

# Doctor Advantage Loan Program



Company NMLS: 130672  
Senior Loan Officer NMLS: 162273



The Victor Bals Team - Huron Valley Financial

Cell: 734-417-2115 | Fax: 810-512-1806 | [Vic@HVFLoans.com](mailto:Vic@HVFLoans.com)

102 E. Grand River Brighton MI 48116 [www.HVFLoans.com](http://www.HVFLoans.com)



## Product Benefits

Available to medical doctors who have a minimum of a **MD, DO, DDS or DMD degree and an employment contract or verification of terms of employment acceptance.** Medical Doctors including **Dentists, Podiatrists, Ophthalmologists are permitted. Veterinarians are permitted.** This program is not available for chiropractors. This program offers 100% LTV up to \$500,000. There is no PMI required on this program regardless of loan size and/or LTV. Refer to LTV and credit score matrix for complete parameters.

*Doctors in residency are limited to \$417,000 loan amount.*



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### Property Eligibility

<b>Property Type</b>	<ul style="list-style-type: none"> <li>• 1-2 family principle residence</li> <li>• Condo (warrantable or non-warrantable) with full project review</li> <li>• PUD</li> <li>• Townhouse</li> </ul>
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li>• Investment property, second home, or manufactured housing</li> </ul>
<b>State Eligible</b>	<ul style="list-style-type: none"> <li>• Michigan only</li> </ul>
<b>Pre-payment Penalty</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>• Fixed 15 yr. fixed rate</li> <li>• ARM 1/1; 3/1; 5/1; 7/1; and 10/1 with 2.25% margin</li> <li>• ARM caps after first adjustment – 1/1 and 3/1 are 2/2/6 all others are 5/2/5</li> </ul>



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## Loan Types Offered

<b>ARM</b>	<ul style="list-style-type: none"> <li>Loans based off the Index LIBOR London Interbank Offered Rate: The average of interbank offered rates for one-year U.S. dollar-denominated deposits in the London market (LIBOR) as published in The Wall Street Journal.</li> <li>The new interest rate is set forty-five (45) days prior to the adjustment by adding the margin to the index then rounding to the nearest 1/8%</li> </ul>
<b>APR Tolerance</b>	<ul style="list-style-type: none"> <li>Final TIL .125% tolerance either up or down from last disclosed APR OR</li> <li>Finance charge to not be more than \$100 over the last disclosed finance charge</li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>Fixed Rate: 180 months</li> <li>Adjustable Rate: 360 months maximum</li> </ul>
<b>Maximum Loan Amount</b>	<ul style="list-style-type: none"> <li>Doctors in residency are limited to \$417,000</li> <li>\$1,000,000 for Doctors not in residency</li> </ul>



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# Loan To Values/Credit Score Minimums 833-TIME TO BUY

	Loan Amount	Credit Score	LTV
<b>Purchase</b>	\$0-\$500,000	700	100%
	\$0-\$500,000	680	95%
	\$500,001-\$650,000	720	95%
	\$650,001-\$850,000	720	90%
	\$850,001-\$1,000,000	720	85%
<b>Rate &amp; Term Refinance</b>	\$0-\$500,000	680	95%
	\$500,001-\$650,000	720	90%
	\$650,000-\$850,000	720	85%
	\$850,001-\$1,000,000	720	80%



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## UNDERWRITING GUIDELINES

Standard Fannie Mae/Freddie Mac guidelines except as stated below:

- Minimum reserves 2 months PITI plus one month for each 30 days from closing when employment starts
- Employment should begin within 60 days of closing (exceptions may be granted for mitigating circumstances)
- Verification of Rent is not required as long as the borrower has three open trade lines that are current and have had 0x30 late payments for the last 12 months
- Verification of Deposit or last two months bank statements
- If degree is not available, a letter from the school must be provided and contain the following: written on school letterhead, anticipated graduation date, and type of degree the student is receiving
- Only one Doctors Advantage loan per borrower is permitted



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## QUALIFYING RATIOS

- DTI (Debt To Income Ratios) 50%
- Student Loans: Income based repayment program that allows medical residents to cap their monthly payment at 15% of their income that exceeds 150% of the poverty line for the borrower's family. This payment amount must be included in the DTI calculation.
- If the student loan goes into full repayment within 12 months of closing, the full repayment amount must be included in the DTI calculation.
- If the borrower can document that the student loan payment is deferred or is in forbearance for at least 12 months after closing, the student loan payment can be excluded from the DTI calculation
- If the borrower has completed residency or fellowship, student loan payments will be included in the DTI calculation.
- If borrower/co-borrower is not in residency or fellowship, student loan payments will be included in the DTI calculation.
  - Qualifying initial Note Rate:
    - 1/1, 3/1 & 5/1 ARMs are qualified at the greater of the fully indexed rate or note rate plus 2.0%
    - 7/1, 10/1 15 year fixed are qualified at the note rate.

**BUSINESS ASSETS FOR CLOSING AND / OR RESERVES**

Obtain a letter from the company Bookkeeper/Accountant, confirming the use of these documented funds for closing and/or reserves will have no negative impact on the borrower's self-employed business. If this statement is obtained, only the amount of funds to be injected into the transaction from this account can be used for qualification.

- The document must be on the company letterhead, fully executed, and must be from a qualified third party disinterested source, not a family member. third party disinterested source, not a family member.

**EXAMPLE**

- Business account balance \$28,500
- X 30% \$8,550 Maximum funds allowed for qualification purposes
- If the Bookkeeper/Accountant confirms in writing that reduction of these assets would in fact cause a negative impact to the business,
- Then, no business asset provided by the borrower can be used to qualify, remove the business asset from the 1003 an rerun DU/LP rerun for revised and acceptable findings, if applicable

If the Bookkeeper/Accountant refuses in writing to provide this confirmation, then the following 30% tolerance may apply:

NOTE: UW record must first review the overall business structure for stability, such as:

- Years owning SE business
- Available assets based on tax return review and bank statements provided
- Increasing vs. declining income year to year etc.



## USE OF BUSINESS ASSETS FOR CLOSING AND / OR RESERVES (cont.)

### THEN

- Only 30% of the documented business account balance can be utilized for qualification, amend the 1003.
- Obtain signatures from any partners to the business, confirming they have knowledge of this action and accept that the borrower will be pulling the assets from their business account

### EXAMPLE

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## Age of Credit & Documents

Maximum age of credit documents is 90 days

“Credits documents” include credit reports and employment, income, and asset documentation

The time frame covered by the maximum age of credit documents goes from date of the document to the date the note is signed

### VERIFICATION OF EMPLOYMENT

- Letter of verification of Employment Acceptance with terms of salary and start date or an executed contract is required; or
- Verbal VOE, paystubs covering most recent 30 days and last two years' W-2 statements
- Self employed borrowers require 2 full years of self employment and 2 years of personal and business tax returns.
- Borrowers that are paid by W-2 are considered on a case by case basis with less than a 2 year history along with letter of verification listed above.



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## Verification of Employment

- Letter of verification of Employment Acceptance with terms of salary and start date or an executed contract is required; or
- Verbal VOE, paystubs covering most recent 30 days and last two years’ W-2 statements
- Self employed borrowers require 2 full years of self employment and 2 years of personal and business tax returns.
- Borrowers that are paid by W-2 are considered on a case by case basis with less than a 2 year history along with letter of verification listed above.

## Non-Permanent Resident Aliens

- Must follow Fannie Mae Guidelines
- Single family detached/attached (townhome) housing only
- 2 years US credit history required
- Must provide documented evidence of residency
- Not allowed if borrower has diplomatic immunity

## Condominiums

- LTV/CLTV < 100%
- Warrantable condos require full condo approval (no limited review)
- Non warrantable condos are reviewed on a case by case basis
- The following documentation is required for Condo Review and will be reviewed by Investor's condo group for eligibility with concurrent loan submission:
  - Fully completed and executed Condominium Project Certification
  - Condominium project Declarations and By-Laws and all amendments
  - Condominium project Budget, Profit and Loss and Balance Sheet
  - Condominium project insurance certificate evidencing Hazard 'walls-in' 100% Replacement Cost, \$1,000,000 Liability and Fidelity Bond
  - HO6 dwelling/building coverage of at least 20% of the appraised value
  - Complete appraisal with all attachments (when available)



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## Concessions

Seller Contribution: Product must follow Fannie Mae builder contribution guidelines as outlined below. The maximum permitted builder/seller (interested party) contributions are based on the lesser of the properties sales price or appraised value:

### LTV/CLTV

- >90%
- 75.01% - 90%
- <=75%

### Max Contribution

- 3%
- 6%
- 9%

Gift Funds: Gift funds can be applied to down payment, closing costs, or cash reserves



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## Non-Traditional Credit

- Used when borrower has no credit score because the borrower lacks the type or number of credit references to develop a traditional credit history
- A minimum of three (3) references are required that are at least one year old. One (1) of the sources must be housing, and all must show paid as agreed.
- Two (2) sources must be Tier I credit, i.e. housing rental payment (required), utilities, telephone and TV cable. Other sources may be Tier II or III credit (i.e. medical, life, auto or renters insurance, local department, furniture, appliance or specialty stores, medical bills, auto rental, school tuition, child care, etc.)
- Up to 30% of the total qualifying income for the mortgage may be represented by the stable and continuing income of an occupying co-borrower for whom neither an acceptable traditional credit profile nor an acceptable nontraditional credit profile can be developed.



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## Non-Traditional Credit (cont.)

- Payment on loans from an individual is permissible if the terms are in writing and a canceled check can be provided to document payment.
- There can be no history of delinquency on the rental housing payments within the past 24 months (or, if the borrower has been making rental payments for less than 24 months, no history of delinquency for the number of rental payments that have come due).
- There can be no history of delinquency on the remaining accounts, although one of the accounts may have had a 1x30 delinquency;
- There can be no collection or judgments of public record.
- Under no circumstances shall the non-traditional credit history evaluation be used to offset derogatory credit.



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### Additional Information

#### VERBAL VERIFICATION OF EMPLOYMENT

- Salaried Income: A Verbal VOE must be obtained within 10 calendar days prior to closing.
- Self Employed Income: Verification of the Business existence must be obtained within 30 calendar days prior to closing, from a third party source such as a CPA, regulatory agency or licensing bureau.
- The source used to verify the business (white pages, yellowpages.com, etc.) must be documented in the credit file for all income sources, along with the full name and title of the eligible contact person providing the information.

#### APPRAISAL REQUIREMENTS

- Appraisals are ordered through HVF appraisal process
- Minimum Appraisal Requirement: 1004 interior and exterior inspections
- Appraisals for high loan amounts / high property values may be subject to technical review by the Investor.



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## Additional Information (cont.)

<b>INVESTOR APPROVAL REQUIRED</b>	<ul style="list-style-type: none"> <li>Processors will follow HVF investor loan submission process.</li> <li>Automated findings are not required (Lender to DU-as Investor)</li> </ul>
<b>SUBORDINATE FINANCING</b>	<ul style="list-style-type: none"> <li>Not permitted</li> </ul>
<b>MI REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>MI not required</li> </ul>
<b>Product Specific Disclosure</b>	<ul style="list-style-type: none"> <li>Use investors ARM disclosure</li> </ul>
<b>Interest Rate Adjustment CAPS</b>	<ul style="list-style-type: none"> <li>1/1 ARM: 2/2/6 CAPS</li> <li>Annual Caps: plus/minus 2% of the initial rate at the first adjustment with every subsequent adjustment at plus/minus 2% of the preceding interest rate. Life Cap: plus/minus 6% over the initial interest rate (Rate may never be lower than the margin.)</li> </ul>



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## ARM Adjustments

### 3/1 ARM: 2/2/6 CAPS

Annual Caps: plus/minus 2% of the initial rate at the first adjustment with every subsequent adjustment at plus/minus 2% of the preceding interest rate. Life Cap: plus/minus 6% over the initial interest rate (Rate may never be lower than the margin.)

### 5/1 ARM: 5/2/5 CAPS

Annual Caps: plus/minus 5% of the initial rate at the first adjustment with every subsequent adjustment at plus/minus 2% of the preceding interest rate. Life Cap: plus/minus 5% over the initial interest rate (Rate may never be lower than the margin.)

### 7/1 ARM: 5/2/5 CAPS

Annual Caps: plus/minus 5% of the initial rate at the first adjustment with every subsequent adjustment at plus/minus 2% of the preceding interest rate. Life Cap: plus/minus 5% over the initial interest rate (Rate may never be lower than the margin.)

### 10/1 ARM 5/2/5 CAPS

Annual Caps: plus/minus 5% of the initial rate at the first adjustment with every subsequent adjustment at plus/minus 2% of the preceding interest rate. Life Cap: plus/minus 5% over the



# QUESTIONS?

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**Thank You!**



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