

# (DIYM) Do It Yourself Mortgage

Anatomy of a Loan

Mitch Kossar, CFO  
CIG Realty and Loans  
Booths 52 & 53

Sacramento  
San Francisco Bay Area  
San Jose  
Los Angeles



# Ever Wondered?



Why your neighbor qualified to buy a home and *YOU DIDN'T*, even though you have better credit?

How banks *REALLY* decide how much money they will lend you?

What determines your interest rate?

# It's All in the PACKAGING



# Think Like a Bank



In the OLD, OLD Days



The local Bank Manager knew  
*everything* about you

Not today

# Tell a Story To *Impress* the Bank



# If *You* Lent Money to Someone



*What questions would you ask?*

# Brokers and Banks



**Walk into a bank, and Good  
Luck with your story**

**Brokers are PROFESSIONAL  
Story Tellers**

# The *REAL* CIA



- ✓ (C)redit or Honor
- ✓ (I)ncome or your Wallet
- ✓ (A)ssets or "Pound of Flesh"

***Every story has Three parts***

Credit: Honor



**1. F I C O**

**2. Keep old accounts**

**3. Balance ratios**

**4. Check for mistakes**

*Check with your Broker*

# Income: Your Wallet



The *REAL* art of story telling is in talking about your income

- ✓ What is No Doc?
- ✓ What is Stated?
- ✓ What is Reduced Doc?

# Income Example



## Nail Salon Owner:

- ✓ Makes \$100,000 per year - no way to show it?
- ✓ How does she qualify?
- ✓ Which way is best?

# Assets: "Pound of Flesh"



**Equity Matters!**

Honor, Wallet, "Pound of Flesh"



**Banks do not need ALL  
three anymore ...**

**JUST ONE, why?**

*We are in a unique time in history*

So, You Qualify: *Which* Loan



What is most  
important?

Interest Rates?

*Think Again*

# Payments vs. Interest Rates



**\$300,000 dollar loan. 6% Interest. What is the monthly payment?**

- a. 2,500**
- b. 1,800**
- c. 1,500**
- d. 960**
- e. 760**
- f. Any of the above.**

# Most Important: Term and Payment Options



- A. 2,500: 15 year payoff, fully amortized
- B. 1,800 30 year payoff, fully amortized
- C. 1,500 Interest Only
- D. 960 1% minimum payment, 30 year
- E. 760 1% minimum payment, 40 year

A broker can find the right package for you

# What Else Matters? RISK



What is a(n):  
ARM?  
Fixed Mortgage?  
Prepayment Penalty?  
Index?

**Some of the components of a loan.  
All are functions of risk.**

# Understand the Risk and Reward



## Payment options:

Slightly more risk, preferred in most cases

## Arm vs. Fixed:

Depends on your personal situation

# Real People, Real Stories



- ✓ John just landed a job as a UPS driver
- ✓ No money in the bank, first good job, newly married
- ✓ Can he buy a home?

# Thank You

**Mitch Kossar, CFO**  
**CIG Realty and Loans**  
**Booths 52 & 53**

**Sacramento**  
**San Francisco Bay Area**  
**San Jose**  
**Los Angeles**

