

2017 Home Financing for Graduating Medical Students

A Practical Guide
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WHAT MORTGAGE PRODUCTS ARE OUT THERE?

Which is best? Which do you need? Which do you qualify for?



Physician Loan

Portfolio



Conforming

*Fannie Mae
and Freddie Mac*



FHA





*Government
Insured*



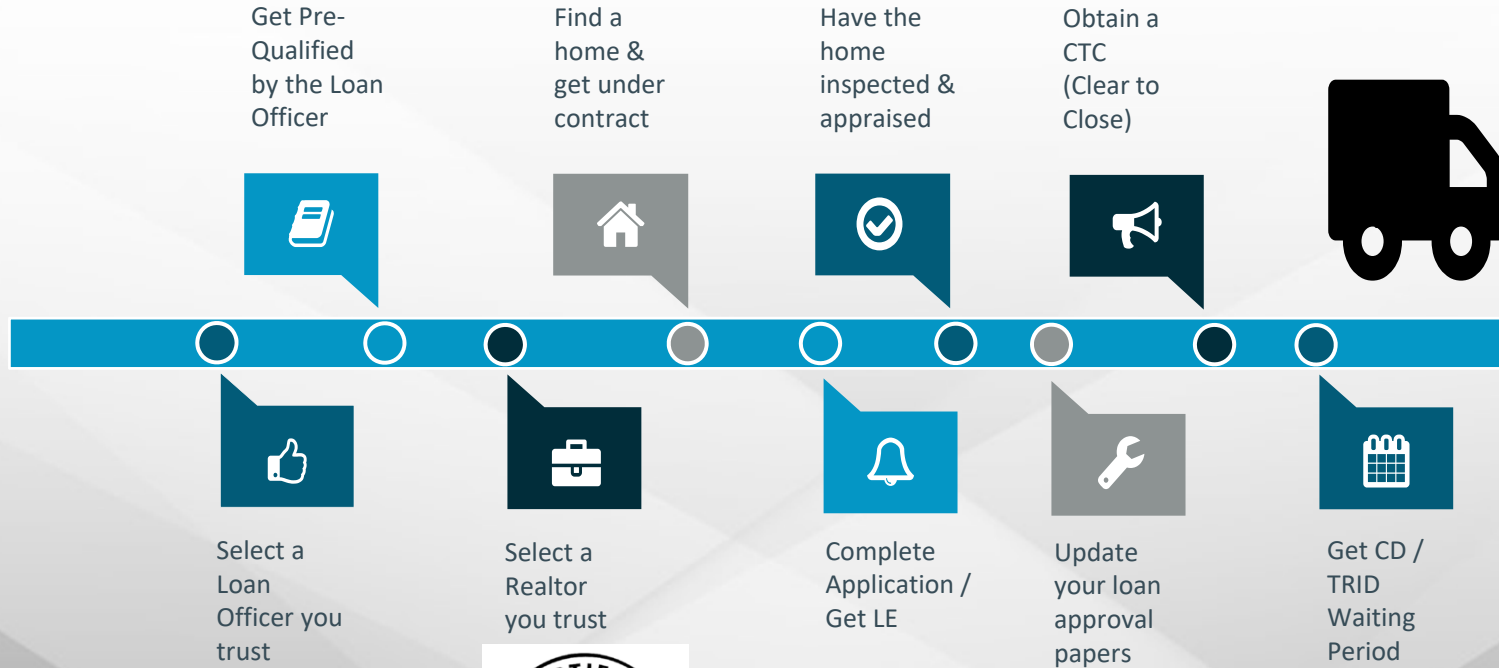
VA

*Government
Guaranteed*

WHAT LOAN MEETS YOUR NEEDS?

	 Physician Loan Portfolio	 Conforming <i>Fannie Mae and Freddie Mac</i>	 FHA <i>Government Insured</i>	 VA <i>Government Guaranteed</i>
Zero Down	✓	5%	3.5%	✓
No Proof of IBR Needed	✓			
No PMI	✓			
Low Rates	✓	✓	✓	✓
Parents Not Required as Co-Borrowers	✓			
High Debt Ratios	✓			
Match Letter Only Employment Proof Needed	✓			
Close Up To 60 Days Prior to Orientation	✓			

THE HOME BUYING TIMELINE



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DON'T USE A REALTOR JUST BECAUSE...

This is the realtor you see on the side of every bus in town, or..



She is your
aunts' friend.



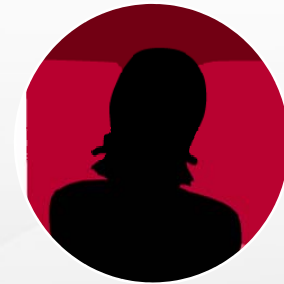
You saw his
picture on a
sign in front of
a home you
liked.



He's a buddy of
yours from
college.



She is the
mother of the
chief resident
where you will
be working.



She just started
in the business
and you want to
help her out.

Bottom Line

Get the Right Realtor
Get the Right Loan Officer



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HOW TO SELECT A REALTOR

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Key Principle to Understand:

You are entering a serious business negotiation.
You want to buy low, seller wants to sell high.



Find a Top Notch Agent!! (to represent YOU)

Every realtor has access to the same information.

Every agent get paid the same amount from the seller on a specific home.

A 6% commission is split between the buyer's agent and the listing agent.

If you do not have your own (buyer's) agent – the full amount usually goes to the listing agent.

Beware the pitfalls of discount realty shops. (Ask me)

PREPARING YOUR CLOSING BUDGET

Capacity – Funds to Close

Down Payment	0% PhysicianLoan, 3.5% FHA, 5% Down Conforming	\$
Closing Costs	Avg. 3% of purchase price – varies by state	\$
Escrows	3 – 6 mos. taxes & insurance	\$
	1 yr. homeowners insurance	\$
	Prorated interest from closing date to month-end	\$
	Sub-Total	\$
	Less Earnest Funds	\$
	TOTAL Funds at Closing	\$ 0 - 5000

TIP Have the seller pay your closing costs
OR
Modify contract to include closing costs

How are
Student Loans
accounted for?

CAPACITY
Monthly Payment

Total Monthly
Debt
Payments



Total
Debt
Ratio

=

Monthly
Gross
Income



HOW DEBT RATIOS ARE USED

Capacity

Total
Debt
Ratio



Physician Loan

50%



Conforming

36-41%



FHA

41%

WHAT IF MY DTI IS TOO HIGH?

Capacity



Arrange for a Gift from Family

Your loan must allow for gift funds (to pay off consumer debt)
Discuss with your LO as this requires proper paper trail

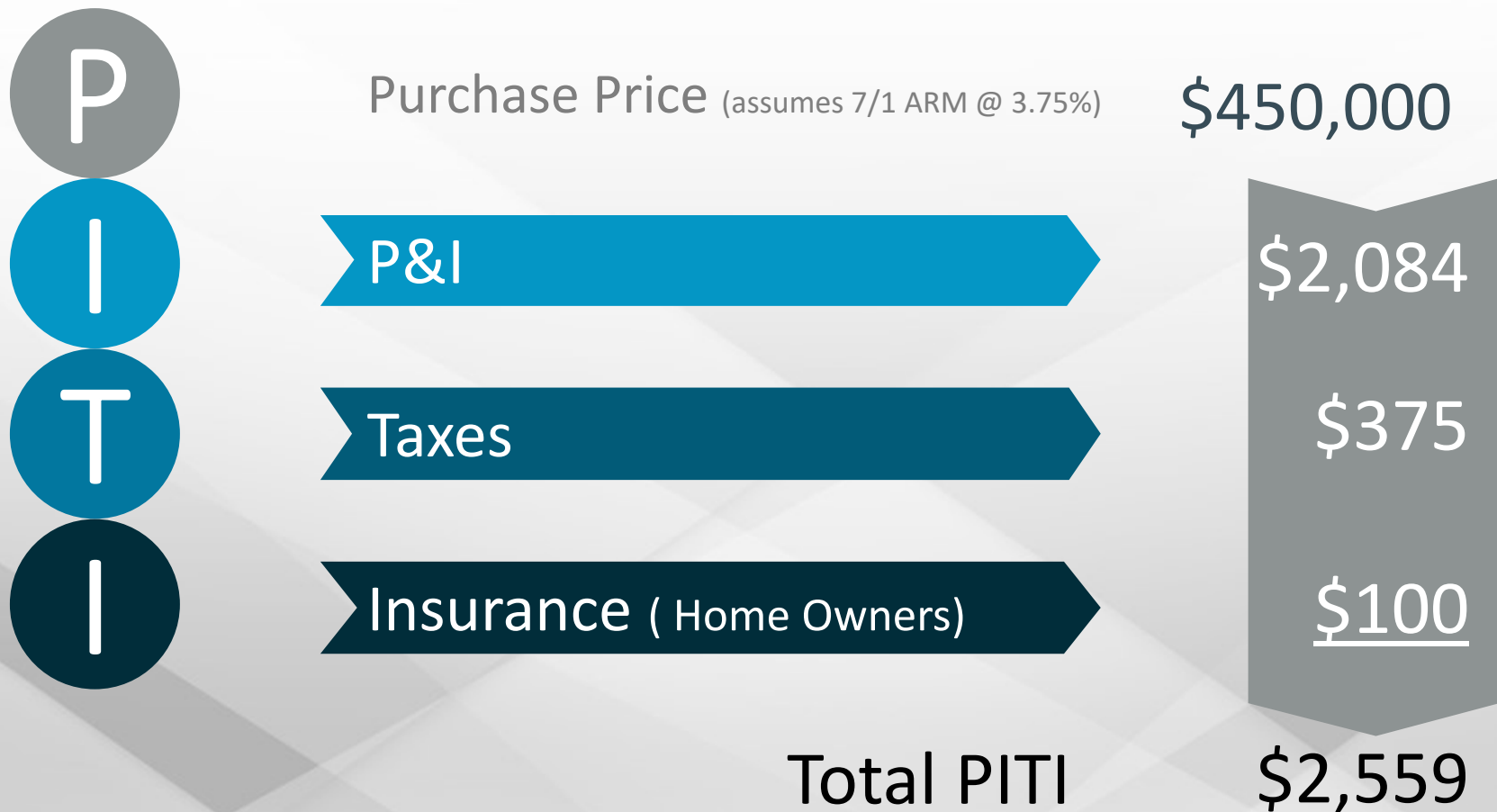


Apply for a Graduation Loan (to pay off consumer debt)

No Payments for 3 years
Must apply and get approved prior to graduation

THE HOUSE YOU BUY DEPENDS ON YOUR PITI

Capacity



THE FINANCIAL BENEFITS OF BUYING

Rent Payments (1,000/mo) → **\$48,000**

Benefits of a \$220,000 House Held for 4 Years:

PTI (\$1,293/mo)	\$62,064
Equity	- \$17,000
Tax Advantage	- \$7,800
Appreciation (at 2%)	- <u>\$18,000</u>
Total	\$19,264

Difference of \$28,736

CONTACT US

Email or Call with Any Questions!



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