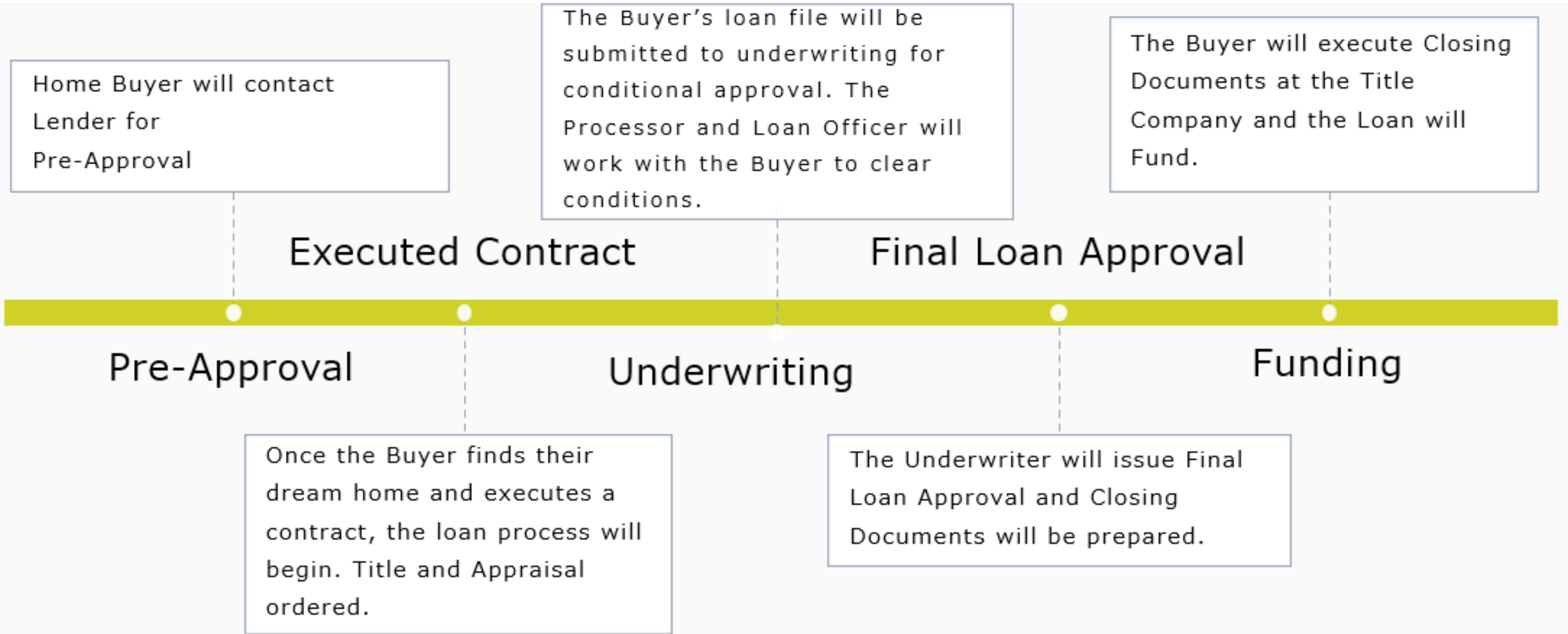


Contact to Close:



When should you connect a buyer with a lender?

- TODAY
- Pre Qual / Pre Approval prior to showing homes
- Understanding Affordability



Lender – Key Questions

Key Questions a REALTOR® needs to ask a potential client:

- Employment Status
- Down Payment funds available *Or* do they need to look at Down Payment Assistance programs?
- When are they looking to buy?
- How is your credit? This could influence which lender a REALTOR® refers clients to for pre-approval

Lenders



Do's & Don'ts When Applying for a Mortgage

Do's

Get Pre-Approved early

Keep pay stubs, bank statements, and other important documentation available

Ask Questions and Communicate with your Loan Team

Pay all liabilities on time

Maintain employment and income

Don'ts

Change jobs/employer without talking to your Loan Officer first

Make major purchases during the process

Make large deposits into bank accounts

Open or Close asset accounts

Don't apply for new credit

Don't payoff collections or charge offs

Panic or stress

**PRE-
APPROVAL**

VS.

**PRE-
QUAL**

Pre-Qual vs Pre-Approval

- Pre-Qual is an informal assessment of a buyer's financial situation.
- Buyer provides basic information about income, debt, and assets.
- The lender uses this information to give a rough estimate of the loan amount the buyer might qualify for
- Pre Quals are not as detailed as pre – approvals

- Pre-Approval is a more formal process where the lender evaluates your creditworthiness and provides a commitment to lend
- Process typically includes a full underwrite of income, credit, and assets

Is It a "Valid" Pre-Approval?

- **Loan Details:** The specific loan terms, including the loan amount, interest rate, and loan type.
- **Borrower Information:** The name(s) and contact information of the applicant(s).
- **Property Details:** The address of the property being financed if identified
- **Conditions:** The specific conditions that must be met for the loan to be approved, which can vary depending on the borrower's situation and the lender's requirements. Common conditions include:
- **Expiration Date:** The date by which the conditions must be met.
- **Signature:** The signature of the mortgage loan originator.

Appraisals

- What is the purpose of an Appraisal?
 - Determine Fair Market Value of Collateral
 - Condition of property and safety issues
- Appraisals are ordered independent of lender though Appraisal Management Companies (AMC)
- Difference between Conventional and Government appraisal requirements
- What information should the REALTOR® provide to the appraiser?
- PIW / Appraisal Waivers



Lender – Affordability & Credit

- Affordability and Credit
- Debt to Income Ratio vs. Comfortable Monthly Expenditures
- The lender will review the buyer's DTI:
 - The buyer will need to decide how comfortable they are with the monthly payment.
 - Just because they can qualify for a higher sales price does not mean they can comfortably afford the payment.



Standard Home Buyer Loan Program Options For DFW Areas in Year 2026. See for All Counties

	Conventional	FHA Loans	USDA Loans	VA Loans
Down Payment	3%, 5%	3.5%	0%	0%
Max Loan Amount	\$832,750 (2026)	\$563,500 (2026)	\$450,800 (2025)	\$3-\$4 Million
Credit Score	620	580 (3.5%) 500 (10%)	620	500
Max DTI	~50%	~55%	~41%	~60%
Income Restrictions	Income Restrictions May Apply on Certain Programs	None	\$126,850 DFW Area (2025)	None

Maximum Seller Concessions By Loan Program

LOAN TYPE	PROPERTY TYPE	DOWN PAYMENT	CONTRIBUTION TYPE	MAX SELLER CONTRIBUTION
CONVENTIONAL	Primary & Secondary Home	Less than 10%	Closing Costs,	3%
		10-25%	Prepaid Items &	6%
		More than 25%	Discount Points	9%
CONVENTIONAL	Investment	15% or more	Closing Costs, Prepaid Items & Discount Points	2%
FHA	Primary	3.5% or more	Closing Costs, Prepaid Items & Discount Points	6%
VA	Primary	N/A	Closing Costs, Prepaid Items & Discount Points	Unlimited (Up to 2 Discount Points)
			Can Include Debt Payoff	4%
USDA*	Primary	N/A	Closing Costs, Prepaid Items & Discount Points	6%

*Some state and county maximum

Investment – Possible Hurdles



- **Investment Property**
- **Conforming Loan programs require 15%-25% down payment**
 - Interested party contributions limited to 2%
- **Non-QM (alternative loan programs) available:**
 - Bank Statement loans
 - Debt Service Coverage Ratio (DSCR)
 - Asset based loans