Credit & Home Financing for Graduating Medical Students at:

Presented by: Tal Frank
talfrank@physicianloans.com

www.physicianloans.com
The intent of this Financial Workshop is to educate you in long term financial health and literacy as UIC recognizes that it is beneficial to have this information made available to you.

Any future business relationship between you and PhysicianLoans will be at your choice and consent.

There is no obligation for you to apply for a mortgage with PhysicianLoans by attending this session.
Who we are

My Personal NMLS #6502

A Preferred Mortgage Provider for the AMA, AOA and SOMA

SINCE 1993

www.PhysicianLoans.com
Agenda

• Understanding Your Credit
• Types of Home Loans
• How much you CAN Afford
• Buy vs. Rent
• Home Buying Timeline

• LIVE Q&A Throughout
Understanding Your Credit
What is a credit score?

• A number that summarizes your credit risk

• From credit bureaus that capture, update, and store credit histories

• Lenders use this to determine loan terms

• The score is based on a snapshot of your credit file at a particular point in time
Credit Bureaus

Equifax  Experian  TransUnion
The FICO® score range

- **Exceptional**: 800 or higher
- **Very Good**: 740 to 799
- **Good**: 670 to 739
- **Fair**: 580 to 669
- **Poor**: 579 or lower
What’s in a credit score?

- Payment History: 35%
- Amounts Owed: 10%
- Length of Credit History: 15%
- New Credit: 10%
- Types of Credit Used: 10%
Payment History: 35%

- Payment information on many types of accounts
- Public record and collection items
- Details on late or missed payments and public record and collection items
- Number of accounts that show no late payments or are currently paid as agreed
What your credit score ignores

• Age, race, color, religion, national origin, sex, and marital status
• Employment details
• Where the consumer lives
• Current interest rates
• Child/family support obligations
• Information not found in the credit report
• Information not proven to be predictive of future credit performance
Check you credit for free (no score provided)

www.annualcreditreport.com
Types of Loans
What mortgage types are out there?

- **Physician Loan**
- **Conforming**
  - Fannie Mae and Freddie Mac
- **FHA**
  - Government Insured
- **VA**
  - Government Guaranteed

This is a subset of mortgage types and does not include all mortgage types. VA loans require a VA certificate of eligibility. Huntington is not acting on behalf of, or at the direction of the VA, FHA, USDA or Federal Government.

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Why is applying for the right loan important as a Graduating Student / Resident?

- Little to no savings
- No proof from lender of student loan payments for next 12 months
- Job starts in July, but you wish to move in June or earlier
- Medical license not yet issued
- Student loan debt
- No employment contract & no pay stubs.
- Medical license not yet issued

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# Mortgage Loan Types

<table>
<thead>
<tr>
<th></th>
<th>Physician Loan</th>
<th>Conforming</th>
<th>FHA</th>
<th>VA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Down Payment</strong></td>
<td>As low as 0%</td>
<td>As low as 3%</td>
<td>As low as 3.5%</td>
<td>As low as 0%</td>
</tr>
<tr>
<td>Student loan documentation flexibility</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Mortgage Insurance</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fully executed employment contract or offer letter is acceptable</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Higher Debt Ratio Allowed</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Close up to 90 days prior to Orientation / Residency / Job start</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This is a subset of mortgage types and not includes of all mortgage types. VA loans require a VA certificate of eligibility. Huntington is not acting on behalf of, or at the direction of the VA, FHA, USDA or Federal Government.

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How do I determine how much I can afford?
### What Price Range?

<table>
<thead>
<tr>
<th>Single Income Graduating Students</th>
<th>Home Purchase</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$150,000 - $325,000</td>
<td>$1,200 - $2,250</td>
</tr>
<tr>
<td>Dual income households</td>
<td>$450,000+</td>
<td>$2,500+</td>
</tr>
</tbody>
</table>

Example assumes rate of 5.75%. APR varies due to loan size in example between 6.33% – 6.29%. Please reference disclosure slide (Slide 38) for additional terms and information. The tax and insurance examples are for illustrational purposes and do not depict an actual transaction scenario. Region represented in this example is Columbus, OH. Actual costs may vary based on the location of the property.
Monthly House Price Index for U.S. from January 1991 - Present
Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)

Compound Annual Growth Rate Since January 1991: 4.5%
Compound Annual Growth Rate Since January 2000: 4.8%
Compound Annual Growth Rate Since January 2012: 7.5%

Source: FHFA
## FHFA HPI by Metropolitan Statistical Area
### Percent Change in House Prices
#### Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)

**Period ended 2023Q3**

<table>
<thead>
<tr>
<th>Metropolitan Statistical Area or Division</th>
<th>1-Yr</th>
<th>Qtr</th>
<th>5-Yr</th>
<th>Since 1991Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akron, OH</td>
<td>10.26%</td>
<td>4.11%</td>
<td>58.42%</td>
<td>197.26%</td>
</tr>
<tr>
<td>Albany-Schenectady-Troy, NY</td>
<td>12.35%</td>
<td>5.34%</td>
<td>54.86%</td>
<td>199.96%</td>
</tr>
<tr>
<td>Albuquerque, NM</td>
<td>6.67%</td>
<td>1.60%</td>
<td>64.42%</td>
<td>283.15%</td>
</tr>
<tr>
<td>Allentown-Bethlehem-Easton, PA-NJ</td>
<td>9.09%</td>
<td>3.08%</td>
<td>65.72%</td>
<td>203.88%</td>
</tr>
<tr>
<td>Anaheim-Santa Ana-Irvine, CA (MSAD)</td>
<td>7.79%</td>
<td>2.27%</td>
<td>49.93%</td>
<td>374.33%</td>
</tr>
<tr>
<td>Atlanta-Sandy Springs-Alpharetta, GA</td>
<td>6.49%</td>
<td>2.55%</td>
<td>68.71%</td>
<td>323.00</td>
</tr>
<tr>
<td>Austin-Round Rock-Georgetown, TX</td>
<td>-5.03%</td>
<td>1.29%</td>
<td>62.30%</td>
<td>632.23%</td>
</tr>
<tr>
<td>Bakersfield, CA</td>
<td>3.81%</td>
<td>3.51%</td>
<td>58.29%</td>
<td>213.88%</td>
</tr>
<tr>
<td>Baltimore-Columbia-Towson, MD</td>
<td>6.94%</td>
<td>2.17%</td>
<td>40.97%</td>
<td>253.21%</td>
</tr>
<tr>
<td>Baton Rouge, LA</td>
<td>3.92%</td>
<td>-0.04%</td>
<td>30.14%</td>
<td>252.90%</td>
</tr>
<tr>
<td>Birmingham-Hoover, AL</td>
<td>3.10%</td>
<td>0.91%</td>
<td>53.12%</td>
<td>269.21%</td>
</tr>
<tr>
<td>Boise City, ID</td>
<td>-3.56%</td>
<td>1.70%</td>
<td>75.91%</td>
<td>568.56%</td>
</tr>
<tr>
<td>Boston, MA (MSAD)</td>
<td>6.51%</td>
<td>0.91%</td>
<td>51.39%</td>
<td>366.97%</td>
</tr>
<tr>
<td>Bridgeport-Stamford-Norwalk, CT</td>
<td>9.19%</td>
<td>2.12%</td>
<td>59.00%</td>
<td>217.47%</td>
</tr>
<tr>
<td>Buffalo-Cheektowaga, NY</td>
<td>8.24%</td>
<td>3.19%</td>
<td>65.59%</td>
<td>239.52%</td>
</tr>
<tr>
<td>Cambridge-Newton-Framingham, MA (MSAD)</td>
<td>7.81%</td>
<td>3.41%</td>
<td>51.06%</td>
<td>363.40%</td>
</tr>
<tr>
<td>Camden, NJ (MSAD)</td>
<td>10.38%</td>
<td>2.75%</td>
<td>70.83%</td>
<td>221.71%</td>
</tr>
<tr>
<td>Cape Coral-Fort Myers, FL</td>
<td>3.09%</td>
<td>-0.03%</td>
<td>85.74%</td>
<td>385.52%</td>
</tr>
<tr>
<td>Charleston-North Charleston, SC</td>
<td>9.21%</td>
<td>3.39%</td>
<td>79.96%</td>
<td>539.86%</td>
</tr>
<tr>
<td>Charlotte-Concord-Gastonia, NC-SC</td>
<td>6.44%</td>
<td>2.27%</td>
<td>78.39%</td>
<td>351.00%</td>
</tr>
<tr>
<td>Chicago-Naperville-Evanston, IL (MSAD)</td>
<td>6.77%</td>
<td>2.25%</td>
<td>40.88%</td>
<td>198.95%</td>
</tr>
<tr>
<td>Cincinnati, OH-KY-IN</td>
<td>9.22%</td>
<td>2.27%</td>
<td>64.53%</td>
<td>241.40%</td>
</tr>
<tr>
<td>Cleveland-Elyria, OH</td>
<td>7.51%</td>
<td>2.39%</td>
<td>57.95%</td>
<td>183.10%</td>
</tr>
<tr>
<td>Colorado Springs, CO</td>
<td>-0.09%</td>
<td>2.08%</td>
<td>60.11%</td>
<td>465.32%</td>
</tr>
<tr>
<td>Columbia, SC</td>
<td>5.78%</td>
<td>-0.05%</td>
<td>63.48%</td>
<td>233.13%</td>
</tr>
<tr>
<td>Columbus, OH</td>
<td>7.02%</td>
<td>2.68%</td>
<td>64.12%</td>
<td>287.99%</td>
</tr>
<tr>
<td>Dallas-Plano-Irving, TX (MSAD)</td>
<td>3.19%</td>
<td>2.33%</td>
<td>58.35%</td>
<td>348.27%</td>
</tr>
<tr>
<td>Dayton-Kettering, OH</td>
<td>10.81%</td>
<td>3.07%</td>
<td>64.13%</td>
<td>178.58%</td>
</tr>
<tr>
<td>Denver-Aurora-Lakewood, CO</td>
<td>2.62%</td>
<td>2.63%</td>
<td>48.55%</td>
<td>634.29%</td>
</tr>
<tr>
<td>Detroit-Dearborn-Livonia, MI (MSAD)</td>
<td>8.16%</td>
<td>2.87%</td>
<td>53.52%</td>
<td>215.03%</td>
</tr>
<tr>
<td>El Paso, TX</td>
<td>4.83%</td>
<td>-1.86%</td>
<td>59.98%</td>
<td>220.39%</td>
</tr>
<tr>
<td>Elgin, IL (MSAD)</td>
<td>10.00%</td>
<td>2.22%</td>
<td>51.97%</td>
<td>166.94%</td>
</tr>
<tr>
<td>Fort Lauderdale-Pompano Beach-Sunrise, FL (MSAD)</td>
<td>3.73%</td>
<td>1.52%</td>
<td>74.86%</td>
<td>477.37%</td>
</tr>
<tr>
<td>Fort Worth-Arlington-Grapevine, TX (MSAD)</td>
<td>1.14%</td>
<td>0.80%</td>
<td>58.90%</td>
<td>322.05%</td>
</tr>
<tr>
<td>Frederick-Gaithersburg-Rockville, MD (MSAD)</td>
<td>3.55%</td>
<td>-0.51%</td>
<td>35.64%</td>
<td>260.46%</td>
</tr>
<tr>
<td>Fresno, CA</td>
<td>3.51%</td>
<td>1.52%</td>
<td>53.79%</td>
<td>262.92%</td>
</tr>
<tr>
<td>Gary, IN (MSAD)</td>
<td>4.54%</td>
<td>0.90%</td>
<td>54.09%</td>
<td>225.65%</td>
</tr>
<tr>
<td>Grand Rapids-Kentwood, MI</td>
<td>7.36%</td>
<td>1.49%</td>
<td>68.79%</td>
<td>308.98%</td>
</tr>
</tbody>
</table>
## Total Debt Ratio Allowed

<table>
<thead>
<tr>
<th></th>
<th>Physician Loan</th>
<th>Conforming</th>
<th>FHA</th>
<th>VA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Portfolio Loan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fannie Mae &amp; Freddie Mac</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td></td>
<td>36%</td>
<td>43%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Information presented on the slide represents the standard DTI allowed, without additional conditions or underwriting requirements. Conforming allows up to 45% and 50% under certain conditions; FHA allows up to 50% under certain conditions. VA loans require a VA certificate of eligibility. Huntington is not acting on behalf of, or at the direction of the VA, FHA, USDA or Federal Government.
How much you qualify for

Total Debt Ratio $\geq$ Total Monthly Debt Payments

How are Student Loans accounted for?

Monthly Gross Income
How much you qualify for

50% ≥ $5,416 Monthly Gross Income

$2,708 Total Monthly Debt Payments

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The house you buy depends on your PITI & DTI

- **Purchase Price**: $290,000
- **P&I**: $1,692
- **Taxes**: $241
- **Insurance (Homeowners)**: $50
- **Total PITI**: $1,983

Example assumes rate of 5.75%, APR 6.30%. Please reference disclosure slide (Slide 38) for additional terms and information. The tax and insurance examples are for illustrative purposes and do not depict an actual transaction scenario. Region represented in this example is Columbus, OH. Actual costs may vary based on the location of the property.
The PITI Comparison

Example assumes rate of 5.75%. APR varies due to loan size in example between 6.31% - 6.29% respectfully. Please reference disclosure slide (Slide 38) for additional terms and information. The tax and insurance examples are for illustrational purposes and do not depict an actual transaction scenario. Region represented in this example is Columbus, OH. Actual costs may vary based on the location of the property.
How do I determine if I should Buy or Rent?
When it may make sense to Buy

- Local Home Prices
- Monthly payment you feel comfortable with
- How Much You Qualify For
When it may make sense to Rent

Local Home Prices

Monthly Payments You Feel Comfortable With

How Much You Qualify For

www.PhysicianLoans.com
Common Decision Factors

- **Lifestyle**
- **Financial Benefits**
- **City**
- **Time in Home**
Renting vs Buying
A $290,000 Home Held for 4 Years

Rent Payments
($2,000/m for 4 years)

PITI ($1,983/mo)
Pay Down Principle
Appreciation (3%)
Equity

Total

$95,184
- $16,000
- $36,000

$96,000

Difference of $52,816

Example assumes rate of 5.75%, APR 6.30%. Please reference disclosure slide (Slide 38) for additional terms and information.
The tax and insurance examples are for illustrative purposes and do not depict an actual transaction scenario. Region represented in this example is Columbus, OH. Actual costs may vary based on the location of the property.
The financial benefits of Buying

Gross Difference of $52,816

Maintenance (apx. 1% per year) - $10,000
Selling Cost (6% of $326,000) - $19,560

Net Difference of $23,256

This sample is for illustrational purposes and does not depict an actual transaction. Actual costs may vary.
Timeline-
What To Do and When
Jan
Select a Loan Officer
Get Pre-Qualified
Select a Realtor

Mar
Find a home & get under contract
Complete Application / Get LE
Have the home inspected & appraised
Update your loan approval papers

May
Obtain a Clear to Close
Receive Closing Disclosure
Close on Home

Jun
MOVE IN
Selecting a trusted Loan Officer

<table>
<thead>
<tr>
<th>Questions to ask a Loan Officer</th>
<th>Questions to ask related to the loan process</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Do you hold a personal mortgage license?</td>
<td>• How do I need to handle Earnest Funds?</td>
</tr>
<tr>
<td>• Is your company licensed in the state in which I plan to purchase?</td>
<td>• How much is the Inspection and Appraisal and when do I need to pay?</td>
</tr>
<tr>
<td>• Am I free to use the real estate agent of my choice?</td>
<td>• How much money do I need to show for approval? What about Funds to Close?</td>
</tr>
<tr>
<td>• Am I able to call you after hours and weekends?</td>
<td>• Will my going on vacation impact your process?</td>
</tr>
<tr>
<td>• Can you provide references?</td>
<td>• What student loan documentation will you need from my student loan company?</td>
</tr>
<tr>
<td>• Did you complete your CE in 2023?</td>
<td>• Do you have a dedicated processer assigned to me?</td>
</tr>
</tbody>
</table>
The home buying timeline

**Step 2:** Select a trusted Real Estate Agent (Jan – Mar)

**Generic Questions**

- How many transactions did you close in the last year?
- Are you a licensed agent?
- What is your experience working with first-time homebuyers?
- Are you working for me and in my best interest throughout this transaction?
- How will you communicate with me?
- Are there any fees I need to pay you?

**Modified Questions**

- How many houses have you sold using a true doctor loan?
- What is your experience working with graduating med students who are first time home buyers?
4 Important Considerations

- How Much You Qualify For
- Local Home Prices
- Monthly payment you feel comfortable with

The Right Loan Officer + The Right Real Estate Agent + The Right Loan

www.PhysicianLoans.com
Figures provided below are for illustration purposes only and are not actual rate quotes. Rate and payment information in the examples reflect - terms for financing the purchase of a single-family, owner-occupied dwelling by an applicant with a 720 credit score on a 30-year, 10/6 adjustable rate mortgage based on market conditions as of January 27, 2023, and assumes $1000 in prepaid finance charges. The initial rate (5.75%, in this example) for the 10/6 ARM is in effect for the first 120 months. After 120 months, the interest rate is based on the 30-Day Average Secured Overnight Funds Rate (SOFR) index rate as published by the Federal Reserve Bank of New York in effect within 45 days of the change date (4.310%, as of January 27, 2023) plus a margin (3%, in this example) rounded to the nearest .125% and is subject to change every 6 months. Due to the variable nature of the index, interest rates and payments may increase, in some cases, significantly, after consummation of the loan. The rate and payment information for years 11-30 are based on the index rates in effect as of January 27, 2023; the index rates in effect ten to thirty years later may differ substantially. The payment estimates do not include amounts for taxes and insurance premiums; the actual payment obligation will be greater.

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Points</th>
<th>Down Payment</th>
<th>Rate Years 1 through 10</th>
<th>Rate Years 11 through 30</th>
<th>APR Years 1 through 10</th>
<th>APR Years 11 through 30</th>
<th>Monthly Payment Years 1 through 10</th>
<th>Monthly Payment Years 11 through 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>0</td>
<td>0%</td>
<td>5.75%</td>
<td>7.25%</td>
<td>6.33%</td>
<td>6.31%</td>
<td>$875.36</td>
<td>$985.44</td>
</tr>
<tr>
<td>$225,000</td>
<td>0</td>
<td>0%</td>
<td>5.75%</td>
<td>7.25%</td>
<td>6.31%</td>
<td>6.29%</td>
<td>$1,313.04</td>
<td>$1,478.16</td>
</tr>
<tr>
<td>$290,000</td>
<td>0</td>
<td>0%</td>
<td>5.75%</td>
<td>7.25%</td>
<td>6.30%</td>
<td>6.29%</td>
<td>$1,692.36</td>
<td>$1,905.19</td>
</tr>
<tr>
<td>$325,000</td>
<td>0</td>
<td>0%</td>
<td>5.75%</td>
<td>7.25%</td>
<td>6.29%</td>
<td>6.29%</td>
<td>$1,896.61</td>
<td>$2,135.12</td>
</tr>
<tr>
<td>$450,000</td>
<td>0</td>
<td>0%</td>
<td>5.75%</td>
<td>7.25%</td>
<td>6.29%</td>
<td>6.29%</td>
<td>$2,626.08</td>
<td>$2,956.33</td>
</tr>
</tbody>
</table>

Huntington offers many different mortgage products and options. Not all applicants will qualify for the rates shown. Actual interest rates, annual percentage rates (APRs), margins, payment amounts and loan closing costs for which an applicant may qualify will vary depending on loan product, the applicant’s credit profile, and other loan characteristics such as loan amount, down payment, credit score, LTV ratio, property/occupancy type and other factors, and are subject to change at any time. All loan products have maximum debt-to-income ratios and maximum loan amounts.

The Huntington National Bank is an Equal Housing Lender and Member FDIC. All loans are subject to application and credit approval, satisfactory appraisal, and title insurance. Terms, conditions, and loan programs are subject to change without notice. Other terms, conditions, and restrictions may apply.
Primary Contact

Tal Frank
NMLS# 6502
talfrank@physicianloans.com

Additional Resources

To Find a Loan Officer visit www.physicianloans.com or call 877-593-9313

Visit www.physicianloans.com for additional information