

# **REALPRO Innovations, Inc.**

**PORTABLE  
REAL ESTATE/LENDING COMPUTER SYSTEM**

## **Colorado Examples**



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# REALPRO™ Workbook

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## 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 \$261,200 MAXIMUM LOAN AMOUNT FOR 1 UNIT (the current loan amount for Denver County). If your area has a different loan amount, your **REALPRO** is already programmed for that amount.

Minimum Down Payments and new FHA Loan Amounts are calculated for your area. The allowable non recurring closing costs are now calculated based on the actual NRCCs. These numbers will differ based on the defaults you set and the area you are in. INPUT the amount in the example so you will get the same answers as the FHA workbook examples.

### 3. **LOAN AMOUNTS ARE ROUNDED DOWN**

The loan calculations are **ROUNDED DOWN** to the nearest \$50.

### 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.

### 6. **“TYPO’S” ARE POSSIBLE**

Finally, I apologize up front for any typo's you may find. There are lots of numbers and repetitive inputs that typo's are possible. Let me know if you do find any and I will make the change for future printings of this book.

#### **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		
TAXBL INC/MO	3000.00	
MARRIED (Y/N)?	Y	
EXEMPTIONS	2.00	
FHA=1 VA=2 CONV=3	1	Input 1
SALES PRICE	99000.00	
FHA CONDO (Y/N)?	N	
DENVER=1 BOULDER=2	1	Choose your county here
WELD=3 MAX UNITS=4	?	
DOWN 2.37%	2350.00	
LOAN 30.0 YRS	96650.00	
MIP/FF 1.50	1449.75	
= TOTAL LOAN	98099.75	
P&I/MO 9.00%	789.33	
PROP TAX 1.00	82.50	
HOME INS 3.60	29.70	
MTG INS 0.500	40.27	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	941.80	
PI ADJ 9.00%	789.33	
0 or ?		Input 0
-TAX SAVINGS	151.10	
=ACT COST/MO	790.70	
-PRIN PAID	53.58	
2 % APRCTN	165.00	Input 2
EFFECTIV COST	572.11	
RENT / MONTH	750.00	
BUY/RENT DIF	-177.88	

**NOTE:** If these clients are renting for \$750 per month, they should be buying for \$572.11 (their EFFECTIVE COST of home ownership). Next year, property prices and rents will be going up! The intelligent decision is to buy now and with you!

Now go on to the Buyers Cost Program

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

BUYERS		
ORIGIN. 1.0	966.50	FHA "Origination Fee"
DISC PTS 0.0	0.00	
DOCUMENT FEE	9.90	
HOME WARRNTY	0.00	
RECORDING	65.00	Input 65
TITLE FEES	125.00	
CLOSING FEE	140.00	
SURVEY	20.00	Flood certificate

APPRAISAL	350.00	
CREDIT REPRT	100.00	
DOC PREP	150.00	
2 MOS TAX	165.00	Usually 2 months impounded
14 MOS INS	415.80	Usually 14 months impounded
30 DAYS INT	725.66	
2 MO MTG INS	80.54	
HOA RESERVES	0.00	
MISC/PROCESS	250.00	"Padding"
=ABOVE COSTS	3563.41	
+ DOWN PYMNT	2350.00	
SELLERS ASST	0.00	
1=P 2=C 3=ALL OR \$ ?		1=prepaids, 2=closing costs, 3=all of the closing costs plus prepaids, or you can enter a specific dollar amount.
=TOTAL COSTS	5913.41	
-EARNEST MONEY	1000.00	Input 1000 which represents the buyers good faith deposit.
CASH TO CLOSE	4913.41	
A.P.R. AS %	9.37	

**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:

- 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!!
- **Loan comparisons** (i.e. 15 and 30 year terms)
- Remaining principal balances on Negative amortizing (GPM) loans, and "FIXED" loans.
- Equity buildup
- 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  
FHA=1 VA=2 CONV=3                    3  
MONTHS PAID                    180.00    or 15\*12 and [ENTER]  
LOAN 15.0 YRS                    75000.00    Input 15 for years and [ENTER] then 75000 for loan amount  
MIP/FF    0.00                    0.00

INTEREST ONLY (Y/N) N  
 P&I/MO 10.50% 829.04 Input 10.5 for interest rate  
 PAYMENT MADE 829.04

**\*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  
 FHA=1 VA=2 CONV=3 3  
 MONTHS PAID 180.00  
 LOAN 30.0 YRS 75000.00 Input 30  
 MIP/FF 0.00 0.00  
 INTEREST ONLY (Y/N) N  
 P&I/MO 10.50% 686.05 Monthly payment  
 PAYMENT MADE 686.05

**\*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**  
 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  
 FHA=1 VA=2 CONV=3 3  
 MONTHS PAID 180.00 or 15\*12 and [ENTER]  
 LOAN 30.0 YRS 75000.00 Input 30 for years and [ENTER] then 75000 for loan amt.  
 MIP/FF 0.00 0.00  
 INTEREST ONLY (Y/N) N  
 P&I/MO 10.50% 686.05 Input 10.5 for interest rate -  
 PAYMENT MADE 829.05 or 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**

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

FHA=1 VA=2 CONV=3	3	
MONTHS PAID	60.00	Input 60
LOAN 30.0 YRS	50000.00	Input 30 [ENTER] then input 50000 [ENTER]
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 10.50%	457.36	Input 10.5 for monthly payment
PAYMENT MADE	457.36	

**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)

**EQUITY BUILD-UP COMPARISON**

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

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 monthly payments and equity build up after 5 years.

First let's look at the 30 year loan.

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

Amortize

FHA=1 VA=2 CONV=3	3	
MONTHS PAID	60.00	
LOAN 30.0 YRS	93420.00	Input 30 and then 93420
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 9.00%	751.67	Input 9 for <u>Monthly P&amp;I</u>
PAYMENT MADE	751.67	

**PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] and WAIT 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	<u>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 let's compare the 30 year to a 15 year loan  
PRESS the **[DEF]** key and then the **[A]** key

AMORTIZE		
FHA=1 VA=2 CONV=3	3	
MONTHS PAID	60.00	
LOAN 15.0 YRS	93420.00	Input 15
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 9.00%	947.52	<u>Monthly P&amp;I</u>
PAYMENT MADE	947.52	

**PRESS [DEF] [H] [DEF] [A] to print or PRESS [ENTER] and WAIT 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 that prints :** First check that the printer switch is in the "ON" position. Press the yellow **[SHIFT]** key and then **[ENTER]**. A black dash 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 difference is **195.85** per month.

**NOW** let's compare the difference in EQUITY BUILD-UP:

Type in **89571.22-74799.45** and PRESS the **[ENTER]** key.

The difference is **14771.77** after 5 years.

The difference is overwhelming! and even greater at the end of 15 years! Even if your client can't 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 FINANCING

### 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 the examples of buyer's costs and seller's net MAY NOT reflect your individual costs. 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	
SALES PRICE	155000.00	
ASSUM MORTG.	0.00	
2ND TD 0.00	0.00	
DOWN 20.0%	31000.00	Input 20
LOAN 30.0 YRS	124000.00	
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 10.25%	1111.16	Input 10.25
PROP TAX 1.00	129.16	
HOME INS 3.60	46.50	
MTG INS 0.000	0.00	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1286.83	
PI ADJ 10.25%	1111.16	

0 or ?

Input 0 [ENTER] Use this feature to show more payments without having to rerun the program. If you enter 9, you will see the principal and interest payment based on 9% interest.

Borrowers Loan Points will be 2, the cost of APPRAISAL is \$350 and there are NO PMI points (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

ORIGIN. 2.0	2480.00	Input 2
DISC PTS 0.0	0.00	
DOCUMENT FEE	15.50	
HOME WARRNTY	0.00	
RECORDING	65.00	
TITLE FEES	125.00	
CLOSING FEE	155.00	
SURVEY	20.00	

APPRAISAL	350.00
CREDIT REPR	100.00
DOC PREP	150.00
0 MOS TAX	0.00
12 MOS INSUR	558.00
30 DAYS INT	1044.65
PMI PTS 0.0	0.00
HOA RESERVES	0.00
MISC/PROCESS	350.00
=ABOVE COSTS	5413.15
+ DOWN PYMNT	31000.00
SELLERS ASST	0.00
1=P 2=C 3=ALL OR \$ ?	

Input 0  
Input 12

"Padding" and Loan Fees

1=prepays, 2=closing costs, 3=all of the closing costs plus prepays less the amount the buyer must pay to meet the 3% minimum investment requirement, or you can enter a specific dollar amount.

=TOTAL COSTS	36413.15
-EARNEST MONEY	1000.00
CASH TO CLOSE	35413.15
A.P.R. AS %	10.62

**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**

SALES PRICE	155000.00
1ST TD BAL	75000.00
1ST TD INT	10.00
2ND TD BAL	0.00
2ND TD INT	0.00
OTHER LIENS	0.00
GROSS EQUITY	80000.00
BYRS LN AMNT	0.00
DISC PTS 0.0	0.00
COMM. 7.00%	10850.00
RELEASE(S)	10.00
WATER/SEWER	125.00
TRANSACTION FEE	0.00
TAX PRORATN	0.00
30 DYS OWED	616.43
HOME WARRNTY	0.00
TITLE FEES	887.00
CLOSING FEE	155.00
MISC/PROCESS	350.00
=ABOVE COSTS	12993.43
SELLERS ASST	0.00
=TOTAL COSTS	12993.43
EQUITY-COSTS	67006.56
2ND TD 0.00	0.00
NET CASH	67006.56

Input 0

Input 0, the Seller is not paying any points for the Buyer.

\$10 per loan

30 days interest on existing loan

**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

Your clients are purchasing a \$135,000 property with a 10% down payment. This 90% loan will have monthly Private Mortgage Insurance (PMI). The current interest for this fixed rate 30 year loan is 10%. The points are 2.5, the buyer is offering full price and is going to ask the Seller to help with 1.5 points.

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

Finance

FHA=1 VA=2 CONV=3	3	
SALES PRICE	135000.00	
ASSUM MORTG.	0.00	
2ND TD 0.00	0.00	
DOWN 10.0%	13500.00	Input 10
LOAN 30.0 YRS	121500.00	
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 10.00%	1066.24	Input 10
PROP TAX 1.00	112.50	
HOME INS 3.60	40.50	
MTG INS 0.520	52.65	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	1271.89	
PI ADJ 10.00%	1066.24	
0 or ?		Input 0 <b>[ENTER]</b>

The borrowers Loan Points are 2.5 (1.5% of which, the Seller is going to pay), the cost of APPRAISAL is \$350 and "up front" PMI points are 0.

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

BUYERS

ORIGIN. 1.0	1215.00	Input 1
DISC PTS 0.0	0.00	The seller is paying 1.5 points for the buyer which will be accounted for in the SELLERS NET so we are not going to put them in here.
DOCUMENT FEE	13.50	
HOME WARRNTY	0.00	
RECORDING	65.00	
TITLE FEES	125.00	
CLOSING FEE	155.00	
SURVEY	20.00	
APPRAISAL	350.00	
CREDIT REPRT	100.00	
DOC PREP	150.00	
2 MOS TAX	225.00	Input 2
14 MOS INS	567.00	Input 14 - Generally 1 full year plus 2 months for 90% loans
30 DAYS INT	998.63	<u>Safest</u> to calculate 30 days prepaid interest
2 MO MTG INS	105.30	
PMI PTS 0.0	0.00	
HOA RESERVES	0.00	
MISC/PROCESS	350.00	"Padding"
=ABOVE COSTS	4439.43	
+ DOWN PYMNT	13500.00	
SELLERS ASST	0.00	
1=P 2=C 3=ALL OR \$ ?		1=prepaids, 2=closing costs, 3=all of the closing costs plus prepaids, or you can enter a specific dollar amount.
=TOTAL COSTS	17939.43	
-EARNEST MONEY	0.00	
CASH TO CLOSE	17939.43	
A.P.R. AS %	10.25	

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**

SALES PRICE	135000.00	
1ST TD BAL	57000.00	
1ST TD INT	10.00	
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.
DISC PTS 1.5	1822.50	Input 1.5 for the points the Seller agreed to pay
COMM. 7.00%	9450.00	
RELEASE(S)	10.00	\$10 per loan
WATER/SEWER	125.00	
TRANSACT FEE	200.00	
TAX PRORATN	0.00	
30 DYS OWED	468.49	30 days interest on existing loan
HOME WARRNTY	0.00	
TITLE FEES	839.00	
CLOSING FEE	155.00	
MISC/PROCESS	350.00	
=ABOVE COSTS	13419.99	
SELLERS ASST	0.00	Input 0. These were already taken care of in the DISC PTS.
=TOTAL COSTS	13419.99	
EQUITY-COSTS	64580.00	
2ND TD 0.00	0.00	
NET CASH	64580.00	

**TO PRINT:**

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

**INTEREST ONLY PAYMENT**

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

Finance		
FHA=1 VA=2 CONV=3	3	
SALES PRICE	145000.00	
ASSUM MORTG.	0.00	
2ND TD 0.00	0.00	
DOWN 10.0%	14500.00	Input 10
LOAN 30.0 YRS	130500.00	
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	Y Y	
P&I/MO 6.00%	652.50	Input 6
PROP TAX 1.00	120.83	
HOME INS 3.60	43.50	
MTG INS 0.520	56.55	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	873.38	
PI ADJ 6.00%	652.50	
0 or ?		Input 0 [ENTER]

## 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 balloon payment (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	
SALES PRICE	150000.00	
ASSUM MORTG.	0.00	Input existing mortg. amount <u>ONLY</u> if it is being assumed
2ND TD 10.00	15000.00	Input 10
YRS AMORT	30.00	Input 30
PYMT>2ND 11.0%	142.84	Input 11
DOWN 10.0%	15000.00	Input 10
LOAN 30.0 YRS	120000.00	
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 10.25%	1075.32	Input 10.25
PROP TAX 1.00	125.00	
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	1388.17	
PI ADJ 10.25%	1075.32	
0 or ?		Input 0 <b>[ENTER]</b>

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

ORIGIN. 1.0	1200.00	Input 2
DISC PTS 0.0	0.00	Input 0
DOCUMENT FEE	15.00	
HOME WARRNTY	0.00	
RECORDING	65.00	
TITLE FEES	125.00	
CLOSING FEE	155.00	
SURVEY	20.00	
APPRAISAL	350.00	
CREDIT REPRT	100.00	
DOC PREP	150.00	
0 MOS TAX	0.00	
12 MOS INSUR	540.00	Input 12 - Generally 1 full year policy
30 DAYS INT	1010.95	<u>Safest</u> to calculate 30 days prepaid interest
PMI PTS 0.0	0.00	
HOA RESERVES	0.00	
MISC/PROCESS	350.00	"Padding"
=ABOVE COSTS	4080.95	
+ DOWN PYMNT	15000.00	
SELLERS ASST	0.00	
1=P 2=C 3=ALL OR \$ ?		1=prepays, 2=closing costs, 3=all of the closing costs plus prepays, or you can enter a specific dollar amount.
=TOTAL COSTS	19080.95	
-EARNEST MONEY	0.00	
CASH TO CLOSE	19080.95	

A.P.R. AS % 10.50

TO PRINT:

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

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

### CASH TO EXISTING ASSUMABLE LOAN

Your buyers are purchasing a property for \$180000. They are assuming an existing 1st mortgage of \$140,000 and paying the difference in CASH. The existing payment on the assumable 1st is \$1126.47 P&I ONLY!

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

Finance

FHA=1 VA=2 CONV=3 3

SALES PRICE 180000.00

ASSUM MORTG. 140000.00

ASSUM PI PMT 1126.47

2ND TD 0.00 0.00 Input 0

DOWN 22.22% 40000.00 Input 40000 OR S-EM [ENTER] (Salesprice MINUS Existing Mortgage)

LOAN 30.0 YRS 0.00 NO NEW LOAN. JUST PRESS [ENTER]

INTEREST ONLY (Y/N) N

P&I/MO 10.25% 0.00 The interest rate displayed doesn't matter with no new loan

PROP TAX 1.00 150.00

HOME INS 3.60 54.00

MTG INS 0.000 0.00 There is no PMI because there is no new loan

ASSOC FEE/MO 0.00

TOTAL PMT/MO 1330.47 Assum. PI payment PLUS Prop Tax PLUS Home Insur.

PI ADJ 10.25% 0.00

0 or ? Input 0 [ENTER]

TO PRINT:

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

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

### CASH TO EXISTING ASSUMABLE 1ST TD AND INSTITUTIONAL 2ND

Your buyers are purchasing a \$115,000 property with an existing assumable first mortgage of \$75,000. Their down payment is 10% and they will be acquiring a new institutional 2nd mortgage at 12.5% interest, fully amortized over 15 years. The existing loan PI is \$875 monthly.

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

Finance

FHA=1 VA=2 CONV=3 3

SALES PRICE 115000.00

ASSUM MORTG. 75000.00 Input 75000 because existing loan is being assumed

ASSUM PI PMT 875.00 Input the **existing PI payment** (do not include the existing taxes and insurance)

2ND TD 0.00 0.00

DOWN 10.0% 11500.00

LOAN 15.0 YRS 28500.00 Input 15

MIP/FF 0.00 0.00

INTEREST ONLY (Y/N) N

P&I/MO 12.50% 351.26 Input 12.5

PROP TAX 1.00 95.83

HOME INS 3.60 34.50

MTG INS 0.000 0.00

ASSOC FEE/MO 0.00

TOTAL PMT/MO 1356.60

PI ADJ 12.50% 351.26

0 or ?

Input 0 [ENTER]

TO PRINT:

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

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

## CASH TO EXISTING ASSUMABLE W/ SELLER CARRYBACK 2ND (INTEREST ONLY)

Your buyers are purchasing a property for \$125,000 with \$20,000 down. They are assuming an existing 1st mortgage of \$80,000, and asking the sellers to carry back the balance as a 2nd mortgage for \$25,000. This CARRY BACK WILL BE INTEREST ONLY PAYMENTS and due and payable in 5 years. The interest rate is 10%. The existing payment on the assumable 1st is \$975 P&I ONLY!

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

Finance

FHA=1 VA=2 CONV=3 3

SALES PRICE 125000.00

ASSUM MORTG. 80000.00

ASSUM PI PMT 975.00

2ND TD 20.0 25000.00

Input 25000 or you can calculate this amount by inputting **S-EM-20000** [ENTER] That stands for **Salesprice MINUS Existing Mortgage MINUS** the 20000 Down Payment

YRS AMORT 0

Input 0 for "Interest only"

PYMT>2ND 10.0% 208.33

Input 10

DOWN 16.0% 20000.00

Input 20000 **OR S-EM-OW** [ENTER]

LOAN 30.0 YRS 0.00

NO NEW LOAN. JUST PRESS [ENTER]

INTEREST ONLY (Y/N) N

P&I/MO 12.50% 0.00

The interest rate displayed doesn't matter with no new loan

PROP TAX 1.00 104.16

HOME INS 3.60 37.50

MTG INS 0.000 0.00

There is no PMI because there is no new loan

ASSOC FEE/MO 0.00

TOTAL PMT/MO 1325.00

PI ADJ 12.50% 0.00

0 or ?

Input 0 [ENTER]

TO PRINT:

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

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

## 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

SALES PRICE 75000.00

ASSUM MORTG. 0.00

2ND TD 0.00 0.00

DOWN 100.0% 75000.00

Input 75000 or **S (Salesprice)** Your REALPRO will not accept 100 for 100%

LOAN 30.0 YRS 0.00

There is no new loan

INTEREST ONLY (Y/N) N

P&I/MO 12.50% 0.00

Ignore the percentage, there is no new loan.

PROP TAX 1.00 62.50

HOME INS 3.60 22.50

MTG INS 0.000 0.00

ASSOC FEE/MO 0.00

TOTAL PMT/MO	85.00	Taxes & Insurance
PI ADJ 12.50%	0.00	
0 or ?		Input 0 [ENTER]

TO PRINT:

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

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

## FHA FINANCE PROGRAMS

### 203B FIXED 30 YEARS

Your clients are purchasing a \$102,500 home with the MINIMUM down payment. The current interest rate is 7.50%

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

Finance

FHA=1 VA=2 CONV=3	1	
SALES PRICE	102500.00	
FHA CONDO (Y/N)?	N	
DENVER=1 BOULDER=2	1	Choose your county or units here
WELD=3 MAX FOR UNITS=4	?	
DOWN 2.39%	2450.00	Automatic Minimum Down Payment
LOAN 30.0 YRS	100050.00	
MIP/FF 1.50	1500.75	
= TOTAL LOAN	101550.75	
P&I/MO 7.50%	710.05	
PROP TAX 1.00	85.41	
HOME INS 3.60	30.75	
MTG INS 0.500	41.68	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	867.91	
PI ADJ 7.50%	710.05	
0 or ?		Input 0 [ENTER]

Now go on to the Buyers Costs Program

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

BUYERS

ORIGIN. 1.0	1000.50	Origination point
DISC PTS 0.00	0.00	
DOCUMENT FEE	10.25	
HOME WARRNTY	0.00	
RECORDING	65.00	
TITLE FEES	125.00	
CLOSING FEE	155.00	
SURVEY	20.00	
APPRAISAL	350.00	
CREDIT REPRT	100.00	
DOC PREP	150.00	
2 MOS TAX	170.83	Always 2 months for FHA/VA
14 MOS INS	430.50	Always 14 months for FHA/VA
30 DAYS INT	625.99	
2 MO MTG INS	83.37	
HOA RESERVES	0.00	
MISC/PROCESS	250.00	"Padding"
=ABOVE COSTS	3536.45	
+ DOWN PYMNT	2450.00	
SELLERS ASST	0.00	
1=P 2=C 3=ALL OR \$ ?		1=prepaids, 2=closing costs, 3=all of the closing costs plus prepaids, or you can enter a specific dollar amount.



=TOTAL COSTS	5986.45
-EARNEST MONEY	0.00
CASH TO CLOSE	5986.45
A.P.R. AS %	7.87

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

### 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 owner occupant amount required.

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

```

Finance
FHA=1 VA=2 CONV=3      1
SALES PRICE            96000.00
FHA CONDO (Y/N)?      N   Input N
1 UNIT=1  2 UNITS=2    1   Choose your county or units here
3 UNITS=3  4 UNITS=4    ?
DOWN 2.39%            2300.00   Automatic Minimum Down Payment
LOAN 30.0 YRS         93700.00
MIP/FF 1.50           1405.50
= TOTAL LOAN         95105.50
P&I/MO 7.50%         664.99
PROP TAX 1.00         80.00
HOME INS 3.60        28.80
MTG INS 0.50         39.04
ASSOC FEE/MO          0.00
TOTAL PMT/MO         812.83   [ENTER]
PI ADJ 7.50%         664.99   PRINT-[DEF][H][DEF][F]
0 or ?               Input 8.5 [ENTER]
P&I ADJ 8.50%        731.27   1st adj
0 or ?               Input 9.5 [ENTER]
P&I ADJ 9.50%        799.69   2nd adj
0 or ?               Input 10.5 [ENTER]
P&I ADJ 10.50%       869.96   3rd adj
0 or ?               Input 0 [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 (should they occur).

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

```

Finance
FHA=1 VA=2 CONV=3      1
SALES PRICE            77500.00
FHA CONDO (Y/N)?      N
1 UNIT=1  2 UNITS=2    1   Choose your county or units here
  
```

3 UNITS=3	4 UNITS=4	?	
DOWN 2.38%	1850.00		Automatic Minimum Down Payment
LOAN 30.0 YRS	75650.00		
MIP/FF 1.50	1134.75		
= TOTAL LOAN	76784.75		
P&I/MO 8.00%	563.41		
PROP TAX 1.00	64.58		
HOME INS 3.60	23.25		
MTG INS 0.500	31.52		
ASSOC FEE/MO	0.00		
TOTAL PMT/MO	682.77	[ENTER]	
PI ADJ 8.00%	563.41	[ENTER]	
<b>PRINT-[DEF][H][DEF][F]</b>			
0 or ?		Input 9	[ENTER]
P&I ADJ 9.00%	617.82	1st adj	
0 or ?		Input 10	[ENTER]
P&I ADJ 10.00%	673.84	2nd adj	
0 or ?		Input 11	[ENTER]
P&I ADJ 11.00%	731.23	3rd adj	
0 or ?		Input 12	[ENTER]
P&I ADJ 12.00%	789.81	4th adj	
0 or ?		Input 13	[ENTER]
P&I ADJ 13.00%	849.39	5th adj	
0 or ?		Input 0	[ENTER]

## VA FINANCING PROGRAMS

**THE FOLLOWING EXAMPLES ARE BASED ON A MAXIMUM VA LOAN OF \$240,000 including VA Funding Fee for NO Down AND THE ELIGIBILITY OF \$240,000 (60,000X4).**

### NO DOWN NO COSTS

Your clients are purchasing a home using their Full VA eligibility (\$240,000) 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 \$138,000. The new loan is Fixed for 30 years at 9.50% interest and the VAFF (VA Funding Fee) is being financed into the loan .

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

Finance			
FHA=1	VA=2	CONV=3	2
SALES PRICE	138000.00		
ELIGIBILITY	240000.00	Input 240000 which indicates the VET has "FULL ELIGIBILITY"	LENDERS please note: 240000=60000 x 4
2ND TD 0.0	0.00		
DOWN 0.0%	0.00		Automatic Minimum Down Payment
LOAN 30.0 YRS	138000.00		
MIP/FF 2.20	3036.00		
= TOTAL LOAN	141036.00		
P&I/MO 9.50%	1185.90	Input 9.5	
PROP TAX 1.00	115.00		
HOME INS 3.60	41.40		
ASSOC FEE/MO	0.00		
TOTAL PMT/MO	1342.30		
PI ADJ 9.50%	1185.90		
0 or ?		Input 0	[ENTER]

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

**BUYERS**

ORIGIN.	1.0	1380.00	Origination point
DISC PTS	0.0	0.00	
DOCUMENT FEE		13.80	
HOME WARRNTY		0.00	
RECORDING		65.00	
TITLE FEES		125.00	
CLOSING FEE		0.00	The VET <u>cannot pay</u> the CLOSING FEE
SURVEY		20.00	
APPRAISAL		350.00	
CREDIT REPRT		100.00	
DOC PREP		150.00	
2 MOS TAX		230.00	Input 2
14 MOS INS		579.60	Input 14
30 DAYS INT		1101.24	
HOA RESERVES		0.00	
MISC/PROCESS		250.00	
=ABOVE COSTS		4364.64	
+ DOWN PYMNT		0.00	
1=P 2=C 3=ALL OR \$ ?	3		1=prepaids, 2=closing costs, 3=all of the closing costs plus prepaids, or you can enter a specific dollar amount.
SELLERS ASST		4364.64	
=TOTAL COSTS		0.00	
-EARNEST MONEY		0.00	
CASH TO CLOSE		0.00	
A.P.R. AS %		10.00	

**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, IF IT FOLLOWS THE FINANCING AND BUYERS COSTS, 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 7%.

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

**SELLERS**

FHA=1 VA=2 CONV=3		3	
SALES PRICE		138000.00	
1ST TD BAL		55000.00	
1ST TD INT		8.00	
2ND TD BAL		0.00	
2ND TD INT		0.00	
OTHER LIENS		0.00	
GROSS EQUITY		83000.00	
BYRS LN AMNT		141036.00	Calculates automatically if you have run the Financing and Buyers cost programs first. If not, <u>Input S</u> (for salesprice).
DISC PTS 2.0		2820.72	Seller's discount points
COMM. 7.00%		9660.00	
RELEASE(S)		10.00	\$10 per statement per loan
WATER/SEWER		125.00	

TRANSACT FEE	0.00	
TAX PRORATN	0.00	
30 DYS OWED	361.64	30 days interest on existing loan
HOME WARRNTY	295.00	Seller to pay 295
TITLE FEES	846.20	
CLOSING FEE	310.00	"Both sides" of the CLOSING FEE
MISC/PROCESS	250.00	
=ABOVE COSTS	14678.56	
SELLERS ASST	4364.64	
=TOTAL COSTS	19043.20	
EQUITY-COSTS	63956.79	
2ND TD 0.00	0.00	
NET CASH	63956.79	

**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 SALES PRICE**

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 10.50% and there will be Private Mortgage Insurance (PMI) monthly. Their gross income is \$3700 monthly and they have one car payment of \$290 and credit card payments of \$100. They are married and have 2 children. 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
NON TAX INC.	0.00	
TAXBL INC/MO	3700.00	
MARRIED (Y/N)?	Y	
EXEMPTIONS	4.00	
FHA=1 VA=2 CONV=3	3	

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**)

LOAN TO VAL	90.00	
FRONT RATIO	28.00	
BACK RATIO	36.00	
LOAN 30.0 YRS	0.00	[ENTER]
INTEREST ONLY (Y/N)	N	
P&I/MO 10.50%	0.00	Input 10.5
PROP TAX 1.00	0.00	[ENTER]

HOME INS 3.60	0.00	[ENTER]
MTG INS 0.520	0.00	[ENTER]
ASSOC FEE/MO	0.00	[ENTER]
SALES PRICE	96550	Round down to <b>96550</b>
(SALES PRICE	<b>96550.00</b> )	
LOAN TO VAL	90.00	
DOWN 10.04%	9700.00	The Down is not exactly 10 because of rounding
LOAN 30.0 YRS	86850.00	
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 10.50%	794.45	
PROP TAX 1.00	80.45	
HOME INS 3.60	28.96	
MTG INS 0.520	37.63	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	941.50	
FRONT RATIO	25.44	
BACK RATIO	35.98	

**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 INCOME REQUIRED

This example is based on the previous Conventional Prequalifier information except that now the SALES PRICE is **known** (\$98,000) and the borrowers GROSS INCOME is **unknown**.

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

PREQUAL		
MONTHLY DEBT	390.00	
NON TAX INC.	0.00	
TAXBL INC/MO	0.00	Input 0 to allow the computer to calculate
MARRIED (Y/N)?	Y	
EXEMPTIONS	4.00	
FHA=1 VA=2 CONV=3	3	
SALES PRICE	98000.00	Input 98000
LOAN TO VAL	90.00	
FRONT RATIO	28.00	
BACK RATIO	36.00	
DOWN 10.0%	9800.00	
LOAN 30.0 YRS	88200.00	
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 10.50%	806.80	Input 10.50
PROP TAX 1.00	81.66	
HOME INS 3.60	29.40	
MTG INS 0.520	38.22	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	956.08	
TAXBL INC/MO	3739.12	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 TAXBL INC/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 \$125000. The offer states that they are to qualify for a new 90%, 30 year FIXED loan at the current interest rate of 10.50%. 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 not to exceed 28% Front Ratio and 36% Back Ratio.

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

PREQUAL		
MONTHLY DEBT	325.00	
NON TAX INC.	0.00	
TAXBL INC/MO	4500.00	Input 4500
MARRIED (Y/N)?	Y	
EXEMPTIONS	4.00	
FHA=1 VA=2 CONV=3	3	
SALES PRICE	125000.00	
LOAN TO VAL	90.00	
DOWN 10.0%	12500.00	
LOAN 30.0 YRS	112500.00	
MIP/FF 0.00	0.00	
INTEREST ONLY (Y/N)	N	
P&I/MO 10.50%	1029.08	
PROP TAX 1.00	104.16	
HOME INS 3.60	37.50	
MTG INS 0.520	48.75	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1219.49	
FRONT RATIO	27.09	THEY QUALIFY! because the guidelines were 28/36
BACK RATIO	34.32	

**TO PRINT:**

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

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

## FHA PREQUALIFICATION

**1. SOLVE FOR THE MAXIMUM SALES PRICE**

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 END 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 9% interest rate on a FIXED RATE FHA loan. They are MARRIED and have 2 CHILDREN. 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 [ENTER]
NON TAX INC.      0.00
TAXBL INC/MO     3200.00  Input 3200
MARRIED (Y/N)?   Y
EXEMPTIONS       4.00
FHA=1 VA=2 CONV=3  1
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!

FHA CONDO (Y/N)?  N
DENVER=1 BOULDER=2  1
WELD=3 MAX UNITS=4  ?
LOAN TO VAL      101.00
FRONT RATIO      29.00
BACK RATIO       41.00
LOAN 30.0 YRS   0.00  [ENTER]
P&I/MO 9.00%    0.00  Input 9
PROP TAX 1.00    0.00  [ENTER]
HOME INS 3.60   0.00  [ENTER]
MTG INS 0.500   0.00  [ENTER]
ASSOC FEE/MO    0.00  [ENTER]
SALES PRICE     91624.13  Round to 91600
FHA CONDO (Y/N)?  N
DENVER=1 BOULDER=2  1
WELD=3 MAX UNITS=4  ?
LOAN TO VAL     101.00
DOWN 2.40%      2200.00
LOAN 30.0 YRS   89400.00
MIP/FF 1.50     1341.00
= TOTAL LOAN    90741.00
P&I/MO 9.00%    730.12
PROP TAX 1.00   76.33
HOME INS 3.60   27.48
MTG INS 0.500   37.25

```

ASSOC FEE/MO	0.00	
TOTAL PMT/MO	871.18	
FRONT RATIO	27.22	Below 29 is generally considered good
BACK RATIO	40.50	The 41 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 lower 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 single factor except perhaps, bad 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	
NON TAX INC.	0.00	
TAXBL INC/MO	0.00	Input 0
MARRIED (Y/N)?	Y	
EXEMPTIONS	3.00	
FHA=1 VA=2 CONV=3	1	
SALES PRICE	123000.00	Input 123000 as the Sales Price is known
FHA CONDO (Y/N)?	N	
DENVER=1 BOULDER=2	1	
WELD=3 MAX UNITS=4	?	
LOAN TO VAL	101.00	
FRONT RATIO	29.00	
BACK RATIO	41.00	
DOWN 2.35%	2900.00	
LOAN 30.0 YRS	120100.00	
MIP/FF 1.50	1801.50	
P&I/MO 9.50%	1025.01	Input 9.5
PROP TAX 1.00	102.50	
HOME INS 3.60	36.90	
MTG INS 0.500	50.04	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	1214.45	
TAXBL INC/MO	4187.77	<b>THIS IS THE INCOME NEEDED TO QUALIFY FOR THE 123,000 SALES PRICE</b>

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

MARRIED (Y/N)?	Y
EXEMPTIONS	3.00
FHA=1 VA=2 CONV=3	1
SALES PRICE	123000.00
FHA CONDO (Y/N)?	N
DENVER=1 BOULDER=2	1
WELD=3 MAX UNITS=4	?
LOAN TO VAL	101.00
DOWN 2.35%	2900.00
LOAN 30.0 YRS	120100.00
MIP/FF 1.50	1801.50
P&I/MO 9.50%	1025.01
PROP TAX 1.00	102.50
HOME INS 3.60	36.90
MTG INS 0.500	50.04
ASSOC FEE/MO	0.00
TOTAL PMT/MO	1214.45



FRONT RATIO                    29.00  
 BACK RATIO                    37.23

**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 maximum loan amount 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 41% as the limiting ratio  
 (Guideline for Borrower approval)

Your clients are considering a property purchase, using their **FULL VA ELIGIBILITY of \$240,000** (Lender's Note: \$240,000=60000 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 a credit card payments of \$100. The interest rate for a VA Fixed loan is currently at 9.50%.

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

PREQUAL

MONTHLY DEBT	390.00	
NON TAX INC.	0.00	
TAXBL INC/MO	3000.00	
MARRIED (Y/N)?	Y	
EXEMPTIONS	4.00	
FHA=1 VA=2 CONV=3	2	
SALES PRICE	0.00	You <u>must</u> <u>Input 0</u> to allow the computer to establish the correct sales price range ( <b>No matter what the display shows</b> )
MAINT+UTIL	0.22	
LOAN TO VAL	102.00	Input 102 to allow for the VA Funding Fee
BACK RATIO	41.00	You may change this ratio.
LOAN 30.0 YRS	0.00	[ENTER]
P&I/MO 9.50%	0.00	Input 9.5
PROP TAX 1.00	0.00	[ENTER]

HOME INS 3.60	0.00	[ENTER]
ASSOC FEE/MO	0.00	[ENTER]
SALES PRICE	86508.34	Round down to nearest \$50 <b>86500</b>
MAINT+UTIL	190.30	
ELIGIBILITY	240000.00	
LOAN TO VAL	102.00	
DOWN 0.0%	0.00	
LOAN 30.0 YRS	86500.00	
MIP/FF 2.20	1903.00	
= TOTAL LOAN	88403.00	
P&I/MO 9.50%	743.34	
PROP TAX 1.00	72.08	
HOME INS 3.60	25.95	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	841.37	
FED TAX / MO	135.20	
STATE/FICA	279.91	
RESIDUAL INC	1163.21	Actual Residual Income. Refer to the Residual Income Chart to be sure that it doesn't fall below the required amount.
BACK RATIO	41.04	

**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 MUST:**

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

BEFORE YOU BEGIN ANOTHER REFI OR ANY OTHER PROGRAM!

The programs will not operate properly if you do not follow these instructions!

### FHA "NO CASH OUT" OR "BREAK EVEN"

Your client wishes to refinance his existing loan (\$50,000 at 13.00%) with a new FHA 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 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
APPRAISD VAL	85000.00
LOAN TO VAL	102.00
NET REFI AMT	0.00
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
FHA CONDO (Y/N)?	N
DENVER=1 BOULDER=2	1
WELD=3 MAX UNITS=4	?

LOAN 30.0 YRS	83000.00	Accept this amount. Your <b>REALPRO</b> will recalculate to give you the Break-Even loan amount.
MIP/FF 1.50	1245.00	
= TOTAL LOAN	84245.00	
P&I/MO 10.00%	739.31	Input 10
PROP TAX 0.70	50.00	Input 50
HOME INS 3.60	25.50	
MTG INS 0.500	34.58	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	849.39	[ENTER]
PI ADJ 10.00%	739.31	
0 or ?		Input 0 [ENTER]
Buyers		[ENTER]
ORIG/PTS 1.0	830.00	
DISC PTS 2.0	1684.90	
30 DYS OWED	534.24	
HOME WARRNTY	0.00	
RECORDING	65.00	
TITLE FEES	749.00	
CLOSING FEE	155.00	
SURVEY	20.00	
APPRAISAL	350.00	
CREDIT REPRT	100.00	
DOC PREP	150.00	
0 MOS TAX	0.00	Input 0. There may already be an impound account.
14 MOS INS	357.00	Input 14 for a new policy and impounds.
30 DAYS INT	692.42	
2 MO MTG INS	69.16	
MISC/PROCESS	250.00	
***** THE BREAK EVEN LOAN AMOUNT IS NOW BEING CALCULATED *****		
LOAN 30.0 YRS	54909.00	
MIP/FF 1.50	823.63	
= TOTAL LOAN	55732.63	
P&I/MO 10.00%	489.09	Input 10
PROP TAX 0.70	50.00	Input 50
HOME INS 3.60	25.50	
MTG INS 0.500	22.87	
ASSOC FEE/MO	0.00	
TOTAL PMT/MO	587.47	[ENTER]
PI ADJ 10.00%	489.09	
0 or ?		Input 0 [ENTER]
Buyers		[ENTER]
ORIG/PTS 1.0	549.09	
DISC PTS 2.0	1114.65	
30 DYS OWED	534.24	
HOME WARRNTY	0.00	
RECORDING	65.00	
TITLE FEES	749.00	
CLOSING FEE	155.00	
SURVEY	20.00	
APPRAISAL	350.00	
CREDIT REPRT	100.00	
DOC PREP	150.00	
0 MOS TAX	0.00	Input 0. There may already be an impound account.
14 MOS INS	357.00	Input 14 for a new policy and impounds.
30 DAYS INT	458.07	
2 MO MTG INS	45.75	
MISC/PROCESS	250.00	
=ABOVE COSTS	4897.82	
NET REFI	11.17	
A.P.R. AS %	10.75	

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