



# NEW TO LENDING

GMCC Mortgage Consultant basic training

01/23/2023

# What is Conventional Loans?

---

Main difference between a conventional loan and other types of mortgages is that a conventional loan isn't made by or insured by a government entity

# What is FHA and VA loan?

Government loans include FHA and VA loans.

FHA loan is insured by the government.

Minimum down payment is 3.5%.

VA loan is backed by the government.

Minimum down payment can be \$0 to qualifying veterans.

# What is 1003?

1003 = Loan application

## Uniform Residential Loan Application

Verify and complete the information on this application. If you are applying for this loan with others, each additional Borrower must provide information as directed by your Lender.

# What is Fixed Rate?

**L3. Mortgage Loan Information**

**Mortgage Type Applied For**

Conventional     USDA-RD  
 FHA     VA     Other: \_\_\_\_\_

**Amortization Type**

Fixed Rate     Other (explain): \_\_\_\_\_  
 Adjustable Rate

**If Adjustable Rate:**  
Initial Period Prior to First Adjustment \_\_\_\_\_ (months)  
Subsequent Adjustment Period \_\_\_\_\_ (months)

**Loan Features**

Balloon / Balloon Term \_\_\_\_\_ (months)  
 Interest Only / Interest Only Term \_\_\_\_\_ (months)  
 Negative Amortization  
 Prepayment Penalty / Prepayment Penalty Term \_\_\_\_\_ (months)  
 Temporary Interest Rate Buydown / Initial Buydown Rate \_\_\_\_\_ %  
 Other (explain): \_\_\_\_\_

A fixed-rate mortgage is a mortgage loan that has a fixed interest rate for the entire term of the loan

No. of Months: 120 = 10 years amortization term

No. of Months: 180 = 15 years amortization term

No. of Months: 240 = 20 years amortization term

No. of Months: 300 = 25 years amortization term

No. of Months: 360 = 30 years amortization term

# What is ARM?

**Adjustable Rate Mortgages** are a fixed and variable rate hybrid. They require fixed-rate interest in the first few years of the loan followed by variable rate interest after that.

No. of Months: 360 = 30 years

ARM type

**3/1 ARM** = (3 year ARM) a 30-year mortgage that the rate is fixed for a period of 3 years then adjusts each year. “3”=number of initial years with a fixed rate, then “1”=how often the rate adjusts after the initial period.

**5/1 ARM**

**7/1 ARM**

**10/1 ARM**

**15/1 ARM**

# What is O/O?

---

O/O = Owner Occupied (Primary  
Residence)

# What is 2<sup>nd</sup> Home?

**2<sup>nd</sup> Home = Secondary Residence  
(typically, used as vacation home;  
located in a resort or vacation area like  
ocean or mountain; a certain distance  
from primary residence)**



# What is N/O/O?

---

**N/O/O = Non-Owner Occupied  
(Investment or rental property)**

# What is Agency Loan?

Agency simply means that the loan is backed by either Fannie Mae or Freddie Mac.

# Maximum Loan Amount for 2023

Conforming Loan = the term “conforming” is most often used when speaking specifically about the mortgage amount, which must fall under the table below for 2022, known as conforming-loan limit.

The following table contains the baseline (also known as “general”) loan limits for 2023.

Units	Baseline Loan Limits	
	Contiguous States, District of Columbia, and Puerto Rico	Alaska, Guam, Hawaii, and U.S. Virgin Islands
One	\$726,200	\$1,089,300
Two	\$929,850	\$1,394,775
Three	\$1,123,900	\$1,685,850
Four	\$1,396,800	\$2,095,200

# Maximum Loan Amount for 2023

Super-conforming Loan = High Balance Loan = The property had to be located in a recognized high-balance mortgage county. The maximum loan amount will be based on the table below.

Units	High-Cost Area Loan Limits*	
	Contiguous States, District of Columbia, and Puerto Rico	Alaska, Guam, Hawaii, and U.S. Virgin Islands
One	\$1,089,300	Not Applicable
Two	\$1,394,775	
Three	\$1,685,850	
Four	\$2,095,200	

\* Several states (including Alaska and Hawaii), Guam, Puerto Rico, and the U.S. Virgin Islands do not have any high-cost areas in 2023.

# What is Jumbo Loan?

**Jumbo** = Loans above the conforming  
loan limit = Non-conforming Loan  
= Non-agency Loan  
= Loan amount \$726,200 + \$1

**True Jumbo** = Loan amount \$1,089,300  
+ \$1

So for loan amount between \$726,200 - \$1,089,300, you  
have choice to go with High Balance Loan or Jumbo Loan.  
Some jumbo programs can go lower than \$726,200.

# What is FICO?

FICO scores are commonly used by lenders. You have **FICO® Scores** from each of the three **credit** bureaus—Experian, TransUnion and Equifax. Each **score** is based on information the **credit** bureau keeps on file about you

	Experian	TransUnion	Equifax
Bureau Scores	734	780	768

**Exceptional:** 800+

**Very good:** 740 to 799

**Good:** 670 to 739

**Fair:** 580 to 669

**Poor:** 579 and below

EXPERIAN

PO BOX 2002

ALLEN, TX 75013

888-397-3742

[www.experian.com/reportaccess](http://www.experian.com/reportaccess)

TRANSUNION

PO BOX 2000

CHESTER, PA 19016

800-916-8800

[transunion.com/myoptions](http://transunion.com/myoptions)

EQUIFAX

PO BOX 740241

ATLANTA, GA 30374

800-685-1111

[www.equifax.com/fcra](http://www.equifax.com/fcra)

# What is LTV?

**LTV** = Loan-to-Value ratio  
= Loan amount ÷ Property appraisal  
value

## Example:

- Property only has ONE lien
- Loan amount = \$400,000
- Appraisal Value = \$500,000
- $LTV = \$400,000 / \$500,000 = 80\%$

# What is CLTV?

**CLTV** = Combined Loan-to-Value  
ratio

= (1<sup>st</sup> loan amount + 2<sup>nd</sup> loan/line  
amount) ÷ Property appraisal value



# What is CLTV?

## Example:

- Property has First Lien at \$300,000
- Property has 2<sup>nd</sup> HELOC or HELOAN at \$100,000
- Appraisal Value is \$500,000
- LTV =  $\$300,000 / \$500,000 = 60\%$
- CLTV =  $(\$300,000 + \$100,000) / \$500,000 = 80\%$

# What is HELOC/HELOAN?

Home Equity Loan = Uses the equity of the home as collateral. Home equity loan creates a lien against borrower's house and reduces actual home equity. Home Equity Loans come in two types:

- Closed end = HELOAN
- Open end = HELOC (line of credit)

Both are usually referred as “2<sup>nd</sup> Mortgages”

# What is PITI(A)?

**P = Principal**

**I = Interest**

**T = Property taxes**

**I = Hazard Insurance premium + Flood  
Insurance premium if applicable +  
Mortgage insurance premium if  
applicable**

**A = Association dues or other monthly  
assessment fees**

# What is DTI?

Housing Expense  
Ratio

= Front-end Ratio

= Front Ratio

**PITIA** / Gross  
Monthly Income

DTI = Debt-To-Income  
ratio

= Total Debt Ratio

= Back-end Ratio

= Back Ratio

(**PITIA + Other  
Liabilities**) / Gross  
Monthly Income

Other Liabilities = auto loan/lease, credit  
cards, rent, etc

Living expenses do not count, like gas, cable,  
groceries

# GMCC Protocol

All communications will require using GMCC's email. All major investors won't reply if it's not from company email. And please help to include your NMLS number and DRE license number on your email signature with your contact information.

# GMCC Protocol

**Your #1 powerful tools**

**Mtgpricing.com (EPPS)**

**LoanNex**

**GMCC FLEX Rate Sheet**

**GMCC Celebrity Rate Sheet**

Before sending the questions, please **run mtgpricing.com / LoanNex** and **check Rate Sheets** for the basic information and roughly investors.

# GMCC Protocol

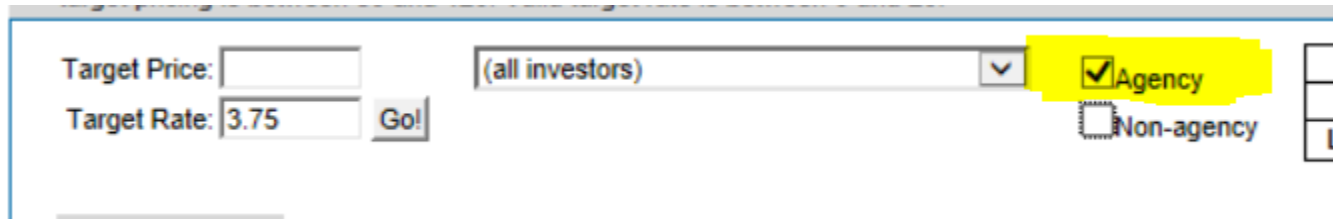
## **ATTENTION**

**Please provide 5 Basic information when you ask questions:**

1. Loan Amount
2. LTV
3. FICO
4. Property Use (O/O, 2<sup>nd</sup> home or N/O/O)
5. CHALLENGE in brief and clear description

# GMCC Protocol

If you have questions	Answers
For <u>IN-HOUSE AGENCY</u> loans	<b>Email:</b> <b>ask@gmccloan.com</b>
For <u>GMCC combo</u> with in house 1 <sup>st</sup> & 2 <sup>nd</sup>	



Target Price:  (all investors)  Agency  Non-agency

Target Rate:



# GMCC Protocol

If you have questions	Answers
For All GMCC In House JUMBO	<b>Email:</b> <b><a href="mailto:askjumbo@gmccloan.com">askjumbo@gmccloan.com</a></b>

All guidelines and presentations are available on [www.gmccloan.net](http://www.gmccloan.net) (**login required**)

Please email [itsupport@gmccloan.com](mailto:itsupport@gmccloan.com) if you need login.

# GMCC Protocol

If you have questions	Answers
For All Non-QM loans	<b>Email:</b> <b><a href="mailto:asknonqm@gmccloan.com">asknonqm@gmccloan.com</a></b>

All guidelines and presentations are available on [www.gmccloan.net](http://www.gmccloan.net) (**login required**)

Please email [itsupport@gmccloan.com](mailto:itsupport@gmccloan.com) if you need login.

# GMCC Protocol

---

**STILL not sure?**

**[production@gmccloan.com](mailto:production@gmccloan.com)**

Email production team to get direction, but not for underwriting.

# GMCC Resources

---

**<http://www.gmccloan.net/home/loforms/>**

**<https://www.mgic.com/training>**