

# I'M 30ISH



## *WEBINAR SERIES*

TOPIC 4: HOMES AND MORTGAGES



# I'm 30ish Webinar Series

## Homes and Mortgages

### Agenda

- Where to start the buying process
- Mortgages 101
- Current environment
- Rules of thumb
- Poll/Q&A

# Disclaimer

The content written and spoken in this presentation is for informational purposes only and not written or intended as financial, tax, or legal advice. You are encouraged to seek financial, tax and legal advice from your professional advisors. The information contained in this material has been derived from sources believed to be reliable, but is not guaranteed as to accuracy and completeness and does not purport to be a complete analysis of the materials discussed.



Justin is a Branch Manager for Cross Country Mortgage and is a former financial advisor. He is fulfilled by helping his clients create wealth through real estate by purchasing homes or refinancing their current mortgage.

In his spare time, Justin is a die-hard sports fan. He loves anything sports-related and you can find him on the air Friday nights during the fall as he is the color analyst for the Carroll Dragon football radio broadcast.

He and his wife, Erin, have been married for 6 years. They have two sons, Walker (2) and Beau (0), and two German Shepherds, Hallie and Hunter.



# YOUR *Personal* HOMEBUYING GUIDE



## *Congratulations!*

Buying a house is exciting and a huge step forward for you. Whether it's your first home, a luxury home or an investment property, you're putting yourself in position to enjoy all sorts of personal and financial benefits.

Before you begin your journey, some preparation is in order. Planning ahead for your home purchase is the key to an easier and more successful process. Let's jump into it!

## THE ROAD TO **HOMEOWNERSHIP**



### 1. GET PRE-APPROVED

A pre-approval shows you've spoken to a lender and considered the next steps. This can give you an advantage over other home shoppers.



### 4. APPLY FOR A MORTGAGE

Your application will provide us with any remaining financial information we'll need and lock your interest rate until the closing date.



### 2. FIND A HOME

Meet with your agent to determine your wants and needs. Go in search of your perfect home 3 - 6 months before you intend to buy.



### 5. UNDERWRITING & APPRAISAL

We'll verify your application information, assess your credit and collateral, and order an appraisal to ensure you're not overpaying.



### 3. MAKE AN OFFER

Once you've found your dream home, work with your agent to negotiate a price and schedule a home inspection.



### 6. CLOSING

Time to celebrate! After all of the paperwork is signed, you'll receive the keys to your new home!

### *Documentation we'll need for your pre-approval:*

- ▶ A copy of your photo ID
- ▶ Two most recent pay stubs
- ▶ Two most recent and complete bank statements
- ▶ Two most recent and complete tax returns
- ▶ Two most recent W-2s (self-employed borrowers may need to provide additional documentation)

# HOME BUYING TIPS

## DO

- ✓ Get pre-approved so you can make a strong offer.
- ✓ Be thorough and honest on your application.
- ✓ Continue to pay your rent or mortgage, loans and credit cards on time.
- ✓ Keep your current job and income, and contact us right away if either one changes.
- ✓ Have your important documents handy (especially your W-2s, tax returns and pay stubs).

## DON'T

- ✗ Make any major purchases (furniture, cars, boats, those sorts of things).
- ✗ Apply for new credit accounts, close existing accounts or co-sign loans for others.
- ✗ Make large cash deposits into your bank account other than your paycheck.
- ✗ Spend your down payment or closing cost money.
- ✗ Plan a vacation during your loan process.

## MORTGAGE GLOSSARY

### Adjustable Rate Mortgage (ARM)

A mortgage loan with an interest rate that is fixed for a period of time and then adjusts annually as agreed to at the inception of the loan.

### Conforming Loan

A loan for up to \$510,400 in the continental United States (\$765,600 in high-cost areas, Hawaii and Alaska).

### Private Mortgage Insurance (PMI)

Paid by a borrower to protect the lender in case of default. PMI is typically charged to the borrower when the loan-to-value is greater than 80%.

### Qualifying Ratios

Two ratios used to determine whether a borrower qualifies for a mortgage. The top or front ratio calculates the borrower's monthly housing costs as a percentage of monthly income. The back or bottom ratio includes housing costs as well as other monthly debt.

### Non-Conforming

A mortgage amount that exceeds that which is eligible for purchase by Fannie Mae or Freddie Mac. All loans above this amount are considered to be non-conforming or jumbo loans.

### Transfer Tax

State or local tax payable when the title passes from one owner to another.

### Truth-In-Lending

A federal law that requires lenders to fully disclose in writing the terms and conditions of a mortgage including the annual percentage rate (APR) and other charges.

### Underwriting

The process of evaluating a loan application to determine the risk involved for the lender. It involves an analysis of the borrower's ability and willingness to repay the debt and the value of the property.

## CrossCountry Mortgage:

*A lender you can count on.*

- ▶ We listen to you, assess your needs and recommend the best loan option for your immediate and long-term financial goals.
- ▶ We offer competitive rates and a broad portfolio of traditional and niche loan products to serve virtually every mortgage situation.
- ▶ We deliver closings in as few as 21 days with a highly efficient process driven by advanced, innovative mortgage technology.



**Justin Padron**  
Originating Branch Manager  
NMLS# 1661929  
Office: 817-754-1498  
Mobile: 817-913-6892  
justin.padron@myccmortgage.com  
www.padronisms.com  
850 Reserve Street, Suite 190 & 250, Office 241  
Southlake, TX 76092



Where to start?



Justin Padron  
 Cross Country Mortgage  
 Mortgage Banker  
[justin.padron@myccmortgage.com](mailto:justin.padron@myccmortgage.com)  
 NMLS #1661929  
 Direct: 817.913.6892  
 550 Reserve St. #190  
 Southlake, TX 76092  
<http://www.padronloans.com>



## Buying \$500,000 vs. Renting

My Property (Tarrant County, TX)

### Estimated Cashflow

	Buying Yr1	Rent Yr1	Rent Yr7
Monthly P & I	\$1,958	\$2,945	\$3,748
Prop. Tax / Ins.	\$1,223	\$55	\$70
Maint. & Repairs	\$200	\$0	\$0
Monthly Exp.	\$3,381	\$3,000	\$3,818
<b>Total Cashflow</b>	<b>\$288,730</b>		<b>\$284,594</b>
Interest Rate	APR 3.250%	Annual Rental Increase 4.1%	
	3.678%		



### Cashflow Difference

**-\$4,136**

### Appreciation Gain

**\$128,576**

Starting Home Value:	\$500,000
Historical Appreciation (Avg./Yr):	3.32%
Estimated Value After 7 Years:	\$628,576

### Amortization Gain

**\$69,663**

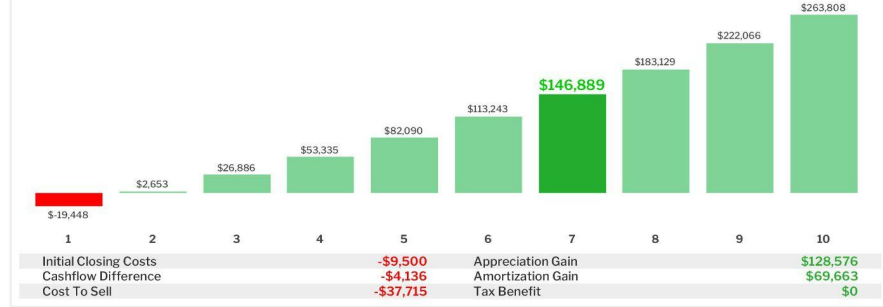
Original Loan Amount:	\$450,000
Remaining Principal Balance:	\$380,337

**Cost To Sell \$37,715**  
 Real Estate Commission: 6%  
 Based on \$628,576 Future Value after 7 Years

**Tax Benefit \$0**  
 Standard Deduction \$25,100 in 22% Tax Bracket Benefit Above  
 Standard Deduction after 7 Years

## Net Gain by Buying a Home

**\$146,889**



Equal Housing Opportunity: CrossCountry Mortgage, LLC is an NMLSR-Approved Lending Institution and is not acting on behalf of or at the direction of HUD or the Federal government. Actual payment obligations may be greater and vary over time. All terms are subject to change without notice. Loans are subject to underwriting guidelines and applicants' credit profile, not all applicants will be approved. Certain restrictions apply. Call for details. CrossCountry Mortgage, LLC, NMLS3029 ([www.mbs.com/uccmcc.com](http://www.mbs.com/uccmcc.com))

Loan and monthly payment buying scenarios used for informational purposes only and may not be specific to your situation. Rates expressed may not be available at this time. This document should not be construed as investment or mortgage advice or a commitment to lend. Your results may vary. There are no guarantees, promises, representations and/or assurances concerning the level of accuracy of any responses. For actual and current terms and rate information, please contact your broker directly. APR of 3.678% assumes a 3.250% single fixed interest rate assuming \$4,302 in fees included in APR. Monthly principal and interest payment based on a fully amortizing fixed-rate loan of \$450,000 with 360 monthly payments at the assumed single interest rate (Current as of 4/25/2024). \*Lender is not a tax consultation firm. Please seek advice from a tax professional. Source: MBS Highway Monthly expenses may or may not include condominium or HOA fees, if applicable, your payment may be greater.

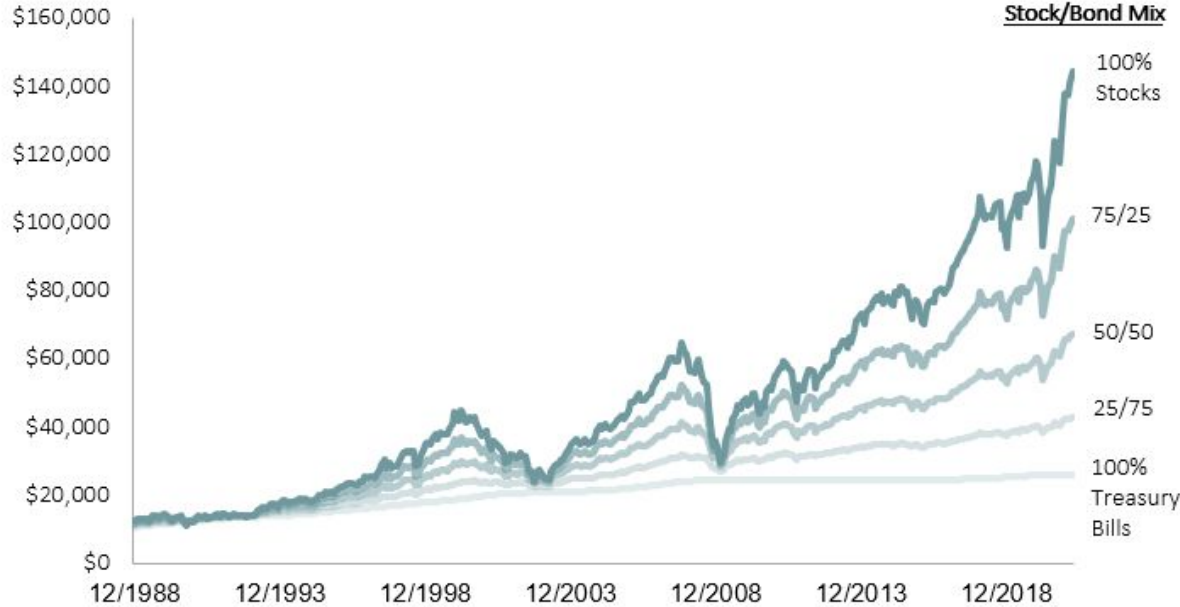
Powered By MBS Highway



# Start Saving and Investing

- If less than 1 year away:
    - Build up cash reserve.
    - Invest conservatively for age.
  - If more than 1 year away:
    - Invest appropriately for age.
-

## Growth of Wealth: The Relationship between Risk and Return



### Period Returns (%)

Asset Class	* Annualized					10-Year STDEV <sup>1</sup>
	YTD	1 Year	3 Years*	5 Years*	10 Years*	
100% Stocks	4.68	55.31	12.66	13.81	9.73	14.07
75/25	3.51	39.64	10.05	10.71	7.57	10.55
50/50	2.34	25.27	7.29	7.55	5.31	7.03
25/75	1.17	12.11	4.38	4.33	2.97	3.51
100% Treasury Bills	0.01	0.08	1.35	1.07	0.55	0.23

1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio. Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2021, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).



# Improve Credit Score

# Start Looking

- Find the areas you are interested in well in advance.
  - Speak to a Real Estate Agent.
  - Set alerts on websites and visit open houses.
-

# Mortgages 101

## Loan Types

FHA Loans

Conventional Loans

USDA Loans

VA Loans

Jumbo Loans

## Rate Types

Fixed Rate Mortgage  
(30 yr / 15 yr)

Adjustable Rate Mortgage  
(5/1, 7/1)

- Pre-Qualify vs Pre-Approve?
- Do I have to put 20% down?... PMI?
- What is an Escrow... Do I have to?
- Mortgage/Discount points?





# Current Environment



# Primary Mortgage Market Survey®

U.S. weekly averages as of 04/15/2021

**30-Yr FRM**  
**3.04%** | ▼ 0.09 1-Wk  
          | ▼ 0.27 1-Yr  
**0.7 Fees/Points**

**15-Yr FRM**  
**2.35%** | ▼ 0.07 1-Wk  
          | ▼ 0.45 1-Yr  
**0.7 Fees/Points**

**5/1-Yr ARM**  
**2.8%** | ▼ 0.12 1-Wk  
          | ▼ 0.54 1-Yr  
**0.4 Fees/Points**

Zoom 1Y 3Y 5Y **10Y** All

04/15/2011 - 04/15/2021  



## Dallas Housing Market Trends



Median Sale Price

**\$391,750**

+11.8% year-over-year

# of Homes Sold

**1,384**

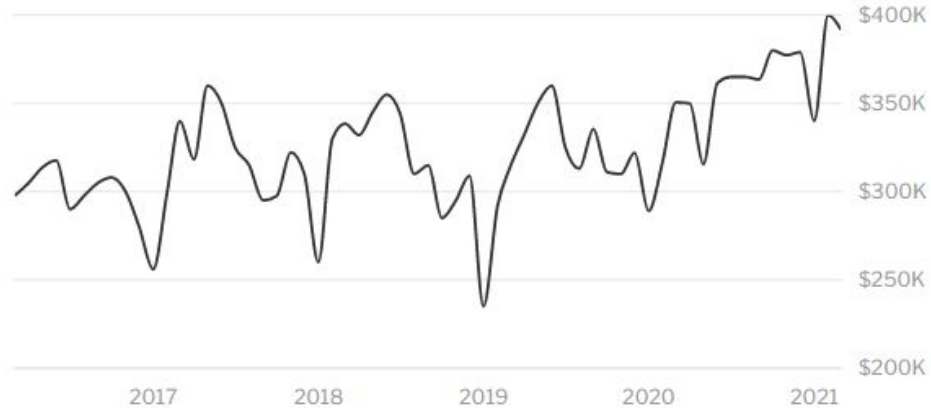
+26.4% year-over-year

Median Days on Market

**33**

-17.5% year-over-year

1 year 3 years **5 years**



# Rules of Thumb

- Rent (< 5 years) vs. Buy (> 5 years)
- Long term 4% growth (DFW higher)
- 2+ years of stable employment
- \$1-\$2/sqft for annual maintenance
- 28% rule (mortgage payment/gross income)
- ~2.5% DFW area property/school tax  
(APPLY FOR HOMESTEAD EXEMPTION ASAP)



Selected Plan

Advanced Plan - Apr 2021

**TECHNIQUES** Modify

No techniques added

**ADVANCED TECHNIQUES** Advanced | Modify

- Buy \$500,000 Home (20% down / 3% interest / \$10k costs)
- Living Expenses decrease by \$30,000
- Sell in 10 years (6% cost)

All On · All Off

Selected Report

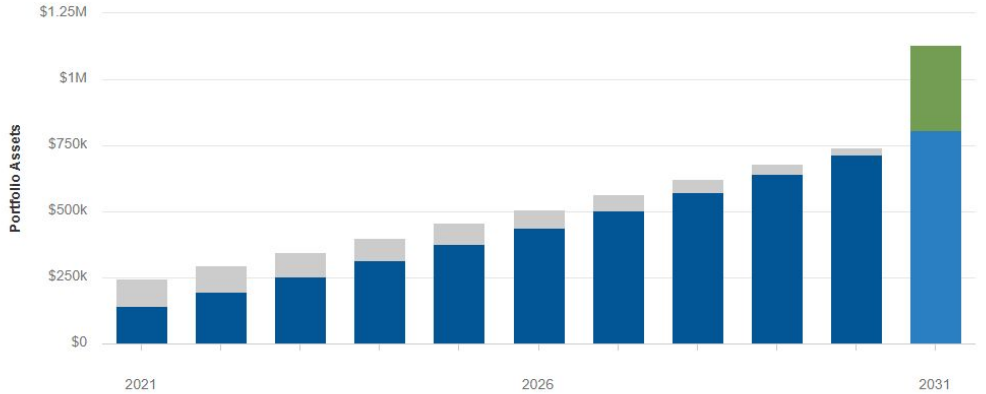
Lifetime Portfolio Value

Time Frame

Custom Years



Linear Projections Present Value



ASSETS LAST UNTIL  
**Age 100**

FUNDING GAINED  
**0 Years**

VALUE GAINED  
**+\$7,601,855**

Details by Year: 2031

40 MRR 40 MRS

	Portfolio Assets	Net Worth
BEFORE	\$807,604	\$807,604
AFTER	\$1,129,214	\$1,129,214
<b>NET</b>	<b>+\$321,610</b>	<b>+\$321,610</b>



Poll / Q&A

# I'M 30ISH



## WEBINAR SERIES

TOPIC 4: HOMES AND MORTGAGES

