in less than the agreed purchase price:**
 - **Option 1:** The seller agrees to the market value, and we proceed forward with the lower value.
 - **Option 2:** The seller does not agree to the market value, and negotiations can happen where you and the seller meet somewhere in between the lower value and the purchase price.
 - This can only happen if you have additional funds available in their bank accounts to cover the difference, as this amount cannot be financed. You will need to check with your lender to confirm if this could be an option.
- **If the market value comes in less than the agreed purchase price:**
 - **Option 3:** The seller does not agree to the market value, and you do not agree with/or cannot do any value in between, and the loan is withdrawn and stopped at this point.
 - **Note:** An appraisal fee cannot be refunded once it is completed, so you are out these funds if this happens.
 - **Note:** The seller's side is allowed to be given the three comparable addresses that were used to determine the appraised value.
 - You are allowed to file a report to dispute the market value and provide other comparable recent home sales in the market that were not used in the report to send in for review. This does not guarantee that the value will change. It just gives the AMC (Appraisal Management Company) the opportunity to double-check.

The second thing we make sure of in a report is: "Is the property as is, or is it subject to repairs?"

- **If it is as is:**
 - No repairs are needed, so we can proceed forward.
 - The seller is never allowed to see a report that comes in with a higher or equal value and will not be made aware of anything other than if the value is good to go.
- **If it is subject to repairs:**
 - There are items of concern (per the loan type's government regulations) that must be completed prior to loan closing.
 - Typically, the seller completes the repairs, and you pay for the reinspection (typically \$150), but other options may be available. Check with your lender on the specifics for your specific situation and loan type.
 - If the seller chooses not to complete the repairs, the loan is denied in most cases. Check with your lender on the specifics for your specific situation and loan type.
 - When a property is subject to repairs, the seller's side is only allowed to be notified of what repairs need to be completed and given any pictures taken by the appraiser of these issues. They are not allowed a full copy of the report.

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Loan Options

Conventional loan

- Options to not have or get rid of PMI
- Options ranging from 30- to 10-year fixed interest rates
- 3% down payment option for first-time homebuyers
 - CCM Smart Start offers 2% of the purchase price as a grant to first-time homebuyers with qualifying income.
- Down payment as low as 5% for non-first-time homebuyers
- Investor loan options are as low as 15% down on single-family homes and 25% down on multi-family homes

FHA loan

- Allows non-occupying family members as co-borrowers
- Can qualify only 2 years out of Chapter 7 bankruptcy
- Down payments as low as 3.5%
- 0% down payment assistance option available
- Multi-family home purchases are available for 2-4 unit homes as long as you live in one of the units for at least the first year
- No credit score option available (ask me for more details)

VA loan

- For Veterans, Active-Duty Service Members, and Family who qualify by VA regulations
- No PMI
- No maximum loan amount
- No down payment requirement

USDA loan

- No down payment requirement
- No PMI plus a low monthly guaranteed annual fee
- Only applies to designated USDA-eligible properties that are in designated USDA-eligible rural areas

FHA HUD \$100 down program

- Must be a HUD-approved home sold through HUD and approved for this program (check with your agent for properties that apply)
- Only \$100 down payment required, plus standard closing costs and prepaid expenses
- Can be combined with the FHA 203(k) Limited renovation loan program for repairs that need to be financed into the loan

Down payment assistance

- Down payment assistance options available for conventional, FHA, and USDA loans
- 600 minimum credit score
- Forgivable and amortizing/payment options
- Options available for first-time homebuyers and non-first-time homebuyers

Signature Expanded Bank Statement loan

- Qualify for home financing using your bank statements instead of tax returns, W-2s, or other income verification
- 600 minimum credit score
- Loan amounts from \$100K up to \$3.5MM
- Qualify on 12- or 24-month bank statements: Expense Ratio @ 50%, Profit and Loss Statement or CPA Stated Expense Ratio

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Buying a Condo.

Condo qualifications

- ✓ Pre-approval for a condo differs from other property types. This is because of the HOA Fee (Homeowners Association Fee) that is required and part of owning a condominium.
- ✓ Condo HOA Fees must be factored into the Housing Expense Ratio as well as the Debt-To-Income Ratio, which may decrease your purchase price capability.
- ✓ Condo pre-approvals have their own AUS (Automated Underwriting System) approval findings as they have different interest rates, loan requirements, costs, and risk factors involved with them. They are considered a higher-risk property purchase.

Condo & HOA documentation required

- ✓ Purchasing a condo with a home loan requires specific documentation and regulation from the condo HOA.
- ✓ It is important to make sure that the seller and listing agent have the appropriate contact information for the HOA and that they have the documentation ready for us through the home loan process. Without this documentation and the HOA's cooperation, a loan can be denied.
- ✓ The level of documentation required and the level of depth of review varies depending on the loan type and the percentage of the down payment given for the condo purchase.

Loans that allow condo purchases

- ✓ Conventional loans are the main loan used for condo purchases.
- ✓ For FHA, VA, and USDA — you must check the loan type's condo approval list to see if that condo can be purchased with that specific loan type.
- ✓ Spot approvals are possible if the seller agrees to one, if the condo is not on the approval lists for FHA, VA, and USDA.
- ✓ Important note: Just because a listing on the MLS or on a website says the condo accepts "FHA, VA, or USDA" does not mean that the condo is on the approved list. Always check with your lender when considering a condo to find out if it is on the approved list or not.

Pros and cons: Condos vs. single-family homes

Condo

- ✓ All exterior work is maintained for you
- ✓ Association rules have to be followed
- ✓ HOA fees
- ✓ Shared amenities like a gym or pool are possible

Single-family home

- ✓ You maintain your own exterior
- ✓ Complete freedom for remodeling
- ✓ No extra fees
- ✓ Only amenities available are what's on your property

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Renovation Loans.

Loan options in a changing market

Purchasing a home that needs repairs can be a catch-22 situation. Banks often won't lend money to buy the property until repairs are complete, but the repairs can't be done until the property has been purchased. A renovation loan is a great option to fix up, repair, or renovate the home you want to buy or do repairs to the home you currently own.

Reasons to use a renovation loan

- ✓ You found a property you like, but it needs items done that wouldn't pass an appraisal, and the seller doesn't want to do the repairs.
- ✓ You found a fixer-upper, but don't have the full amount for the work up front out-of-pocket.
- ✓ You found a home, in the perfect location and price range, but it needs some updates or TLC.
- ✓ You found your dream home, but want to upgrade the appliances to energy-efficient models.
- ✓ You don't want to move out of your current home but need to make upgrades, updates, or repairs.

Types of renovation loans

- FHA 203(k)
- Fannie Mae HomeStyle®
- Freddie Mac CHOICERenovation®
- VA Renovation
- USDA Renovation (purchase only)

FHA 203(k) loans

- Two loan types
 - Limited — For renovation repairs that are less than \$75,000
 - Standard — For renovation repairs that are more than \$75,000
- FHA renovation loans require a “Renovation Consultant” to be part of the process and has an additional cost/fee.
- Conventional renovation loans don't have two different loan types, but they do require a “Consultant” to be hired when the repairs go above \$75,000. This also adds an additional cost/fee.

VA renovation loans

- Limited VA for repairs under \$75,000 total renovation
 - For minor, non-structural repairs
- Standard VA with no max amount (minimum \$5K)
 - For larger, structural repairs
 - Requires a HUD Consultant regardless of renovation amount
- Ineligible repairs
 - Tear down/razing of properties
 - New construction
 - Luxury items
- Up to 100% LTV on purchase/ 90% LTV on refinance

Conventional renovation

- HomeStyle
 - Finance repairs and upgrades into the purchase of your home
 - 3% down for first-time homebuyers
 - Improvements you can make to your property include: new kitchen, bathroom, remodel, an addition, and more
- ChoiceRenovation
 - Perfect for big and small projects
 - 1-4 unit owner-occupied properties, single-unit second homes, and single-unit investment properties allowed
 - Loan amounts up to high-balance loan limits
 - For structural and cosmetic repairs, additions, and health and safety renovations

USDA renovation – limited & full

- Single-unit primary residences only
- Limited: No minimum repair amount, \$75,000* maximum
- Full: No minimum or maximum repair amounts

*Includes repair costs, contingency reserve, permit fees, and eligible fees (consultant, inspection, title update, and supplemental origination) – no structural repairs.

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Renovation Loan **FAQs.**

How will I know what all the contractor needs to bid on?

It is whatever eligible renovation items you want to have done (example: a tennis court would not be one of those items). However, if the appraisal comes back with issues that are safety/soundness related that are on your want list as “subject to repairs” items, they will need to be added to the construction bid totals or completed by the seller prior to close. In the situation of a seller wanting to complete any of the items, a reinspection would be required by the appraiser to remove those items. Otherwise, those items are just updated on the contractor’s estimate of work to be done for renovations.

Do they have to be pre-approved for the purchase price and contract work or a percentage above the contract estimate as well?

Yes, they must be approved for the combined total of the purchase price plus the 10% above the total repair costs, all combined. If utilities are off in any way or any items are structural safety issues, we have to hold 15% above the contractor bid amount. However, if it is just cosmetic work (not including utilities being off at close or structural issues), then we only hold 10% above the contract estimate. In addition to that contingency being held, if the work is over \$75,000, a renovation consultant must be involved through the loan, and we would need to add their fees as well (estimate \$2,500 on top of that contract work amount and % hold over that).



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Are there additional forms or contracts needed for this type of loan by the buyer/seller?

Yes, there will be additional rehab forms that will need to be filled out by the contractor and you during the loan process, but no additional purchase agreement forms are needed other than the estimate from the contractor. We also recommend adding in the purchase agreement that the seller agrees to let the contractor into the property to finalize the estimate of work with the buyer. You will also want to make sure your contractor is fully licensed for the work you want them to do, including any subcontractors.

Do I need more than one contractor estimate?

No, just one contractor estimate is required. You are required to use the contractor whose estimate you provide for the loan. The contractor is 100% required to fill out the loan forms for the commitment of work to be done.

Does a real estate agent need longer periods for due diligence or financing contingencies on the contract with renovation loans?

Yes — we recommend 45 days for the contract with renovation loans just to be safe. However, we will always aim to close as quickly as possible.

What can renovation loans be used for?

- ✓ Energy efficiency improvements, like installing solar panels or adding insulation
- ✓ New appliances
- ✓ Major landscaping, including the installation of native plants
- ✓ Roof replacement
- ✓ Updating and upgrading electrical, plumbing, and HVAC systems
- ✓ Decking
- ✓ Fencing
- ✓ Structural additions, like a garage or adding a second story
- ✓ Foundation repair
- ✓ Flooring
- ✓ Remodeling kitchens and bathrooms
- ✓ Window and door replacement
- ✓ Siding
- ✓ Miscellaneous repairs
- ✓ Inspection fees, architectural fees and permits



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Buying a Manufactured Home.

Loans that can finance a manufactured home and the year the home must be built on or after:

- ✓ Conventional: 6/15/1976
- ✓ FHA: 6/15/1976
- ✓ USDA: 2006
- ✓ VA: No specified year

Manufactured home loan rules

- ✓ Must be on owned land
 - The manufactured home cannot be in a park or community where they own the structure but not the land. Rented land or lotted land is not permitted.
- ✓ Must be tied down or permanently affixed to a permanent structure (like a foundation or cement slab) with an anchoring system that is in compliance with HUD codes.
- ✓ Title must be held as real property and not a vehicle with the BMV
 - Wheels, axles, and towing hitches must be removed from the manufactured home
- ✓ Must be inspected by a licensed structural engineer to confirm that the structure is tied-down to an anchoring system and is correctly in place with HUD Codes and provide a "Structural Engineer Certificate" confirming the safety and soundness of the structure. The cost typically is around \$500, as determined by the structural engineer and the location. This cannot be added to the loan and is paid for by you and handled outside of the loan costs.

Property types

- ✓ Single-wide manufactured home (primary residences only)
- ✓ Double-wide manufactured home
- ✓ Stick-built add-on manufactured home

Down payment requirements

- ✓ FHA: 3.5% minimum down payment plus closing costs and prepaid expenses
- ✓ USDA: 0% minimum down payment plus closing costs and prepaid expenses
- ✓ VA: 0% minimum down payment plus closing costs and prepaid expenses
- ✓ Conventional:
 - Primary residence: 5% minimum down payment plus closing costs and prepaid expenses
 - Second home: 15% minimum down payment plus closing costs and prepaid expenses



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Refinance, Cash-Out Refinance, and Home Equity Loans.

Refinance

- Uses:
 - ✓ Change your loan type
 - ✓ Change your interest rate
 - ✓ Reduce or extend your loan term
 - ✓ Reduce your mortgage payment
 - ✓ Remove mortgage insurance
 - ✓ Move from an adjustable-rate to a fixed-rate mortgage
 - ✓ Add or remove someone from a mortgage
- Closes out your current mortgage and starts a new loan
- Your monthly payment stays the same with a fixed interest rate
- Standard closing costs apply

Cash-out refinance

- Uses:
 - ✓ Consolidate debt
 - ✓ Renovate your home
 - ✓ Pay off bills
 - ✓ College tuition
 - ✓ Emergency expenses
 - ✓ Buy an investment property or second home
- Closes out your current mortgage and starts a new loan
- Typically allows you to borrow up to 80% of your home equity value
- Fixed interest rate with lower rates than a HELOC or HELOAN
- One lump sum cash payout to you at closing
- Standard closing costs apply

Home equity line of credit (HELOC)

- Uses:
 - ✓ Consolidate debt
 - ✓ Renovate your home
 - ✓ Pay off bills
 - ✓ College tuition
 - ✓ Emergency expenses
 - ✓ Buy an investment property or second home
- You can typically borrow up to 80–85% of your home equity value
- Your interest rate is not fixed, which means your payment can fluctuate with the market
- The interest rate is higher than a standard home loan but lower than a HELOAN
- If the line of credit is outside your primary mortgage, it won't change any of your existing terms
- You can choose your disbursement of funds instead of it being a one lump sum payout

Cash-out refinance

- Uses:
 - ✓ Consolidate debt
 - ✓ Renovate your home
 - ✓ Pay off bills
 - ✓ College tuition
 - ✓ Emergency expenses
 - ✓ Buy an investment property or second home
- You can typically borrow up to 80–85% of your home equity value
- It is a fixed rate loan, likely lower than credit card interest rates (but higher than a HELOC)
- As a second mortgage, it won't change any terms in your primary mortgage
- One lump sum cash payout to you at closing
- Limited fees at closing

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Investment Property Financing.

Conventional investor financing

- LTV ratios for investment purchases and refinances
 - 85% max LTV for 1-unit properties
 - 75% max LTV for 2-4 unit properties
- LTV ratios for cash-out refinances
 - 75% max LTV for 1-unit properties
 - 70% max LTV for 2-4 unit properties
- 6 months reserve requirements of PITI (Principal, Interest, Tax, Insurance)
- Seller concessions:
 - May or may not be required
 - 2% maximum seller concessions
- Investors must have a Social Security card and have filed at least the past 2 years of U.S. tax returns with the IRS

CCM Signature Expanded DSCR loan

- Investment only loan — Max LTV 85%
- Credit scores down to 620 allowed
- Loan amounts from \$100K up to \$3.5MM
- No minimum DSCR for purchases up to 70% LTV when credit score is 680 or higher
- Close in an LLC, Corp, Trust — No additional cost
- Multiple financed properties allowed
- Both long-term and short-term rents used to qualify
- 100% rent usage with appraisal Form 1007, 80% rent usage with AirDNA



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CCM Signature Expanded DSCR loan – purchase LTV & loan amounts.

FICO	LTV	CLTV	Loan amount
720	85%	85%	\$1,000,000
	60%	60%	\$3,500,000
700	65%	65%	\$3,000,000
	75%	75%	\$2,500,000
680	85%	85%	\$1,500,000
	75%	75%	\$1,500,000
660	80%	80%	\$1,000,000
	70%	70%	\$2,000,000
620	75%	75%	\$1,000,000
	60%	60%	\$1,500,000
	65%	65%	\$1,000,000

CCM Signature Expanded DSCR loan – refinance LTV & loan amounts.

FICO	LTV	CLTV	Loan amount
700	65%	65%	\$3,000,000
	75%	75%	\$2,500,000
680	85%	85%	\$1,500,000
	75%	75%	\$1,500,000
660	80%	80%	\$1,000,000
	70%	70%	\$2,000,000
620	75%	75%	\$1,000,000
	60%	60%	\$1,500,000
	65%	65%	\$1,000,000

CCM Signature Expanded DSCR loan – refinance LTV & loan amounts.

FICO	LTV	CLTV	Loan amount
700	60%	60%	\$3,000,000
	75%	75%	\$1,500,000
680	70%	70%	\$1,500,000
	75%	75%	\$1,500,000
660	70%	70%	\$2,000,000
	75%	75%	\$1,000,000
620	65%	65%	\$1,000,000

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We are America's #1 Retail Mortgage Lender. That's not just a rank — that's a statement of our success. With CCM, you'll get more loan solutions, personal loan officer guidance, and expert teams working behind the scenes to help you close with speed and ease. Whether you're buying, investing, renovating, or refinancing, we're dedicated to making your mortgage feel like a win.



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