



# Qualifying for a Mortgage

**Diana Carvajal-Hirsch**  
**Managing Director**

**MVHP, September 2025**

# The Four C's

Capacity

Credit

Capital

Collateral

## What is the lender looking for?

# Capacity

# Capacity – Income

**Must be stable and likely to continue**

- 2-year employment history
- Gaps/exemption

## Sources of Underwriting Income

- Full-time occupation, part-time, seasonal employment, trust income, self-employment, social security, alimony/child support, projected rental income.
- Gross monthly income

# Capacity

## Income Exercise

### BASE INCOME:

- Nurse = 3 yrs.

2023 = \$71,000

2024 = \$75,000

2025 = Annual Salary \$78,000

**TOTAL GROSS MONTHLY INCOME = \$6,500**

# Credit

# Credit and Debt

## HAVE YOU BEEN MANAGING YOUR DEBT?

### OTHER MONTHLY OBLIGATIONS

- Credit report: clean payment history, inquiries (90 days)
- Non-traditional Credit:
  - Rental, utilities, cell phone, car/life insurance payments, etc.
- FICO Scores: 640-660 (single/condo) >660 multifamily.

# Credit

## Debt Exercise

### FICO SCORES

- Transunion: 690
- Equifax: 740
- Experian: 700

### MONTHLY PAYMENTS:

Student loan: \$250

Credit card (Visa): \$35

Department store card (Macy's): + \$50

**Total monthly debt: \$335**



# Capital

# Capital = Savings

SAVINGS – Importance of verifying them

## ACCEPTABLE

- Savings/Checking
- CD's
- Stocks
- 401 (k)
- Gifts

## UNACCEPTABLE

- Mystery cash
- Unverifiable funds
- Borrowed money

**Financial assistance programs: City, lender, loan program**

# Capital = Savings

## WHAT MUST IT COVER?

Minimum down payment (3% - 5%)

## CLOSING COSTS:

- Bank & Title services fees: application, UW, processing, credit report, appraisal, lenders/title insurance, recording, etc.
- Prepaid items: Escrows (taxes, insurance), mortgage interests.
- Reserves

# Capital

## Savings Exercise

**Purchasing price \$300,000, property taxes \$3,000/year, home insurance (HO6, walls-in) \$400/year**

Down payment 3%	\$9,000
Closing Costs, estimate (including lenders/owners title ins)	\$5,000
Prepaid items, estimate (including 30-day prepaid interests)	\$2,500
	+ _____

**Total required funds to close = \$16,500**

### AVAILABLE FUNDS

Checking	\$2,000
Savings	\$7,000
	+ _____
Total liquid assets	\$9,000

FCB Grant	\$15,000
	+ _____

**Total available funds to close = \$24,000**

Closing costs covered and additional \$7,500 towards downpayment.

**Reserves:** \$4,500 (\$9000 – 1.5% minimum contribution)

**401K:** \$20,000

# Collateral

# Collateral = Property

## The lender will check the following:

- Appraisal
- Title
- Municipal Lien Certificate
- 6D Certificate

**Who is who  
in the  
Mortgage  
Process?**

**What is an  
Underwriting  
process?**

## The lender's team:

- Loan Officer
- Underwriter

## The Underwriting Process:

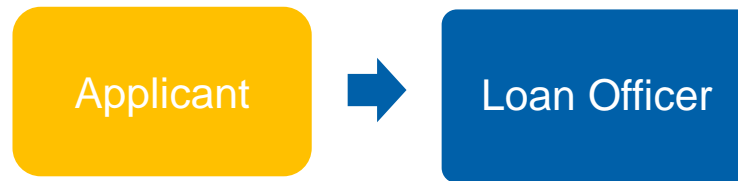
### Risk Analysis



■ Capacity ■ Credit ■ Capital ■ Collateral

# How much can I borrow?

## Pre-qualification



**VS**

## Pre-approval





# Pre-Approval Letter Sample

Notice: Your actual rate, payment, and cost could be higher. Get an official Loan estimate before choosing a loan.

9/9/2025

First Time Homebuyer  
XXX St  
Mattapan, MA 02126

RE: Preapproval - loan #: XXXXXXXX

Dear FTHB,

Based upon the credit information that you provided, you are **pre-approved** for a mortgage with First Citizens in the amount up to **\$280,500.00**. This first mortgage pre-approval is based on the terms of our **ONE Program mortgage product** at the current interest rate of **5.625% \*with no points**. **\*The current interest rate is not locked and is subject to change without notice.**

**This pre-approval is subject to First Citizens banking policies and guidelines including, but not limited to:**

- An appraisal, acceptable to First Citizens, on the subject property, supporting the proposed purchase price and a maximum loan to value ratio of **92.54%**.
- Verification that taxes, insurance, and condo fees do not exceed **\$583/month**.
- Subject to MHP Subsidy approval in the amount of \$158.91/month.
- Subject to Final MHP approval.
- Verification that condominium project and restrictions meet the Bank's guidelines.
- You may be eligible for up to \$15,000.00 from First Citizen's Closing Cost and Down Payment Assistance Program however there are eligibility criteria that must be met including income limits or census tract requirements based on the subject property's location. This is not a fund reservation. Funds are available on a first come first serve basis and can be applied for once there is a fully executed Purchase & Sale Agreement.
- A satisfactory fully executed purchase and sale agreement for the subject property
- Subject to no material change in your financial condition or creditworthiness prior to closing.
- Total household's assets not to exceed \$100,000.

This is not a loan approval. **This pre-approval is not a contract between you and First Citizens and is not a commitment by First Citizens to make you a loan.** Finally, this *pre-approval* does not lock in or guarantee loan terms, interest rate or fees.

Please do not hesitate to contact Diana Carvajal-Hirsch (NMLS# 704461) at 617-912-3991 if you require further information regarding this matter. We look forward to assisting you with this purchase.

This **pre-approval** will expire in 120 days on **01/09/2026**

Sincerely,

*Diana Carvajal-Hirsch*

Diana Carvajal-Hirsch  
NMLS ID: 704461  
First-Citizens Bank & Trust Company



## Details of your preapproval:

**Mortgage amount:**  
\$280,500.00

**Purchase price:** \$300,000.00

**Loan type:**  
Conventional/ONE

**Loan term:** 360

**Interest rate:** 5.625%

**Down payment:** \$23,250.00

**Principal & interest:** \$1,615.75

**Estimated monthly payment:** \$2,198.13

**State:** MA

**Preapproval on:** 9/9/2025

**Preapproval expires on:**

01/09/2026

This information is accurate as of date 0

## 123-ABC BANK

May 3, 2017

Mr. Client  
123 Fantasy Lane  
Boston, Ma 02100

Dear Mr. Client,

Congratulations on your pre-approval!

We were able to determine that you qualify to purchase a \$290,000 primary residence with 97% in 123-ABC Bank sponsored One Mortgage Program financing based on your proven level of income, savings, and credit history. We understand that your finalized mortgage amount may adjust downwards to reflect a larger down payment, or a lower purchase price.

Also, this pre-approval is not subject to the sale of any owned real estate.

Let me know if you have any questions or concerns. Thank you for your application, we look forward to working with you!

Sincerely,

Jane Smith  
ABCD Bank  
405 The Other Guys Blvd  
Boston, Ma 02100  
(999) 999-9999

# Documentation Needed for a Pre-Approval

- Questions about your credit...
- W2's and tax returns for the past 3 years
- Most recent pay-check stubs
- Last 2 months bank statements for: checking & savings accounts

# Ratios

## Qualifying Ratios

- Housing Ratio
- Allowable housing debt (33%-38% of Gross monthly income =  
PITI (Principal, Interest, Taxes, Insurance, condo fee, and PMI)
- Debt Ratio
- Allowable Total Debt (38-50% of Gross monthly income =  
PITI + Other Debt

# Ratios

## Exercise

### Qualifying Ratios

- **Housing Ratio:** (38%) \$6,500 = \$2,470

PITI (Principal, Interest, Taxes, Insurance, condo fee)

- **Debt Ratio:** (50%) \$6,500 = \$3,250

(PITI + \$335 other monthly debt)

# PITI

## Exercise

**Purchase price \$300,000, property taxes \$3,000/year, home insurance (HO6) \$400/year, condo fee \$200/month**

Product: ONE (3% down, 640 FICO, Max DTI, 33%-38% UP TO **36%/43%**)

Rate: 5.625%

Loan Amount: \$280,500 (DP \$19,500=\$15,000 FCB+1.5%)

Principal plus interest	\$1,615
PMI	\$ 0
Taxes	\$ 300
Insurance (HO6)	\$ 33
Condo Fee	<u>+\$ 250</u>
Total PITI	\$2,198

Housing/Debt ratio

\$2,198 PITI + \$335 debt / \$6,500 = < 33%-38%.

# Steps after you get pre- approved

Notice: Your actual rate, payment, and cost could be higher. Get an official Loan estimate before choosing a loan.

9/9/2025

First Time Homebuyer  
XXX St  
Mattapan, MA 02126

RE: Preapproval - loan #: XXXXXXXX

Dear FTHB,

Based upon the credit information that you provided, you are **pre-approved** for a mortgage with First Citizens in the amount up to \$ 280,500.00. This first mortgage pre-approval is based on the terms of our **ONE Program mortgage product** at the current interest rate of **5.625% \*with no points. \*The current interest rate is not locked and is subject to change without notice.**

**This pre-approval is subject to First Citizens banking policies and guidelines including, but not limited to:**

- An appraisal, acceptable to First Citizens, on the subject property, supporting the proposed purchase price and a maximum loan to value ratio of **93.54%.**
- Verification that taxes, insurance, and condo fees do not exceed **\$583/month.**
- Subject to MHP Subsidy approval in the amount of \$158.91/month.
- Subject to Final MHP approval.
- Verification that condominium project and restrictions meet the Bank's guidelines.
- You may be eligible for up to \$15,000.00 from First Citizen's Closing Cost and Down Payment Assistance Program however there are eligibility criteria that must be met including income limits or census tract requirements based on the subject property's location. This is not a fund reservation. Funds are available on a first come first serve basis and can be applied for once there is a fully executed Purchase & Sale Agreement.
- A satisfactory fully executed purchase and sale agreement for the subject property
- Subject to no material change in your financial condition or creditworthiness prior to closing.
- Total household's assets not to exceed \$100,000.

This is not a loan approval. **This pre-approval is not a contract between you and First Citizens and is not a commitment by First Citizens to make you a loan.** Finally, this **pre-approval** does not lock in or guarantee loan terms, interest rate or fees.

Please do not hesitate to contact Diana Carvajal-Hirsch (NMLS# 704461) at 617-912-3991 if you require further information regarding this matter. We look forward to assisting you with this purchase.

This **pre-approval** will expire in 120 days on **01/09/2026**

Sincerely,

*Diana Carvajal-Hirsch*

Diana Carvajal-Hirsch  
NMLS ID: 704461  
First-Citizens Bank & Trust Company



## Details of your **preapproval**:

**Mortgage amount:**  
\$280,500.00

**Purchase price:** \$300,000.00

**Loan type:**  
Conventional/ONE

**Loan term:** 360

**Interest rate:** 5.625%

**Down payment:** \$23,250.00

**Principal & interest:** **\$1,615.75**

**Estimated monthly  
payment:** **\$2,198.13**

**State:** MA

**Preapproval on:** 9/9/2025

**Preapproval expires on:**

**01/09/2026**

This information is accurate as of  
date 0

# Types of Mortgage

- Fixed rate mortgages (30, 20, 15 yrs.)
- Adjustable-rate mortgages (3, 5, 7, 10 yrs.)
- Others (FHA, VA, etc.)
- Special mortgages (First time homebuyers, ONE, MassHousing, SVB/FCB Community mortgages)

# Mortgage Product Comparison

	FHA	MassHousing with MI, LPMI (various options)	ONE (ONE + Boston)	SVB/FCB Community Opportunity
Min. FICO Score	620 or less	640-660-680-700	640- 660	640-660
Income limits	N/A	Different limits. <a href="http://www.masshousing.com">www.masshousing.com</a>	\$146,900 Cambridge 3HH)/ by city/town and household size. Includes income from all adult HH members. <a href="http://www.mhp.net">www.mhp.net</a>	\$149,000 or up to \$298,000 + SVB designated areas
Loan limits	1 unit \$806,500, 2 Unit 1,032.650, 3 Unit \$1,248.150.	1 unit \$806,500, 2 Unit 1,032.650, 3 Unit \$1,248.150	1 unit \$806,500, 2 Unit 1,032.650, 3 Unit \$1,248.150	1 unit \$806,500,
Down payment`	3.5% (0% own funds)	3% -5% (3% own funds) multi	3% (1.5% own funds) single/condo— 2 family,  5% (3% own funds) 3 family	0% (0% own funds) single/condo
Reserves	Multi	Multi	1 PITI = 2 Family 2 PITI = 3 Family	2 PITI
Up Front PMI	YES	Optional	N/A	N/A
Monthly PMI	YES	Optional or N/A DPA loan, MI plus	N/A	N/A
Savings		\$\$	\$\$	\$\$

This evaluation form contains estimates only, is not a loan approval, and should be used as an educational tool only



# FCB Mortgage Product Comparison

ONE		FCB Community Opp		Gov Loan ( FHA)	
Purchase Amount	\$300,000.00	Purchase Amount	\$300,000.00	Purchase Amount	\$ 300,000.00
Down Payment 1.5% + \$7,500 FCB	\$19,500.00	Down Payment ( \$15K FCB assistance)	\$15,000.00	Down payment (3.5%)	\$ 10,500.00
Loan Amount	\$280,500.00	Loan Amount	\$285,000.00	Loan Amount	\$ 289,500.00
Up-Front PMI	N/A	Up-Front PMI	N/A	Up-Front PMI	\$ 5,066
Total Loan Amount	\$280,500.00	Total Loan Amount	\$285,000.00	Total Loan Amount	\$ 294,566.25
# Monthly Payment	360	# Monthly Payments	360	# Monthly Payments	360
Interest Rate (Fixed)*(base 5.875%% minus 2%)	5.625%	Interest Rate (Fixed)	6.350%	Interest Rate ( Fixed)	5.375%
Principle & Interest	\$1,615	Principle & Interest F	\$1,773	Principal & Interest paym	\$1,649
Taxes	\$300	Taxes	\$300	Taxes	\$300
Condo Fee	\$250	Condo Fee	\$250	Condo Fee	\$250
Insurance	\$33	Insurance	\$33	Insurance	\$33
NO MI/ PMI	0.00	NO MI/ PMI	0.00	Mortgage Insurance	\$133
Subsidy	TBD	Subsidy	N/A	Subsidy	N/A
Total Monthly Paym	\$2,198	Total Monthly Payme	\$2,356	Total Monthly Payment	\$2,365
FCB ASSISTANCE=	\$15,000	FCB ASSISTANCE =	\$15,000	FCB ASSISTANCE	UP TO \$15,000 = (\$5,066 UFPMI+\$7,500 CC)
Benefit to FTHB	Lowest rate, only 1.5% contribution, no PMI, no cc	Benefit to FTHB	Forgivable loan (5 yrs), no PMI, only closing costs contribution.	Benefit to FTHB	Low rate, credit flexibility, assistance covers upfront PMI, and closing costs.
Borrower's contribu	\$12,000	Borrower's contribut	\$7,500	Borrower's contribution	\$10,500

This evaluation form contains estimates only, is not a loan approval, and should be used as an educational tool only

Public

Internal

# Important Mortgage Forms

- Application (1003)
- LE
- Commitment letter
- Closing Disclosure

# Importance of a Mortgage Officer/Lender

- **Experience** : How long have you been originating residential loans? How familiar are you with special mortgage and DPA programs?
- **Costs/Rate/Program**: What special programs do you offer? Current rates? Does your program have PMI? Fixed rate or adjustable rate? Estimated payment (please include est taxes, insurance, condo fee, PMI, etc.), Do you offer financial assistance for FTHB? If so, what are the terms? Is it a loan, a forgivable loan or a grant?
- **UW/Processing**: Where are your UW located; do you have access to the UW team?
- **Loan Servicing** : Who is going to service my loan?

# Thank you!

**Diana Carvajal-Hirsch**

Managing Director

NMLS ID: 704461

Silicon Valley Bank a division of  
First Citizens Bank.

617.912.3991

Dcarvajal@svb.com

## About First Citizens Bank

We've been helping families and businesses make more of their finances for 125 years. We've shared their dreams, helped make budgets work harder and built financial plans to last them the rest of their lives. And in that time, we've built a solid track record of service, stability and reliability.

We're America's largest family-controlled bank with over 500 branches in 22 states. We are based in Raleigh, North Carolina. First Citizens Bank is listed at #24 on Fortune's 2024 list of fastest-growing companies. We're a top 20 financial institution with over \$200 billion in total assets.

## Important Disclosures

All credit products and loans are subject to underwriting, credit, and collateral approval. All information contained herein is for informational purposes only and no guarantee is expressed or implied. This is not a commitment to lend. Rates, terms, programs and underwriting policies subject to change without notice. Terms and conditions apply. Please consult a tax advisor regarding the deductibility of interest.

©2024 First-Citizens Bank & Trust Company. All rights reserved.

Public  
Internal