Ultimate

HOMEBUYER'S HANDBOOK

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Synergy One Lending
THE MODERN MORTGAGE EXPERIENCE™

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THE 4 KEYS

There are four keys to unlocking a mortgage and securing your new home: Identity, Credit, Income, and DTI. To obtain a deeper understanding of the mortgage process, follow this guide.

- IDENTITY
- CREDIT
- INCOME
- DEBT TO INCOME

KEY #1 IDENTITY

You may believe that your identity only consists of the card in your wallet or handbag that states your address or height; however, your identity is much more specific as it relates to a home mortgage, because your lender needs to know exactly who you are and what you want to do with the property.

Three categories in your lender's identity profile include:

- Personal Identity
- Occupancy
- Co-Signer

PERSONAL IDENTITY

Your identity is the first key to unlocking your mortgage—you'll be able to utilize the next key when you determine which of these categories are applicable. To obtain a traditional qualifying mortgage, you must be one of the following:

- **US citizen**
- **Permanent resident**
- **DACA: Deferred Action for Childhood Arrivals***

There are loans and ways to purchase homes without a traditional loan, such as Non-Qualified Mortgage. **If you fall under this group, please contact me.

What type of homebuyer are you?

Who's a first-time homebuyer?
A person who has not owned or co-owned a home in the last three years. You may need to be a first-time homebuyer to qualify for many down payment assistance programs.

Who's a non-first time homebuyer?
Someone who has owned or co-owned a residence in the past three years.

Are you a Veteran?
Use VA Form 26-1880 to apply for a VA home loan Certificate of Eligibility (COE). You must bring the COE to your lender to demonstrate your eligibility for a VA home loan.

*As of January 19, 2021, the Federal Housing Administration (FHA) is allowing anyone classified under the Deferred Action for Childhood Arrivals (DACA) program and those legally permitted to work in the U.S. to apply for an FHA mortgage.

**A Non-Qualified Mortgage (Non-QM) is a loan that doesn't meet the standards of a qualified mortgage and uses non-traditional methods of income verification to help a borrower get approved for a home loan. These types of loans are for borrowers with unique income qualifying circumstances.

OCCUPANCY

Owner Occupied:

You intend to live in the house and must move in within 60 days of closing your loan, according to the terms of the Deed of Trust. You will also need to certify that you will reside in the home for a minimum of one year.

Investment Homes:

You intend to purchase the property to rent it to a tenant. If there are current occupants in the house or units, lenders will require a lease agreement.

Two types of investors: New & Seasoned

- **Seasoned -** A person who has owned an Investment property for more than two years claiming rental income on Schedule E of their taxes
- **New -** A person who has not owned an Investment property for two years

Second Homes:

A home you own that's not your primary residence, but whose primary function is not an investment property. To qualify as a second home, you must live in it for at least part of the year.

CO-SIGNER

The mortgage application and associated loan documentation are signed by a co-signer, who promises to be responsible for the debt. In other words, if the primary borrower (you) defaults on the payments, the 'co-signer' is equally liable and responsible for the mortgage debt.

The co-signers' income, assets, and credit history will be used alongside the primary borrowers to qualify for the loan. However, they will not have any rights to the property title or ownership. **Co-signers are also not required to live on the purchased property.**

Any additional borrower listed on the mortgage application whose income, assets, and credit history are used to qualify for the loan is referred to as a co-borrower (or co-applicant). Both co-borrowers share equal responsibility for mortgage payments and are usually listed on the title to the home. Typically, a co-borrower is a spouse or partner; however, a co-applicant can also be a friend or family member.

Co-borrowers can also be a non-occupying co-borrower. This means that they do not have to live in the home that the loan is for.

Now let's identify the qualities of a great co-signer:

- Good creditworthiness (Be sure they have the same or better credit than you because your lender will base the decision on the lowest middle score)
- Substantial employment (Someone who has been employed for 2, or more, years)
- Minimal debt (If they have too much debt, it can hinder your eligibility)
- Lives at home, rent-free or mortgage-free (you must include the debt of your co-signer if they have a mortgage or rent payment)

When using a co-signer/co-borrower, there are some general rules:

- A VA loan requires your spouse to be the other signer/borrower
- VA and FHA loans require you to factor in your spouse's liabilities
- If you are a co-signer on one loan and want to take out another mortgage to buy a new home, you need to wait 12 months and show a year of successful payments made by the primary borrower

Having a cosigner or co-borrower to buy a house is not a requirement but having one can boost your likelihood of getting approved, especially if they exhibit all the traits that make for a good co-signer or co-borrower.

KEY #2
CREDIT

There are three categories used to break down your credit. The most crucial factor is your credit score. Also, consider your public records, tradelines, monthly bills, and all liability restrictions.

After the credit breakdown, there will be a sample workbook to assist you in calculating your monthly liabilities.

CREDIT
CREDIT SCORE
PUBLIC RECORDS
LIABILITY TRADELINES

CREDIT SCORE

Your credit reports are created by the three major credit bureaus—Equifax, Experian, and TransUnion—and use scoring models like VantageScore and FICO to generate a score that normally ranges from 300-850. The credit bureaus can also use their proprietary models to determine your ratings.

Your credit score is usually determined by how often you make on-time payments and how many accounts you have in good standing. The middle of the three credit scores is used when assessing approval of your home loan. In addition, the lowest middle score for all loan applicants is chosen. Personal information such as race, gender, religion, marital status, or national origin will never be considered when calculating your score. If you need help with credit repair, we can be of service.

If you know your scores, make a note of them in these fields for future reference.

EQUIFAX	experian	TransUnion

PUBLIC RECORDS

Public records contain public data on your credit report as well as the discharge or dismissal dates from your most recent bankruptcy (BK), a short sale (SS), or foreclosure—the public record matrix will show if you've ever filed for bankruptcy.

	CHAPTER 7	CHAPTER 11	CHAPTER 13	SHORT SALES	FORECLOSURES	REPOS
VA	2+	2+	OK	2+	2+	2+
FHA	2+	2+	OK	3+	3+	2+
Conventional	4+	4+	2+	4+	7+	2+

All numbers depicted in years

Chapter 7

This section of the Bankruptcy Code addresses "liquidation," which is the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors.

Chapter 11

This section of the Bankruptcy Code generally allows for reorganization, which is usually done through a corporation or partnership. A chapter 11 debtor typically proposes a reorganization plan to keep its business running and pay creditors over time. Individuals or companies can also seek relief under Chapter 11.

Chapter 13

This section of the Bankruptcy Code addresses adjusting an individual's debts concerning regular income. Chapter 13 bankruptcy allows debtors to keep their property while repaying their debts over three to five years.

Short Sales

A short sale is the sale of real estate property for which the lender is prepared to accept less than the outstanding mortgage balance.

For a sale to be considered a short sale, these two things must be true:

- The homeowner must be so far behind on payments that they are unable to make up the difference.
- The housing market must have tanked to the point where the house is now worth less than the mortgage balance. The lender (and the homeowner) will usually try a short sale process to avoid foreclosure.

Foreclosures

Foreclosure is the legal process by which a lender attempts to recoup the amount owed on a defaulted loan by seizing and selling the mortgaged property. Typically, default occurs when a borrower fails to make a certain number of monthly payments. However, it can also happen when the borrower fails to meet other mortgage agreement terms.

Repos

A repo, also known as a repurchase agreement, is short-term borrowing for government securities dealers. In the case of repo, a dealer typically sells government securities overnight to investors and repurchases them the next day at a slightly higher price.

LIABILITY TRADELINES

Your credit accounts that are reported to credit reporting agencies are known as tradelines. Each tradeline offers extensive account information. Banks look at four different tradelines to figure out how you pay back debt, however, they do not look at the Not Applicable line items below.

REVOLVING	INSTALLMENT	MORTGAGE	DELINQUENT	N/A
CREDIT CARD	CAR LEASE	TRADITIONAL	DELINQUENT	UTILITIES
DEPARTMENT STORES	CAR PURCHASE	HELOC	COLLECTIONS	CELL PHONE
FURNITURE STORES	JEWELRY		TAX LIENS	CAR INSURANCE
BANK CREDIT	ELECTRONICS/ APPLIANCES		CHILD SUPPORT	HEALTH INSURANCE
OTHER	STUDENT LOANS		JUDGEMENT	MEDICAL COLLECTION

Revolving

The debt you've accumulated from your many revolving credit lines is referred to as revolving debt. Credit cards and lines of credit are the two most frequent types of revolving debt. Payments on revolving debt are not fixed each month and vary depending on your balance plus interest costs.

Installment

An installment debt is a loan paid back in regular installments by the borrower. In most cases, an installment loan is returned in equal monthly payments that include interest and a portion of the principal.

Mortgage

A mortgage is a debt instrument secured by the collateral of specified real estate property that the borrower must repay over time.

Delinquent

A debt becomes delinquent when a payment is not made by the due date, the end of the "grace period" specified in a loan or repayment arrangement, or when a debt is paid in installments.

N/A

These debts are not looked at by banks.

DEBT WORKSHEET
INSTRUCTIONS

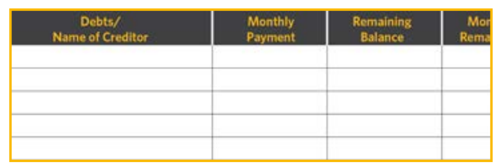
To ensure you don't forget anything, we've included a worksheet on the following page. Don't worry about filling every line. Use only the ones that are most applicable to your scenario.

Step 1. Total Income

Enter your monthly take-home income in the top right corner. This is the amount after taxes have been deducted.

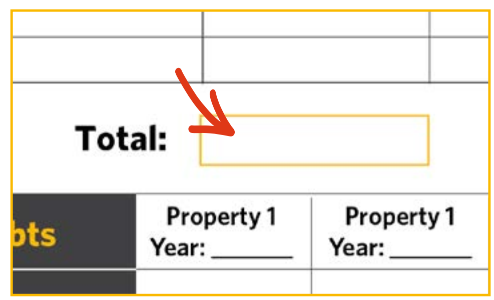
Step 2. Listing Out Debts

To add up all your monthly debts, fill in as many blank lines as necessary. Try to keep track of your monthly and overall amounts.



Step 3. Adding Up Total Debts

It's time to add those figures up. Verify your figures are correct by using a calculator.



Step 4. Omitted Obligations

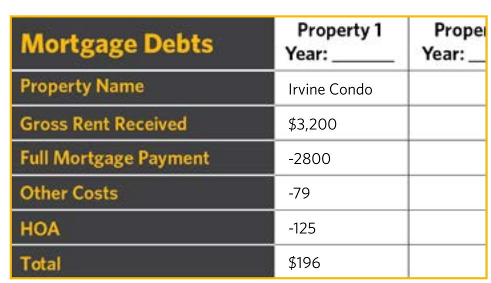
Banks and lenders aren't concerned about a few obligations. When calculating DTI, these will not be used against you.

These debts include:

- Installment payments under 10 months remaining (Conv only)
- Payments cannot be more than 5% of monthly gross income
- Medical collections
- Charge offs

Step 5. Mortgage Debts

Begin with the amount of rent you've received, then deduct your total mortgage payment, additional expenses, and HOA fees.



Mortgage Debts	Property 1 Year: ______	Prope Year: _
Property Name	Irvine Condo	
Gross Rent Received	$3,200	
Full Mortgage Payment	-2800	
Other Costs	-79	
HOA	-125	
Total	$196	

MONTHLY DEBT WORKSHEET

Revolving, Installment, Collections & Student Loans

Total Monthly Income	

Debts/ Name of Creditor	Monthly Payment	Remaining Balance	Months Remaining

Total:

Mortgage Debts	Property 1 Year: _______	Property 1 Year: _______	Property 2 Year: _______	Property 2 Year: _______
Property Name				
Gross Rent Received				
Full Mortgage Payment				
Other Costs				
HOA				
Total				

Total:

KEY #3 INCOME

Now, we'll need to verify proof of your eligible income. The most crucial advice we can give you is to fall in love with your payment plan first, then with the property. If this is your first home, you will most likely upgrade a few times in the future. Even if this is your permanent home, you may need to refinance in the future for several reasons. Your income determines your ability to repay debt. We've divided this category into four distinct groups for you.

TYPES OF INCOME
FIXED
RENTAL
SELF EMPLOYED
WAGE EARNER

FIXED INCOME

Fixed income is defined as a specific amount and does not rise or fall. That is, except for inflation, the amount received never changes. You must present (1) state records, (2) court-ordered paperwork, and (3) bank statements confirming deposits of the money into the account as proof of fixed income. Finally, you'll need to demonstrate documentation and two months of bank statements to prove that you will be receiving fixed income for at least the next three years.

- If you collect Permanent Disability income, you'll need to submit your Disability Award Letter for verification.
- If you collect Social Security income, you'll need to submit your Social Security Award Letter for verification.
- If you collect Pension Income, you must submit your Retirement Award Letter for verification.
- Court Ordered Income - Even if you receive less than the amount ordered by the court, you can utilize this to qualify. Under no circumstances can revenue from non-court-ordered agreements be included in your total income. If child support or alimony is not court-ordered, it is not guaranteed and cannot be tallied, no matter how long the other parent has dutifully paid it.
- If you're collecting child support, you'll need documentation that you'll be getting it for at least another three years (this can be found in the court order).
- Foster Care - You can utilize up to 25% of your foster care income. For instance, if you receive $5,000 a month in foster care, you can use $1,250 a month to qualify for a mortgage.
- If you are collecting Alimony income, a divorce decree is required to confirm the finalized arrangements of the divorce. It must be received for at least 6 months for conventional financing and 3 months for FHA loans.
- In some cases, if the fixed income is nontaxable, you can gross it up. The factor used to gross up the income will vary with the loan program.

NONTAXABLE GROSSED UP RATE	
Conventional / VA / USDA	125%
FHA	115%

RENTAL INCOME

Rental income is any payment you accept for the use or tenancy of a property. When it comes to this form of income, it's important to understand that it's not about how much money you make in rent, it is about how much money you have left after all the deductions and expenses, such as mortgage payments, taxes, insurance, and property upkeep. It's essentially your profit once all bills have been paid.

Here's a quick formula to help you determine your rental income profit:

________	–	________	–	________	–	________	=	________
Rents Received (Gross)		Costs (Net)		Mortgage Payment with Tax & Insurance		HOA (If Applicable)		Total

Rental income can be used to offset the mortgage payments on that property, but you must become a landlord. There are two types of landlords: new landlord & experienced landlord.

- Experienced landlords have a track record of receiving rental income for at least two years
- New landlords only have 0-2 years of rental income

If you're vacating a property, turning it into a rental, and then purchasing a new property, you can use up to 75% of the future/expected rental income when calculating your DTI for the new property.

SELF EMPLOYED INCOME

Part of the American Dream is to become a self-made success, often with the connotation that "self-made" means being self-employed and being successful means owning a home. Although, qualifying for a home with a self-employed income, on the other hand, can be difficult. This section will go over calculating your self-employed income to be eligible for a home loan.

4 Main Types of Self Employed Income:

- Sole Proprietorship (Schedule C)
- C-Corp (1120)
- S-Corp (1120-S)
- Limited Liability Corporation (1120 or 1120-S or 1065)

SOLE PROPRIETOR

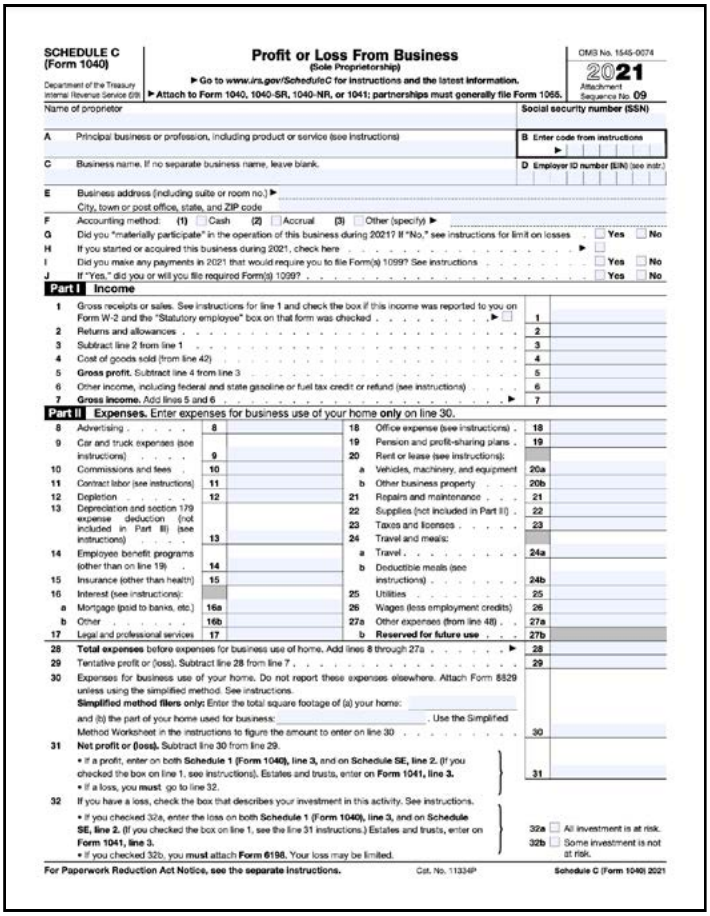
As a sole proprietor, you are the business. You can report all your business income and expenses on a Schedule C form—file this with your personal tax return form 1040. If you have more than one business, fill out a separate Schedule C form for each one.

Follow these steps to calculate a qualifying income for a Schedule C form:

- On the Schedule C form, line 31 is your 'Net Profit or Loss.'
- On page 1, part 11, line 12, Depletion. Add back to line 31.
- On page 1, part II, line 13, Depreciation. Add back to line 31.
- On page 1, part II, line 30, Business Expenses. Add back to line 31.
- On page 2, line 44a, Business miles. Multiply that by $.25. Then add back to line 31.

That will give you your total annual earnings.

- Lastly, take that sum and divide it by 12 to determine your monthly income.



SCHEDULE C (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)
▶ Go to www.irs.gov/ScheduleC for instructions and the latest information.
▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.

OMB No. 1545-0074
2021
Attachment Sequence No. 09

Name of proprietor | Social security number (SSN)

A Principal business or profession, including product or service (see instructions)
B Enter code from instructions
C Business name. If no separate business name, leave blank.
D Employer ID number (EIN) (see instr.)
E Business address (including suite or room no.) ▶
City, town or post office, state, and ZIP code
F Accounting method: (1) Cash (2) Accrual (3) Other (specify) ▶
G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses — Yes No
H If you started or acquired this business during 2021, check here ▶
I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions — Yes No
J If "Yes," did you or will you file required Form(s) 1099? — Yes No

Part I Income

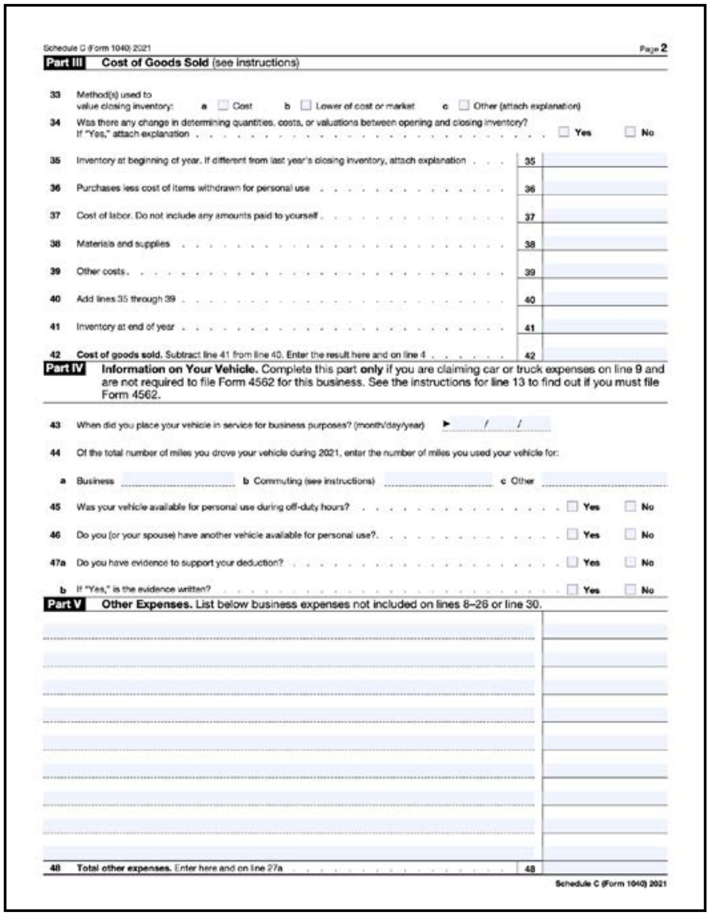
1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked ▶ — 1
2 Returns and allowances — 2
3 Subtract line 2 from line 1 — 3
4 Cost of goods sold (from line 42) — 4
5 **Gross profit.** Subtract line 4 from line 3 — 5
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) — 6
7 **Gross income.** Add lines 5 and 6 ▶ — 7

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8		18 Office expense (see instructions)	18	
9 Car and truck expenses (see instructions)	9		19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):		
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20a	
12 Depletion	12		b Other business property	20b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21 Repairs and maintenance	21	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	22	
15 Insurance (other than health)	15		23 Taxes and licenses	23	
16 Interest (see instructions):			24 Travel and meals:		
a Mortgage (paid to banks, etc.)	16a		a Travel	24a	
b Other	16b		b Deductible meals (see instructions)	24b	
17 Legal and professional services	17		25 Utilities	25	
			26 Wages (less employment credits)	26	
			27a Other expenses (from line 48)	27a	
			b **Reserved for future use**	27b	

28 **Total expenses** before expenses for business use of home. Add lines 8 through 27a ▶ — 28
29 Tentative profit or (loss). Subtract line 28 from line 7 — 29
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions.
Simplified method filers only: Enter the total square footage of (a) your home:
and (b) the part of your home used for business: . Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 — 30
31 **Net profit or (loss).** Subtract line 30 from line 29.
• If a profit, enter on both **Schedule 1 (Form 1040), line 3,** and on **Schedule SE, line 2.** (If you checked the box on line 1, see instructions). Estates and trusts, enter on **Form 1041, line 3.**
• If a loss, you **must** go to line 32. — 31
32 If you have a loss, check the box that describes your investment in this activity. See instructions.
• If you checked 32a, enter the loss on both **Schedule 1 (Form 1040), line 3,** and on **Schedule SE, line 2.** (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on **Form 1041, line 3.**
• If you checked 32b, you **must** attach **Form 6198.** Your loss may be limited.
32a All investment is at risk.
32b Some investment is not at risk.

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11334P **Schedule C (Form 1040) 2021**



Schedule C (Form 1040) 2021 Page **2**

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a Cost b Lower of cost or market c Other (attach explanation)
34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation — Yes No
35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation — 35
36 Purchases less cost of items withdrawn for personal use — 36
37 Cost of labor. Do not include any amounts paid to yourself — 37
38 Materials and supplies — 38
39 Other costs — 39
40 Add lines 35 through 39 — 40
41 Inventory at end of year — 41
42 **Cost of goods sold.** Subtract line 41 from line 40. Enter the result here and on line 4 — 42

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month/day/year) ▶ / /
44 Of the total number of miles you drove your vehicle during 2021, enter the number of miles you used your vehicle for:
a Business b Commuting (see instructions) c Other
45 Was your vehicle available for personal use during off-duty hours? — Yes No
46 Do you (or your spouse) have another vehicle available for personal use? — Yes No
47a Do you have evidence to support your deduction? — Yes No
b If "Yes," is the evidence written? — Yes No

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

48 **Total other expenses.** Enter here and on line 27a — 48

Schedule C (Form 1040) 2021

View Forms

C - CORP

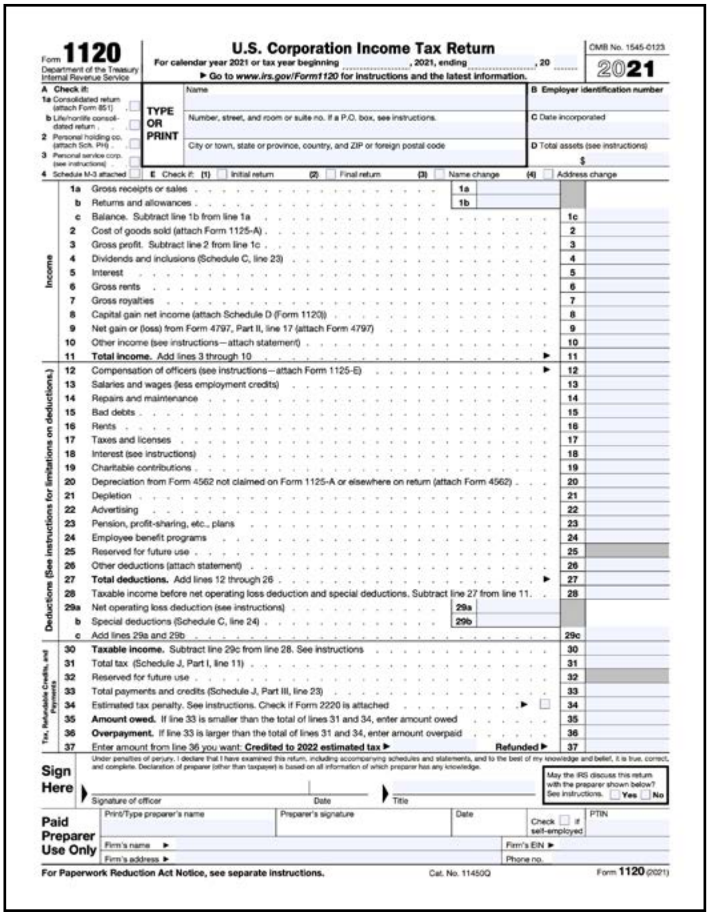
A C-Corp is a legal form for an organization where the owners, or shareholders, are taxed separately from the business.

Follow these steps to calculate usable income as a C-Corp:

- Look at your completed 1120 Form; line 30 is your Taxable income.
- On page 1, line 20, Depreciation. Add back to line 30.
- On page 1, line 21, Depletion. Add back to line 30.

That will give you your total annual earnings.

- Then on page 6, Schedule L, Line 17C. Subtract from line 30.
- Take that sum and divide by 12, giving your total monthly usable income.



Form 1120 — U.S. Corporation Income Tax Return — 2021
OMB No. 1545-0123
Department of the Treasury Internal Revenue Service
For calendar year 2021 or tax year beginning , 2021, ending , 20
▶ Go to www.irs.gov/Form1120 for instructions and the latest information.

A Check if: 1a Consolidated return (attach Form 851) b Life/nonlife consolidated return 2 Personal holding co. (attach Sch. PH) 3 Personal service corp. (see instructions) 4 Schedule M-3 attached
TYPE OR PRINT — Name; Number, street, and room or suite no. If a P.O. box, see instructions.; City or town, state or province, country, and ZIP or foreign postal code
B Employer identification number
C Date incorporated
D Total assets (see instructions) $
E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income
1a Gross receipts or sales
b Returns and allowances
c Balance. Subtract line 1b from line 1a
2 Cost of goods sold (attach Form 1125-A)
3 Gross profit. Subtract line 2 from line 1c
4 Dividends and inclusions (Schedule C, line 23)
5 Interest
6 Gross rents
7 Gross royalties
8 Capital gain net income (attach Schedule D (Form 1120))
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)
10 Other income (see instructions—attach statement)
11 **Total income.** Add lines 3 through 10

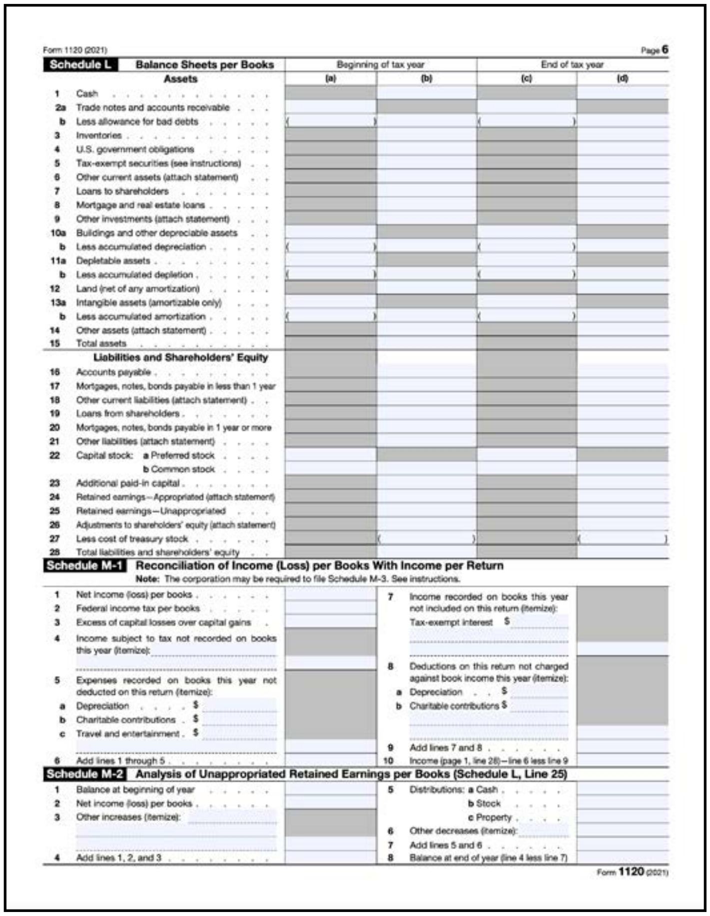
Deductions (See instructions for limitations on deductions.)
12 Compensation of officers (see instructions—attach Form 1125-E)
13 Salaries and wages (less employment credits)
14 Repairs and maintenance
15 Bad debts
16 Rents
17 Taxes and licenses
18 Interest (see instructions)
19 Charitable contributions
20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)
21 Depletion
22 Advertising
23 Pension, profit-sharing, etc., plans
24 Employee benefit programs
25 Reserved for future use
26 Other deductions (attach statement)
27 **Total deductions.** Add lines 12 through 26
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11.
29a Net operating loss deduction (see instructions)
b Special deductions (Schedule C, line 24)
c Add lines 29a and 29b

Tax, Refundable Credits, and Payments
30 **Taxable income.** Subtract line 29c from line 28. See instructions
31 Total tax (Schedule J, Part I, line 11)
32 Reserved for future use
33 Total payments and credits (Schedule J, Part III, line 23)
34 Estimated tax penalty. See instructions. Check if Form 2220 is attached
35 **Amount owed.** If line 33 is smaller than the total of lines 31 and 34, enter amount owed
36 **Overpayment.** If line 33 is larger than the total of lines 31 and 34, enter amount overpaid
37 Enter amount from line 36 you want: **Credited to 2022 estimated tax** ▶ Refunded ▶

Sign Here — Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
Signature of officer — Date — Title — May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Paid Preparer Use Only — Print/Type preparer's name; Preparer's signature; Date; Check if self-employed; PTIN; Firm's name ▶; Firm's EIN ▶; Firm's address ▶; Phone no.

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11450Q Form 1120 (2021)



Form 1120 (2021) Page 6

Schedule L — Balance Sheets per Books — Beginning of tax year (a) (b); End of tax year (c) (d)

Assets
1 Cash
2a Trade notes and accounts receivable
b Less allowance for bad debts
3 Inventories
4 U.S. government obligations
5 Tax-exempt securities (see instructions)
6 Other current assets (attach statement)
7 Loans to shareholders
8 Mortgage and real estate loans
9 Other investments (attach statement)
10a Buildings and other depreciable assets
b Less accumulated depreciation
11a Depletable assets
b Less accumulated depletion
12 Land (net of any amortization)
13a Intangible assets (amortizable only)
b Less accumulated amortization
14 Other assets (attach statement)
15 Total assets

Liabilities and Shareholders' Equity
16 Accounts payable
17 Mortgages, notes, bonds payable in less than 1 year
18 Other current liabilities (attach statement)
19 Loans from shareholders
20 Mortgages, notes, bonds payable in 1 year or more
21 Other liabilities (attach statement)
22 Capital stock: a Preferred stock; b Common stock
23 Additional paid-in capital
24 Retained earnings—Appropriated (attach statement)
25 Retained earnings—Unappropriated
26 Adjustments to shareholders' equity (attach statement)
27 Less cost of treasury stock
28 Total liabilities and shareholders' equity

Schedule M-1 — Reconciliation of Income (Loss) per Books With Income per Return
Note: The corporation may be required to file Schedule M-3. See instructions.
1 Net income (loss) per books
2 Federal income tax per books
3 Excess of capital losses over capital gains
4 Income subject to tax not recorded on books this year (itemize):
5 Expenses recorded on books this year not deducted on this return (itemize): a Depreciation $; b Charitable contributions $; c Travel and entertainment $
6 Add lines 1 through 5
7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $
8 Deductions on this return not charged against book income this year (itemize): a Depreciation $; b Charitable contributions $
9 Add lines 7 and 8
10 Income (page 1, line 28)—line 6 less line 9

Schedule M-2 — Analysis of Unappropriated Retained Earnings per Books (Schedule L, Line 25)
1 Balance at beginning of year
2 Net income (loss) per books
3 Other increases (itemize):
4 Add lines 1, 2, and 3
5 Distributions: a Cash; b Stock; c Property
6 Other decreases (itemize):
7 Add lines 5 and 6
8 Balance at end of year (line 4 less line 7)

Form 1120 (2021)

[View Forms](#)

S - CORP

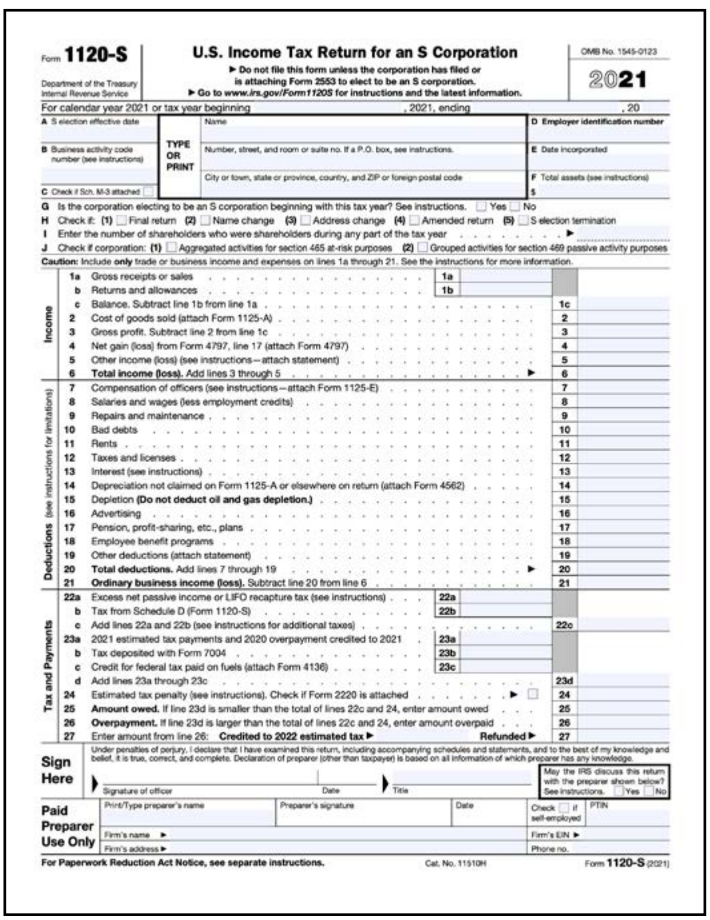
An S corporation, also known as an S subchapter, is a domestic corporation not having more than 100 shareholders. It includes only eligible shareholders having only one class of stock.

To calculate usable income as a S-Corp:

- Look at your completed 1120-S Form, line 21, Ordinary business income.
- On page 1, line 12, Depreciation. Add back to line 21.
- On page 1, line 15, Depletion. Add back to line 21.

That will give you your total yearly net income.

- Then on page 4, Schedule L, Line 17C. Subtract from line 21.
- Take that sum and divide by 12 and that will give you the total monthly usable income.



Form **1120-S**
Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation
► Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
► Go to *www.irs.gov/Form1120S* for instructions and the latest information.

OMB No. 1545-0123
2021

For calendar year 2021 or tax year beginning , 2021, ending , 20

A S election effective date
B Business activity code number (see instructions)
C Check if Sch. M-3 attached
TYPE OR PRINT — Name; Number, street, and room or suite no. If a P.O. box, see instructions.; City or town, state or province, country, and ZIP or foreign postal code
D Employer identification number
E Date incorporated
F Total assets (see instructions) $

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. Yes No
H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination
I Enter the number of shareholders who were shareholders during any part of the tax year ►
J Check if corporation: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes

Caution: Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income
1a Gross receipts or sales — 1a
b Returns and allowances — 1b
c Balance. Subtract line 1b from line 1a — 1c
2 Cost of goods sold (attach Form 1125-A) — 2
3 Gross profit. Subtract line 2 from line 1c — 3
4 Net gain (loss) from Form 4797, line 17 (attach Form 4797) — 4
5 Other income (loss) (see instructions—attach statement) — 5
6 **Total income (loss).** Add lines 3 through 5 ► — 6

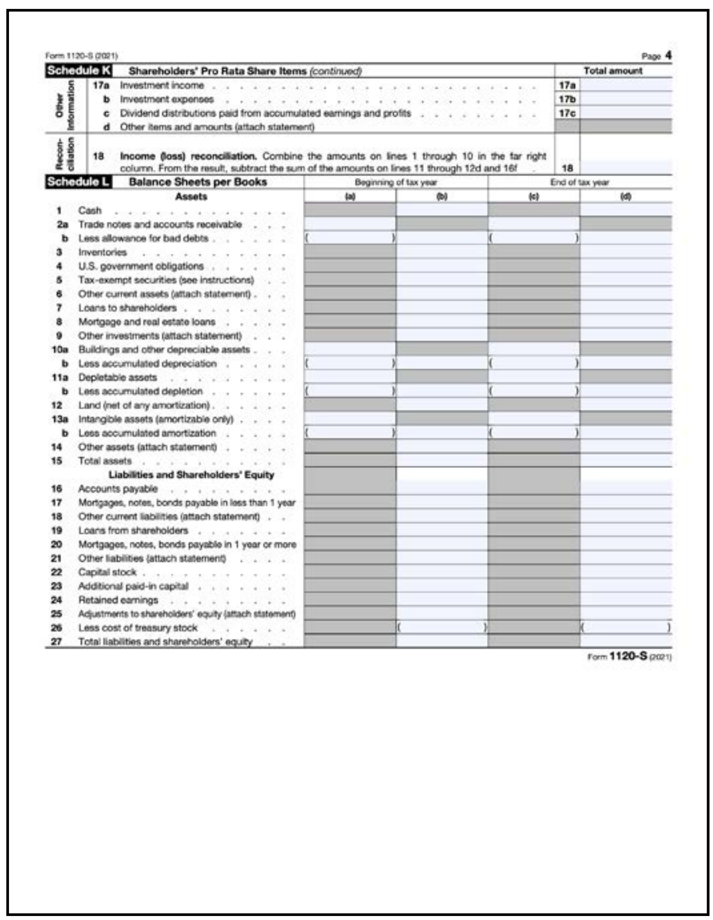
Deductions (see instructions for limitations)
7 Compensation of officers (see instructions—attach Form 1125-E) — 7
8 Salaries and wages (less employment credits) — 8
9 Repairs and maintenance — 9
10 Bad debts — 10
11 Rents — 11
12 Taxes and licenses — 12
13 Interest (see instructions) — 13
14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562) — 14
15 Depletion **(Do not deduct oil and gas depletion.)** — 15
16 Advertising — 16
17 Pension, profit-sharing, etc., plans — 17
18 Employee benefit programs — 18
19 Other deductions (attach statement) — 19
20 **Total deductions.** Add lines 7 through 19 ► — 20
21 **Ordinary business income (loss).** Subtract line 20 from line 6 — 21

Tax and Payments
22a Excess net passive income or LIFO recapture tax (see instructions) — 22a
b Tax from Schedule D (Form 1120-S) — 22b
c Add lines 22a and 22b (see instructions for additional taxes) — 22c
23a 2021 estimated tax payments and 2020 overpayment credited to 2021 — 23a
b Tax deposited with Form 7004 — 23b
c Credit for federal tax paid on fuels (attach Form 4136) — 23c
d Add lines 23a through 23c — 23d
24 Estimated tax penalty (see instructions). Check if Form 2220 is attached ► — 24
25 **Amount owed.** If line 23d is smaller than the total of lines 22c and 24, enter amount owed — 25
26 **Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid — 26
27 Enter amount from line 26: **Credited to 2022 estimated tax ►** **Refunded ►** — 27

Sign Here
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
Signature of officer — Date — Title
May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Paid Preparer Use Only
Print/Type preparer's name — Preparer's signature — Date — Check if self-employed — PTIN
Firm's name ► — Firm's EIN ►
Firm's address ► — Phone no.

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11510H Form **1120-S** (2021)



Form 1120-S (2021) Page **4**

Schedule K **Shareholders' Pro Rata Share Items** *(continued)* — **Total amount**

Other Information
17a Investment income — 17a
b Investment expenses — 17b
c Dividend distributions paid from accumulated earnings and profits — 17c
d Other items and amounts (attach statement)

Reconciliation
18 **Income (loss) reconciliation.** Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 16f — 18

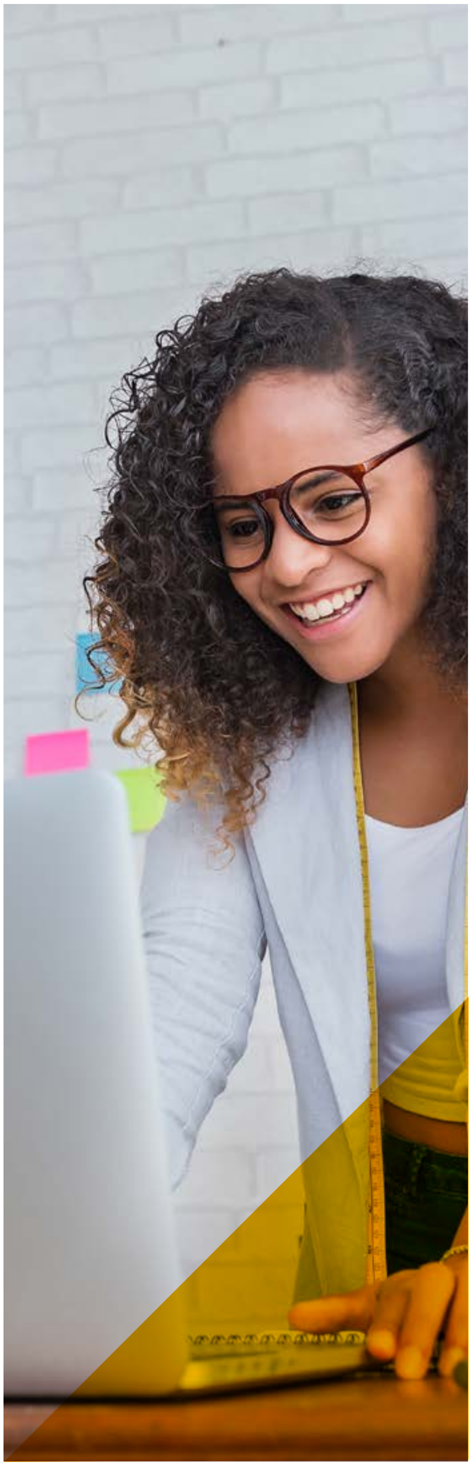
Schedule L **Balance Sheets per Books**

Assets	Beginning of tax year (a)	(b)	End of tax year (c)	(d)
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts	( )		( )	
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)				
10a Buildings and other depreciable assets				
b Less accumulated depreciation	( )		( )	
11a Depletable assets				
b Less accumulated depletion	( )		( )	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
14 Other assets (attach statement)				
15 Total assets				
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach statement)				
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach statement)				
22 Capital stock				
23 Additional paid-in capital				
24 Retained earnings				
25 Adjustments to shareholders' equity (attach statement)				
26 Less cost of treasury stock		( )		( )
27 Total liabilities and shareholders' equity				

Form **1120-S** (2021)

View Forms

LIMITED LIABILITY CORP



The proprietors of a corporation in the United States are not personally accountable for the company's debts or liabilities. LLCs are hybrid companies that combine the advantages of a corporation with a partnership or sole proprietorship.

To calculate usable income as an LLC, follow steps for S-Corp 1120-S

WAGE EARNER W2 INCOME

A W2 is the most common type of income.

You can determine your base income by taking your hourly rate and multiplying it by the hours you worked.

Example: $25 an hour multiplied by 40 hours is your weekly income, which is $1,000.

To calculate your annual income, you will want to take your weekly income of $1,000 and multiple it by 52 (as there are 52 weeks in a year).

Your base annual pay, assuming you work 40 hours a week regularly, is $52,000.

To calculate your monthly income, take your annual pay of $52,000 and divide it by 12 (months) and you will get a monthly income of $4,333.33.

BONUSES: A history of receiving bonuses for the last 2 years is required, as bonuses are averaged over a period of 24 months. It is important to note that an underwriter may exclude this income if there is no past history of bonuses and a history of declining bonuses will also affect the average.

OVERTIME: A history of overtime for the past 24 months is required. Just like bonuses, overtime is averaged over the past 24 months. An underwriter may also exclude this income if a history of overtime is not provided. Declining overtime may also affect the average.

COMMISSION: Commission is averaged over a period of 2 years and requires a history of receiving commission to be included when calculating your total income. Failure to provide history of commission may lead to an underwriter excluding this income from your Total Income. Declining commission can also affect the average.

______	+	______	+	______	+	______	=	______
Base Salary		Overtime (If Applicable)		Bonus (If Applicable)		Commisison (If Applicable)		Total

TOTAL INCOME

VOE INSTRUCTIONS

Verification of Employment (VOE) is a form used by banks and mortgage lenders in the United States to check the borrower's employment history and compare it to the information on the Uniform Residential Loan Application (Form 1003) to determine job stability. Lenders require a complete VOE that lists all positions held in the previous two years of work.

Request for Verification of Employment

Privacy Act Notice: This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagor under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not, your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et. seq. (if HUD/FHA); by 42 USC, Section 1452b (if HUD/CPD); and Title 42 USC, 1471 et. seq., or 7 USC, 1921 et. seq. (if USDA/FmHA).

Instructions: **Lender** – Complete items 1 through 7. Have applicant(s) complete item 8. Forward directly to employer named in item 1.
Employer – Please complete either Part II or Part III as applicable. Complete Part IV and return DIRECTLY to lender named in item 2.
The form is to be transmitted directly to the lender and is not to be transmitted through the applicant(s) or any other party.

Part I - Request

1. To (Name and address of employer)	2. From (Name and address of lender)

I certify that this verification has been sent directly to the employer and has not passed through the hands of the applicant or any other interested party.

3. Signature of Lender	4. Title	5. Date	6. Lender's No. (Optional)

I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.

7. Name and Address of Applicant	8. Signature of Applicant **See attached borrower's authorization** **X**

Part II – Verification of Present Employment

9. Applicant's Date of Employment	10. Present Position	11. Probability of Continued Employment

12A. Current Gross Pay Base (Enter Amount and Check Period)

$ ______________ ☐ Annual ☐ Weekly ☐ Other (specify ☐ Monthly ☐ Hourly

12B. Gross Earnings

Type	Year To Date	Past Year	Past Year
Base Pay			
Overtime			
Commissions			
Bonus			
Total			

13. For Military Personnel Only

Pay Grade

Type	Monthly Amount
Base Pay	$
Rations	$
Flight or Hazard	$
Clothing	$
Quarters	$
Pro Pay	$
Overseas or Combat	$
Variable Housing Allowance	$

14. If overtime or Bonus is Applicable, is its Continuance likely?

Overtime ☐ Yes ☐ No

Bonus ☐ Yes ☐ No

15. If paid hourly – avg. hours per week

16. Date of applicant's next pay increase

17. Projected amount of next pay increase

18. Date of applicant's last pay increase

19. Amount of last pay increase

20. Remarks (If employee was off work for any length of time, please indicate time period and reason)

Part III – Verification of Previous Employment

21. Date Hired

22. Date Terminated

23. Salary/Wage at Termination Per (Year) (Month) (Week)

Base ____________ Overtime ____________ Commissions ____________ Bonus ____________

24. Reason for Leaving	25. Positions Held

Part IV – Authorized Signature

Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary, the U.S.D.A., FmHA/FHA Commissioner, or the HUD/CPD Assistant Secretary.

26. Signature of Employer	27. Title (Please print or type)	28. Date
29. Please print or type name signed in item 26.	30. Phone No.	

LAW OF AVERAGING

To determine your income, you must consider the various sources to derive your earnings. Whether your current annual salary is higher or lower than the previous year's, we've supplied two different approaches to compute this below. We'll calculate your DTI ratio percentage later in this workbook using this number. The pages that follow will assist you in determining all the numbers you'll need to fill in the blanks.

2021

Fixed Income	Rental Income	Self-Employed	Wage-Earner	Total-Income

2022

Fixed Income	Rental Income	Self-Employed	Wage-Earner	Total-Income

Income Calculation

If you made **MORE** this year

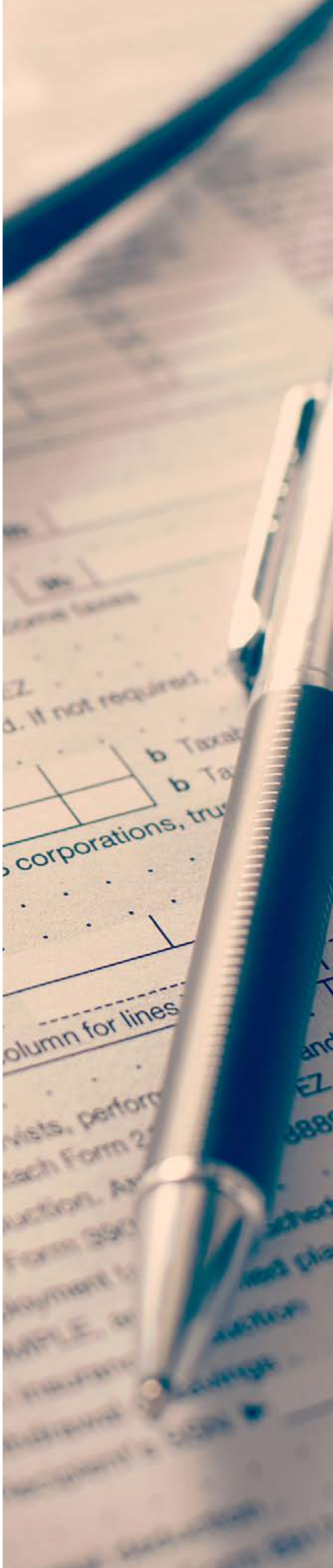
2021 + 2022 Total Income ÷ 24 Months

If you made **LESS** this year

2021 Total Income ÷ 12 Months

Total Income

INCOME RULES



1 Commission, Bonus, and Overtime Income: You must show proof of two (2) years of bonus, commission, or overtime income; otherwise, only your base income will be used.

2 W2 to Self-Employed: To match past years' W2 income, you'll need 12-24 months of self-employment income reflected on tax returns.

3 Self-Employed to W2: All you'll need is a one-month pay stub.

4 If you're a recent graduate, you can show your diploma/transcripts, if you don't have a two-year employment record.

5 Using Bonus & Overtime: If you did not receive consistent bonuses or overtime (OT) at your previous workplace, you would not be able to use it. You must have consistently received bonuses and OT for a minimum of two years (24 months).

6 Seasonal/Part-Time: If you have a two-year history, you can use this option.

7 Two Jobs: To use income from a second job you must be employed for 2 years at 2 jobs consistently without interruption.

8 Temp Agency or Union: There can't be a 6-month gap in the last two (2) years. Lenders will utilize the law of average to calculate your income if your current assignment is your most important source of income and there is no 2-year history.

KEY #4 DEBT TO INCOME

The final key in your mortgage journey is understanding your debt-to-income ratio. We'll walk you through DTI calculations, how you can source your down payment, and breakdown the overall cost of your monthly payments.

At the end of this section, we'll cover our process and how we select the right loan program for you!

CALCULATING YOUR DTI

DTI (Debt to Income Ratio)

There are two types of debt-to-income ratio: front-end and back-end. Your entire housing expense including principal, interest, property taxes, hazard insurance, private mortgage insurance, homeowners' association, Mello Roos, and flood insurance, is referred to as the front-end ratio. Your total housing expense, plus any credit or debt responsibilities, are included in the back-end ratio. See page 11 for a list of liabilities if you want to discover your debt liabilities.

To configure your DTI with the front-end ratio, take your potential monthly mortgage payment divided by your MONTHLY income. For instance, if you make $6,000 a month and the possible mortgage payment you're looking at is $3,000, you will divide $3k by $6k, giving you 0.5; Multiply by 100 and you get a 50% front-end ratio.

The back-end ratio would be the $3k potential monthly mortgage plus $200 of your monthly car payment debt. $3,200 total, divided by your monthly income of $6k, gives you 0.53; Multiplied by 100 is a 53% back-end ratio.

A more straightforward way to look at your DTI is to take your monthly income, add your monthly bills and liabilities, add your preferred mortgage payment, then multiply that by an ideal DTI percentage to see where you fall.

____________________	+	____________________	×	____________________
Total-Income		Desired Mortgage Payment		Ideal DTI %

Keep in mind that if your debt exceeds 50%, you may need to reduce your purchase price or pay off some debt to qualify.
**guidelines are subject to change*

DTI CHEAT SHEET

By knowing your DTI, income, and debt, you have the ability to look at your minimum down payment scenarios, but also play with the numbers—bringing in more money for a down payment or lowering debt can provide additional options.

Annual Household Income	Monthly Household Income	40%	43%	45%	50%	55%
$60,000	$5,000	$2,000	$2,150	$2,250	$2,500	$2,750
$70,000	$5,833	$2,333	$2,508	$2,624	$2,916	$3,208
$80,000	$6,666	$2,666	$2,866	$2,999	$3,333	$3,666
$90,000	$7,500	$3,000	$3,225	$3,375	$3,750	$4,125
$100,000	$8,333	$3,333	$3,583	$3,749	$4,166	$4,583
$110,000	$9,166	$3,666	$3,941	$4,124	$4,583	$5,041
$120,000	$10,000	$4,000	$4,300	$4,500	$5,000	$5,500
$130,000	$10,833	$4,333	$4,658	$4,874	$5,416	$5,958
$140,000	$11,666	$4,666	$5,016	$5,249	$5,833	$6,416
$150,000	$12,500	$5,000	$5,375	$5,625	$6,250	$6,875
$160,000	$13,333	$5,333	$5,733	$6,000	$6,667	$7,333
$170,000	$14,167	$5,667	$6,092	$6,375	$7,084	$7,792
$180,000	$15,000	$6,000	$6,450	$6,750	$7,500	$8,250
$190,000	$15,833	$6,333	$6,809	$7,125	$7,917	$8,708
$200,000	$16,667	$6,667	$7,167	$7,500	$8,334	$9,167

DOWN PAYMENT SIMULATOR

With this **down payment simulator chart,** you can see how much money you'd need for a down payment based on various purchase prices and down payment percentages.

HOME PURCHASE PRICE	3% DOWN PAYMENT	3.5% DOWN PAYMENT	5% DOWN PAYMENT	10% DOWN PAYMENT	20% DOWN PAYMENT
$300,000	$9,000	$10,500	$15,000	$30,000	$60,000
$325,000	$9,750	$11,375	$16,250	$32,500	$65,000
$350,000	$10,500	$12,250	$17,500	$35,000	$70,000
$375,000	$11,250	$13,125	$18,750	$37,500	$75,000
$400,000	$12,000	$14,000	$20,000	$40,000	$80,000
$425,000	$12,750	$14,875	$21,250	$42,500	$85,000
$450,000	$13,500	$15,750	$22,500	$45,000	$90,000
$475,000	$14,250	$16,625	$23,750	$47,500	$95,000
$500,000	$15,000	$17,500	$25,000	$50,000	$100,000
$525,000	$15,750	$18,375	$26,250	$52,500	$105,000
$550,000	$16,500	$19,250	$27,250	$55,000	$110,000
$575,000	$17,250	$20,125	$28,750	$57,500	$115,000
$600,000	$18,000	$21,000	$30,000	$60,000	$120,000
$625,000	$18,750	$21,875	$31,250	$62,500	$125,000
$650,000	NOT AVAILABLE	$22,750	$32,500	$65,000	$130,000
$675,000	NOT AVAILABLE	$23,625	$33,750	$67,500	$135,000
$700,000	NOT AVAILABLE	$22,400	$35,000	$70,000	$140,000
$725,000	NOT AVAILABLE	$25,375	$36,250	$72,500	$145,000
$750,000	NOT AVAILABLE	$26,250	$37,500	$75,000	$150,000
$775,000	NOT AVAILABLE	$27,125	$38,750	$77,500	$155,000
$800,000	NOT AVAILABLE	$28,000	$40,000	$80,000	$160,000

ASSETS

LIQUID

A liquid asset is cash or an asset that can easily be converted to currency. Checking accounts, money market accounts, and CDs are examples of assets that can be easily converted into cash and are similar to money itself because they can be sold with little impact on its value.

RETIREMENT

Assets and savings get placed in an account, which in some cases, cannot be withdrawn until after retirement age or used to qualify for homeownership such as IRA, SEP IRA, Roth IRA, 401k, 403b, (You cannot use 457 since its deferred interest).

EQUITY

In the context of real estate, the difference between the property's current fair market value and the amount owed on the mortgage is the amount that the owner would receive after selling the property and paying off the mortgage. This is also known as "real property value."

Example: If your home is worth $500,000 and you owe $300,000 on it, you would have $200,000 in equity if you sold it to buy a new home.

DOWN PAYMENT ASSISTANCE - GIFTS

Down payment gifts must originate from immediate family members and can only be used for owner-occupied residences. A gift cannot be used to purchase an investment property. Your lender may request certain paperwork from the Donor when using gift money, such as:

- The donor's relationship to the client
- The dollar amount of the gift
- The date the funds were transferred
- A statement from the donor that no repayment is expected (gift letter)
- The donor's signature
- The address of the property being purchased
- Copy of the donor's bank statement

SOURCING YOUR DOWN PAYMENT

DOWN PAYMENT ASSISTANCE: LOANS VS GRANTS

A loan is an arrangement whereby a sum of money is borrowed from a bank or lender and is paid back after a specified time. Grants provide financial asisstance, generally awarded by the government, and do not require repayment, nor do they acrue interest.

NON TRADITIONAL DOWN PAYMENTS:

Rules when using retirement for buying a home (401k)

Hardship - There is no penalty up to $10,000, but anything beyond $10,000 is subject to income taxes and a cooling-off period before you may contribute to retirement again.

Whatever you withdraw is added to your taxable income, and you will be taxed accordingly.

If you take out $30,000, you will be taxed $2,000 (10%) on the first $20,000 (no penalty for the first 10k). If you earned $90,000 that year, you would be taxed on the entire amount of $120,000. The cooling-off period is around one year.

Loan - 50% of the vested amount or $50,000, whichever is less, is paid back in installments over 20 years. It does not affect your DTI, and you don't have to pay income tax on it. A nominal price ($150-$300) is charged, and there is no cooling-off period.

Let's say your 401k balance is $75,000, but you only vested $50,000, you can then withdraw $25,000. You have the option of taking out up to 50% of your vested interest, or up to $50,000, whichever is less.

MORTGAGE PAYMENT FORMULAS

The 6 key items you need to calculate your mortgage payment:

- Purchase Price
- Interest Rate
- Loan Amount
- Hazard Rate
- Tax Rate
- MI Rate

There are 6 components that make up your mortgage payment:

- Principal
- Interest
- Hazard Insurance
- Property Taxes
- Mortgage Insurance
- HOA

Reference the mortgage payment formulas below, but know you can utilize the mortgage calculator found on S1L.com at any time to calculate your estimated payments.

Principal & Interest	Final Loan Amount	@	Daily Interest Rate	
Hazard Insurance	Purchase Price	X	.15% *industry standard	/12 Months
Taxes	Purchase Price	X	1.25% *varies by county	/12 Months
Mortgage Insurance (FHA)	Base Loan Amount	X	.85% *use 80% if down ≥ 5%	/12 Months
Mortgage Insurance (Conv)	Loan Amount	X	Rate	
HOA (If Applicable)	Check with HOA for Monthly Fees			

Synergy One Lending Mortgage Calculator
found at S1L.com/mortgage-calculator

VA FUNDING FEE AND UFMIP

VA FUNDING FEE

A VA loan does not require a down payment or monthly mortgage insurance but all Veterans who use the VA Home Loan Guaranty Benefits must pay a funding fee. The Funding Fee is a percentage of the loan amount that varies depending on the type of loan, your military status, whether you're a first-time or repeat borrower, and if you made a down payment. You have the choice of financing or paying the VA Funding Fee in cash, but the Funding Fee must be paid at the time of closing.

YOU DO NOT HAVE TO PAY THE FEE IF:

- You're getting VA disability benefits because of an impairment caused by your military service
- You're eligible for disability benefits due to a service-related disability, but you're getting retirement or active-duty pay instead
- You're a military member who has a proposed or memorandum rating stating that you're eligible for compensation that was issued before your loan closed
- You're an active-duty service member who has received the Purple Heart
- You're the surviving spouse of a veteran who died while on duty or because of a service-related illness or disability

CURRENT FUNDING FEE CHART

www.va.gov/housing-assistance/home-loans/funding-fee-and-closing-costs/#va-funding-fee-rate-charts

FHA UPFRONT MIP

The MIP (Mortgage Insurance Premium) is a fee that must be paid to close an FHA loan. It is paid as an upfront cost and a yearly fee. You'll have to pay an Upfront Mortgage Premium (UFMIP) of 1.75 percent of your base loan amount if you choose an FHA loan. The premium can be paid when your FHA loan closes, or it can be financed into the loan amount, but it must be paid in total upfront, or the entire cost must be financed into the loan amount.

NEW LOAN AMOUNT

Variables in FHA and VA loans, such as upfront MI and funding costs, must be considered when calculating your new loan amount. This example illustrates how upfront MI and funding fees affect the new loan amount.

FHA

Purchase Price		3.5% Down Payment		1.75% Up front MI		New Loan Amount
$600,000	–	$21,000	+	$10,133	=	$589,133
$800,000	–	$28,000	+	$13,510	=	$785,510
$1,000,000	–	$35,000	+	$16,888	=	$981,888

CONVENTIONAL

Purchase Price		3% Down Payment		New Loan Amount
$600,000	–	$18,000	=	$582,000
$800,000	–	$24,000	=	$776,000
$1,000,000	–	$30,000	=	$970,000

VETERAN LOANS

Purchase Price		Down Payment (If Applicable)		2.3% Funding Fee		New Loan Amount
$600,000	–	$0	+	$13,800	=	$613,800
$800,000	–	$0	+	$18,400	=	$818,400
$1,000,000	–	$0	+	$23,000	=	$1,023,000

CLOSING COSTS

What Are They?

CLOSING COSTS FOR BUYERS IN CALIFORNIA

On average, a Californian home buyer can expect to see their closing costs to average around 2% to 3%. Closing costs are split into two types of expenses: one-time expenses that are non-recurring and recurring expenses that are either pro-rated or ongoing. Below is a breakdown of the fees for each type of expenses.

NON-RECURRING FEES

These fees are only required to be paid once and are not recurring.

- **Down Payment**
- **Escrow Fees –** fee for escrow services
- **Title Insurance –** this fee allows a search of the title's history to ensure that the title has no defects such as liens. This is paid by the buyer/borrower to protect the lender in case issues with title arises
- **Notary**
- **Recording**

LENDER FEES

- **Mortgage Origination –** cost for originating
- **Underwriting**
- **Processing**
- **Flood Certification –** fee for a risk assessment of the property
- **Discount Points**
- **Mortgage Insurance –** fee typically required when the down payment is less than 20% of the purchase price of the property

RECURRING OR PRORATED FEES

You can expect recurring fees over the course of owning the home. An example of this is property taxes. At closing, some funds are pulled aside to pay the first few payments of these ongoing expenses. This allows for a smoother transition for you as a new home owner.

In most cases, three months of home insurance and six months of property taxes are collected at closing. These will be disbursed for you on your behalf each month by the lender.

- **Prepaid Mortgage Interest –** this covers the interest portion of the mortgage payment for the current month
- **Property Taxes**
- **Hazard Insurance**
- **OA Dues –** fee to cover the first two months

HOW WE WORK

Meet your new best friends... Your Synergy One Lending team! Have a conversation with us about your goals to establish expectations, assess credit, and check out financing options.

1 APPLICATION

We'll talk about your needs up front and gather as much info as possible to get a head start on your refinance or purchase.

2 DISCLOSURES

You will receive, acknowledge and return a disclosure package, which explains your loan product and costs.

3 APPRAISAL

Here, we work with a professional team of local appraiser to have a good look at the value of your investment, your home.

4 LOAN DOCUMENTS

We'll need your help collecting documentation such as Pay Stubs, Bank Statements, W-2s and Employment History so we can have your loan processed quickly and prevent any last minute rushing and stress.

5 PROCESSING

Once all the documentation is provided, your loan will be sent to one of our Processors, who will make sure everything is in order before sending it off to the Underwriter.

6 UNDERWRITING

Since we hire only the best, you can be sure we will treat your file with love and attentive care throughout this very important part of your transaction.

7 CONDITIONAL APPROVAL

Here, we will satisfy any remaining conditions to your final approval as quickly as possible to get you to the closing table.

8 CLEAR TO CLOSE

Time for a happy dance. We are now ready to get you to the closing table by preparing your final loan documents. Thanks to our awesome teamwork, you will have a smooth and exciting closing experience.

9 CELEBRATE!

When you're happy, we're happy. Congratulations on a successful transaction. Your loan is funded. Here's to our new and lasting partnership!

10 IMPORTANT TIPS EVERY HOMEBUYER SHOULD KNOW

Feel free to keep this accessible as a reminder!

1. **Don't** apply for new credit of any kind.
2. **Do** keep all existing credit card accounts open.
3. **Don't** MAX OUT or overcharge existing credit cards.
4. **Do** maintain your employment at your current job.
5. **Don't** consolidate debt to one or two cards.
6. **Do** pay off collections, judgements, or tax liens reported within one year.
7. **Don't** make any large purchases.
8. **Do** stay current on your existing accounts.
9. **Don't** make any large deposits into any of your accounts.
10. **Do call us.** We are here to help you through your home loan process.

Need an Agent?

Don't have an agent and need some suggestions?
No problem! Just let us know!

FINDING THE RIGHT LOAN FOR YOU

We offer both fixed and adjustable interest rate loan products to fit your needs!

At Synergy One Lending, we have mortgage options that can help make homeownership more affordable with the speed and service you deserve. It's our goal to keep you informed and at ease throughout the home financing process, guiding you every step of the way.

We have a wide variety of programs to fit your unique needs and goals, including:

- **Low down payment options**
- **Down payment assistance (DPA) programs**
- **Including a forgivable 2nd up to 5%**
- **Extended rate lock programs***

	CONVENTIONAL	FHA
MINIMUM FICO CREDIT SCORE	620+ *Only one score with DU Approval *No score with DU Approval and Co-borrower with a score	580+ with AUS Accept 620+ for manual UW
MINIMUM DOWN PAYMENT	3%	3.5%

VA	1 Requires **ZERO** down payment	2 Has **ZERO** Mortgage Insurance	3 Offers **lower rates** than conventional loans	4 Offers **ZERO** closing cost options

USDA

- Gift funds permitted
- No down payment required
- Up to 6% seller paid closing costs
- USDA Rural Housing loans are available to qualified low-to-moderate income homebuyers purchasing a home in a designatied rural area

JUMBO AND SUPER JUMBO

- 90% up to $1,500,000 with no Mortgage Insurance
- Loan sizes up to $3,000,000
- Cash out up to $500,000 on primary residences, second home and investment properties
- 15, 20, 25 and 30 year fixed rate loans

NON QM AND DOWN PAYMENT ASSISTANCE

- Bank Statement Programs
- Investment Properties - Debt Service Program
- Asset Depletion
- Non-Warrantable Condo
- Combination of Full Doc and Reduced Doc Available
- Credit Rescores Allowed
- DTI up to 50%

CONDOS: *Consider one of these loan options for your condo purchase*

Non-Warrantable

- Credit Scores as low as 680
- Jumbo Loans only
- Primary and second home only

Agency

- Credit scores as low as 620
- Conventional loan

Agency 97

- Credit scores as low as 620
- Conventional loan

ONE TIME CLOSE CONSTRUCTION

Building Your Dream House is Easier with a One time Construction Loan

- Conforming High Balance and Jumbo Loan Amounts
- Primary Residence - Owner Occupied Only
- Single Closing Construction

HELOC

Receive funds from your equity of your home in as few as 5 days for things like home improvements, debt consolidation, or major purchase

*The Extended Rate Lock Program allows borrowers to lock an interest rate for up to 360 days by paying an up front fee along with an interest rate adjustment. The upfront fee is non-refundable, unless the loan is declined by underwriting. A Float down option is available within 30 days of funding.

BORROWER CHECKLIST

☐ INCOME DOCUMENTATION (W2 Employee)

- ☐ Most Recent 2 Years of Tax Returns
- ☐ 2 Years of W2s
- ☐ 2 Pay Stubs (Most Recent)

☐ ASSET DOCUMENTATION

- ☐ 2 Most Recent Bank Statements - All Pages of All Accounts (Borrower and Co-Borrower)
- ☐ 2 Most Recent Investment Account Statements (Borrower and Co-Borrower)

☐ SCHEDULE OF REAL ESTATE

(Please provide information for all properties currently owned)

- ☐ Recent Mortgage Statement for Current Residence
- ☐ Copy of Your Homeowners' Insurance
- ☐ Recent Property Tax Bill
- ☐ Property Lease (If Rented w/2 Year Landlord History)
- ☐ HOA Information (Monthly Payments)

☐ IF APPLICABLE

- ☐ Certificate of Eligibility (If Using VA Loan)
- ☐ Bankruptcy Discharge Papers (All Pages)
- ☐ Gift Letter/Gift Documentation
- ☐ Divorce Decree or Legal Separation Agreement, Including Child Support Agreement Documents

REVIEW: YOUR HOME BUYING CHECK POINTS

- **Keep a current Credit Report/Score.** Credit reports expire every 120 days.
- **Know your income,** your lender calculated base income, overtime, and bonuses. This is to show your bonus and overtime are the same and that your income does not decline when they are added.
- **Know your deposits.** Continue to watch over your deposits to make sure everything stays normal. Pay attention to your spending, and don't buy things you can't afford.
- **Check your pre-approval letter.** Get the approval at the payment you want, and get your max approval solidified.
- **Check rates.** Check with your Loan Officer for current rates.

YOUR HOME BUYING PROFILE

Property Profile	☐ SFR	☐ Condo	☐ Duplex	☐ Tri-4 Plex	☐ Manufactured Home	
Goal	☐ Purchase	☐ Rate & Term Refi	☐ Streamline	☐ Cash Out Refi		
Loan Type	☐ Conventional	☐ FHA	☐ VA	☐ USDA	☐ Jumbo	☐ DPA
Occupancy	☐ Owner Occupied	☐ Second Home	☐ Investment			

Date Credit Check Last Ran		Down Payment% or Loan-to-Value		Loan Amount	
Middle Credit Score		Purchase Price or Appraised Value		County you want to live in	
Interest Rate					

WHAT OTHER CLIENTS ARE SAYING

Jim is amazing, truly. Finding our forever home was such a challenge in the crazy market we are in. Jim is patient, courteous, professional, encouraging and always there! The 3 hour time difference didn't matter. He was so attentive throughout this process. He's our guy for our financing needs, without question!

★★★★★

••••• REVIEWED BY JEANIE L. M. FOR JIM POTTS | NMLS #227144 •••••

Jim Potts is an excellent and effective mortage financial advisor. Thanks to his well rounded services, my wife and I were able to get the right loan to buy the house we wanted. He is an old school trustworthy and knowledgeable financial professional. Thanks to the detailed information and advice we received from him in multiple ways, we made the right choice.

He is highly recommended. Thanks a lot for all your great support Jim !

★★★★★

••••• REVIEWED BY RAUL D. G. FOR JIM POTTS | NMLS #227144 •••••

Excellent communication and updates as well as terrific attitude and responsiveness by the whole team. Clear, frequent and patient explanation of the process.

★★★★★

••••• REVIEWED BY DEBORAH C. FOR JIM POTTS | NMLS #227144 •••••

Synergy One Lending

THE MODERN MORTGAGE EXPERIENCE™

Ready to get **started?**

Apply using the link below to get **pre-approved** or

scan the QR code

JIM POTTS

Branch Manager | NMLS #227144

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