



Qualifying for a Mortgage

Diana Carvajal-Hirsch

NMLS ID: 704461

First Citizens Bank.

617.838.4915

Diana.Carvajal-

Hirsch@firstcitizens.com

Merrimack Valley Housing Partnership, May 2026

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.

2024 = \$71,000

2025 = \$75,000

2026 = 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

4 C's?

Who is who
in the
Mortgage
Process?

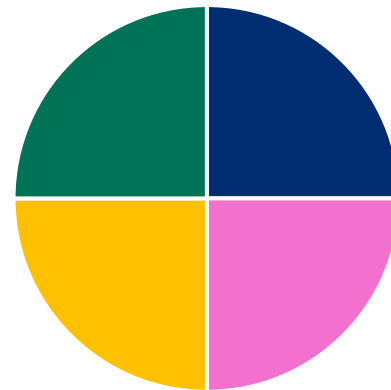
What is an
Underwriting
process?

The lender's team

- Loan Officer
- Underwriter

The Underwriting Review

Risk Analysis



■ Capacity ■ Credit ■ Capital ■ Collateral

Type of Lenders

- **Banks**
- **Mortgage Company**
- **Credit Union**
- **Mortgage broker**

Portfolio vs. Secondary Market

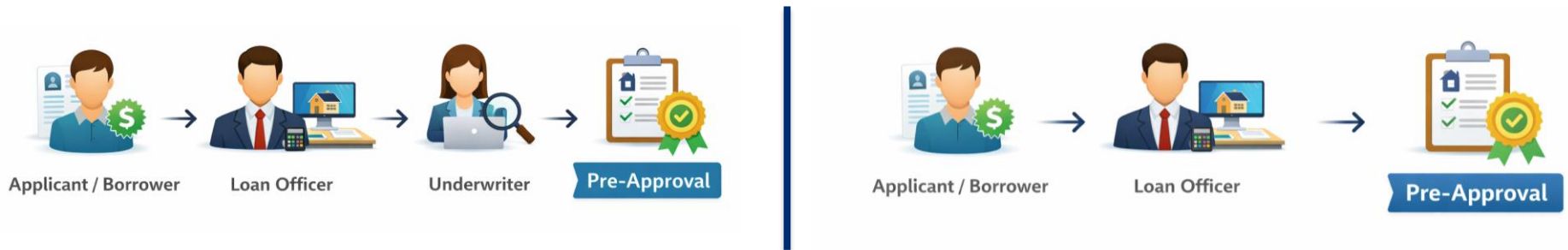
How much can I borrow?

Pre-Qualification



VS

Pre-Approval



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

HARDEST STEP OF THE WHOLE PROCESS

**A TRUE PRE-APPROVAL TAKES TIME AND COMMITMENT FROM BOTH LENDER AND
APPLICANT.**

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

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: 5.50%

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

Principal plus interest	\$1,593
PMI	\$ 0
Taxes	\$ 300
Insurance (HO6)	\$ 33
Condo Fee	<u>+\$ 250</u>
Total PITI	\$2,176

Housing/Debt ratio

$\$2,176 \text{ PITI} + \$335 \text{ debt} / \$6,500 = < 33\%-38\%$.

Steps after you get pre- approved

9/16/2025

First Time Homebuyer
XXX St
Mattapan, MA 02126

RE: Preapproval - loan #: XXXXXXXX

Dear FTTH,

Based upon the credit information that you provided, you are **pre-approved** for a mortgage with First Citizens in the amount up to \$274,500.00. This first mortgage pre-approval is based on the terms of our **ONE+ Boston Program mortgage product** at the current interest rate of **3.50% *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 **91.8%**.
- Verification that taxes, insurance, and condo fees do not exceed **\$583/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 **01/16/2026**

Sincerely,

Diana Carvajal-Hirsch

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



Details of your preapproval:

Mortgage amount:
\$274,500.00

Purchase price: \$300,000.00

Loan type:

Conventional/ ONE+ Boston

Loan term: 360

Interest rate: 3.50%

Down payment: \$25,500.00

Principal & interest: \$1,233.75

**Estimated monthly
payment:** \$1,816.13

Preapproval on: 9/16/2025

Preapproval expires on:

01/16/2026

This information is accurate as of
date

Fair Lending : Your Right as a Borrower

- **A lender cannot treat you differently:**

Race or color

National origin

Religion

Sex or gender

Family status (for example, having children)

Disability

Age

Receiving public assistance

- **Your Rights as a Borrower.**
- **Written Notice**

Types of Mortgage

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

Mortgage Product Comparison

	FHA	MassHousing with MI, LPMI (various options)	ONE (ONE + Boston)	FCB Community Opportunity
Min. FICO Score	620 or less	640-660-680-700	640- 660	640-660
Income limits	N/A	Different limits. www.masshousing.com	\$148,900 Cambridge 3HH)/ by city/town and household size. Includes income from all adult HH members. www.mhp.net	\$160,900 or up to \$321,000 + SVB designated areas
Loan limits	1 unit \$832,750, 2 Unit 1,066.250, 3 Unit \$1,288.880.	1 unit \$832,750, 2 Unit 1,066.250, 3 Unit \$1,288.880	1 unit \$832,750, 2 Unit 1,066.250, 3 Unit \$1,288.880	1 unit \$832,750,
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% + \$15K 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%)	5.500%	Interest Rate (Fixed)	6.375%	Interest Rate (Fixed)	5.875%
Principle & Interest	\$1,593	Principle & Interest F	\$1,778	Principal & Interest paym	\$1,742
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	\$2,176	Total Monthly Payme	\$2,361	Total Monthly Payment	\$2,458
FCB ASSISTANCE=	\$15,000	FCB ASSISTANCE =	\$15,000	FCB ASSISTANCE	UP TO \$15,000 = (\$5,066 UFPMI+\$7,500 CC)
Benefit to FT HB	Very low rate, assistance, no PMI, only 1.5% contribution and cc.	Benefit to FT HB	Low rate, no PMI, assistance to cover dp, only closing costs contribution.	Benefit to FT HB	Low rate, credit flexibility, assistance covers upfront PMI, and closing costs.
Borrower's contrib	4500 + CC	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

High-Cost Loans

Predatory Lending

- **High-Cost loans:**

Very high interest rates

Large upfront fees

Penalties if you refinance or pay early

Payments that increase later

- **Predatory Lending:**

Pressures you to borrow more than you can afford

Hides fees or important information

Rushes you to sign documents

- **Why?**

- **How to Protect Yourself**

The Mortgage Process and Important Mortgage Forms



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

First Citizens Bank.

617.838.4915

Diana.Carvajal-

Hirsch@firstcitizens.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