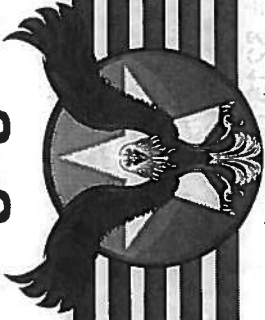


Military Mortgage Boot Camp Course Timeline

Time:	DETAILED CONTENT OUTLINE – Break into segments no longer than 15-20 minutes. Also indicate length of break(s).	LEARNING OBJECTIVES – Identify at least 3 learning objectives per hour. A learning objective defines: "WHAT WILL THE STUDENT BE ABLE TO DO UPON COMPLETION OF EACH SEGMENT?"
15 min		Registration
5 min	Students will learn the Mission of the VA and	Course Overview and History
10 min	Students will learn the number of Veterans and will be better able to identify opportunity to offer VA Providers	Opportunity for New Business
10 min	Students can dispel the myth that VA buyers are unqualified buyers	The VA Buyer of Today
10 min	Students will understand the lending community's dedication and preference for the VA financed offers	Why Lenders Prefer VA over Conv and FHA
5 min	Students will have a list of questions to ask Veterans and Identify veteran eligibility more effectively	Who is Eligible
10 min	Students will understand when, where and how to determine a Veterans eligibility	Certificate of Eligibility
10 min	Students will learn options for veterans and retain and Refinance an existing home	Restoration of Entitlement
20 min	Students will understand purchase price calculations for Eligible Veterans	Entitlement Calculation
10 min	Students will be able to explain the funding fee to eligible Veteran	VA Funding Fee
10 min	Students will understand what veteran and seller contract obligations are when using VA	Unallowable Fees to Veteran
10 min	Students will be able to properly structure offers with Sellers contributions and Concessions	Seller Concessions
5 min	Students will be able to clearly identify which properties are VA financeable	Allowable Property Types
5 min	Sellers will be able to explain the benefits to buyers and sellers	Primary Benefits of a VA Loan
5 min	Students will understand what the EEM Program allows and helps veterans find EEM Lenders	Energy Efficient Mortgages
5 min	Students will be able to understand fair negotiating and fair lending components of VA lending and VA offers	Consumer Financial Protection Bureau(CFPB)

Time:	DETAILED CONTENT OUTLINE – Break into segments no longer than 15-20 minutes. Also indicate length of break(s).	LEARNING OBJECTIVES – Identify at least 3 learning objectives per hour. A learning objective defines: "WHAT WILL THE STUDENT BE ABLE TO DO UPON COMPLETION OF EACH SEGMENT?"
20 min	Students will learn about the 2 common methods to challenge value and turn time expectations	Appraisals
5 min	Students will learn how to identify eligible veterans and explain the application to them	Property Tax Exemption for 100% Disabled Veterans
5 min	Students will learn where to send eligible veterans	Specialty Adapted Housing Grant
5 min	Students will learn how to present and explain the efforts of VA buyers to other agents	Why Should a Seller Accept a VA Offer
15 min	Open question dialog for students	Questions and Answers

Military Mortgage Boot Camp



Jay McMaken

Founder and CEO –
Military Mortgage Boot Camp
Certified Instructor National Association of
Realtors – Military Relocation Professional
(MRP) Certification
Educational Director –
The VET Program/Suits for Soldiers
High School Football Coach –
Plymouth High School
Father of 4 Awesome Kids –
Makayla 19, Marissa 17, Nicholas 14, Morgan 10



Always Do What is Best For the Veteran



Our Mission

To fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his Widow, and his Orphan" by serving and honoring the men and women who are America's Veterans.

Opportunity!

The Military is the USA's largest Employer With Over 3.1 million Employees worldwide.
Over \$178 Trillion Dollars YTD 2016 - Purchasing Power!

- **708,293 Mortgage Transactions** YTD – 2016
- Veteran Homeownership **Exceeds The National Average By 10%**
- Military Personnel Continue To be Relocated Every 2-5 Years
- Career Service-Members Move Numerous Times, **Repeat Purchase Business!**
- **168,708 Veterans in New Mexico**
- **127,015 Wartime – 75%**



Source: US Department of Defense, Department of Veteran Affairs

New Mexico 2016

Total Units = 5,936
Total Volume = \$1,247,767,143
Avg. Loan Amount = \$210,203
Purchase Units = 2,989
Purchase Volume = \$644,480,036
Avg. Loan Amount = \$215,617

List of Top Veteran Organizations



VFW Michigan
Veterans of Foreign Wars



Vietnam Veterans of America



DMV
FULFILLING OUR PROMISES
TO THE MEN AND WOMEN WHO SERVED



**Colin Powell
Amvets Post**



British Legion of American Veterans - USA
Chartered by Act of Congress

National Association of Realtors "MRP Certification"

Benefits:

- Training on how to best counsel U.S. service members and their families to find housing solutions that best suit their needs in a military relocation called a permanent change of station (PCS)
- Education on how eligible active-duty service members and veterans can leverage VA financing benefits in the purchase of their home
- Differentiation as an MRP at REALTOR.org and realtor.com
- Access to an exclusive online network to locate other Military Relocation Professionals for referrals and to share ideas
- Use of the MRP logo and marketing materials to promote to consumers and peers
- Quarterly e-Newsletter



The VA Borrower of 2016!

- Median Fico Score – 738
- Median Liquid Assets – \$16,989
- Median Household Income - \$73,769
- Average Loan Amount - \$253,261
- Veterans That Made A Down Payment – 28%

VA BUYER UI 2016



- 83% of Veterans Use their VA Benefit **AFTER** Active Duty
- 28% of Veterans 25 and Older have at least a Bachelor's Degree in 2016
- 29% of The Total Population had a Bachelor's Degree
- Median Household Income for New Mexico Veterans **\$73,769 vs \$51,048** Civilians
- **95,261** New Mexico Veterans with a Service-Connected Disability Rating

Source: <http://www.census.gov/howinfographics/veterans.html>;
<http://www.infoplease.com/spot/veteranscnstus1.html>

Why Do Lenders Want To Do VA Loans More Than Conventional and FHA?

Portfolio Performance/ Default %

- VA – Excellent – 1.98%
- CONV – OK – 2.47%
- FHA – Poor – 9.10%

Lender Protection for Borrower Default

- Fannie Mae & Freddie Mac – None
- Ginnie Mae - FHA – Possible Payout On Claim
- Ginnie Mae - VA – Guaranteed Coverage

Public Image
Looks Good For Lenders To Help Veterans

VA Underwriting

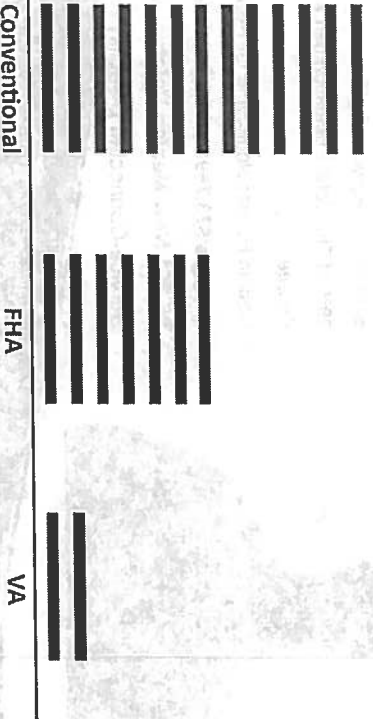
“Underwriters are encouraged to consider to every possible appropriate factor in seeking a proper basis for approving loan applications for every qualified Veteran”

VA Pamphlet 26-7, VA Lender Handbook, Current Issues

“As Long as Lenders document their reasoning, it is extremely unlikely VA Staff would ever take issue with their decision.”

Bill White, Circa 1944

LENDER OVER-LAYS



VA Department of Veterans Affairs
REPAYMENT NUMBERS _____
NAME OF VETERAN _____
ENTITLEMENT CODE 10 **BRANCH OF SERVICE** ARMY

CERTIFICATE OF ELIGIBILITY FOR LOAN GUARANTY BENEFITS
GENERAL SECURITY NUMBER _____
PLACING OFFICER'S SIGNATURE _____

VA Loan Number _____ **Loan Amount** _____ **Rate of Loan** _____ **Interest Rate** _____ **Monthly Payment** _____

TOTAL ENTITLEMENT CHANGED TO PREVIOUS VA LOAN IS \$0

THIS VETERAN IS ELIGIBLE FOR THE BENEFIT OF THIS PROGRAM BY THE DATE OF THIS VA LOAN. THE DATE OF THIS VA LOAN SHALL BE THE DATE WHEN THE PROPERTY IS ACQUIRED. VA SECURITY INTERESTS ARE ADDED AUTOMATICALLY, AND THE SERVICE INTEREST IS SECURED BY THE VA LOAN NUMBER 1001.

FINANCIAL SV. SECURITY SIGNATURE _____ **DATE** _____

Funding Fee - Veteran is exempt from Funding Fee due to receipt of service-connected disability compensation of \$2,007 monthly.

Agency notices offer additional Veterans benefits, to see what is available in your state, visit <http://www.va.gov/vv1425>. These benefits could include state or local property or vehicle tax relief for certain eligible Veterans.

Who is Eligible?

ERA	Dates	Minimum Service	Other Eligible Persons	Minimum Service Required
WWII	8/16/40 - 7/26/47	90 Continuous Days	Active Duty Member ¹	90 Continuous Days (181 During Peacetime)
Peace Time	7/26/47 - 6/29/50	181 Days	Active Reserve or National Guard	6 Years in Selected Reserves
Korean	6/27/50 - 1/31/55	90 Days	Unmarried Surviving Spouse	No Time Requirement. Veteran must have died on Active Duty or From a Service Connected Disability.
Post-Korean	2/1/55 - 8/4/64	181 Days	POW/MIA Spouse	Veteran must have been POW or MIA for 90 Days.
Vietnam	8/5/64 - 6/7/75	90 Days		
Post Vietnam	6/8/75 - 9/7/80	181 days		
Post Vietnam	9/8/80 - 8/1/90	2 Years		
Perlan Gulf	8/2/90 - Undetermined	2 Years or period called to active duty not < 90 Days		

Surviving Spouse Eligibility

Un-Married surviving spouses are eligible for the VA home loan benefit just because Veteran died, benefit does not automatically transfer to spouse

Veteran's death must have been caused by injuries sustained while on active duty

Injuries could have been immediate or they could have resulted in physical disability that ultimately led to Veteran's death many years later

Determination cannot be done in ACE

Must send Eligibility Center VA Form 26-1817

Determination could take 4 - 6 weeks (do not process VA loan until you have actual COE)

Entitlement code would always be '6' if spouse was deemed eligible

Restoration of Entitlement

VA loan can be used more than once
Full restoration of entitlement requires payoff of existing VA loan and transfer of title
Veteran must obtain new COE
Entitlement code for restoration would always be '5'
In order to obtain, send the following documents to the Atlanta Regional Loan Center:

- * Fully completed VA Form 26-1880
- * Proof of discharge, points statement or statement of service
- * Proof of payoff/transfer of title (HUD-1)

One Time Restoration

If Veteran no longer has a VA loan, but still owns the same home, Veteran can obtain a one time restoration

Veteran must certify they will occupy house to be guaranteed by new VA loan

Veteran needs to complete VA Form 26-1880 and document that they still own home

Typical discharge documentation and 26-1880 must be sent to Eligibility Center

You Can Have Multiple VA Loans!!

Basic Entitlement

- Veterans get \$36,000 Max
- This is 25% of \$144,000
- \$0-\$144,000 will always be \$36,000

Bonus Entitlement

- Veterans also get Bonus \$68,250 Max
- This is 25% of County Max or Loan Amount whichever is Less
- \$144,001 – County Max (\$417,000)

Entitlement Calculation

County Maximum - \$417,000
\$104,250
- \$36,000
\$68,250

To Find Max Loan Amount Multiply by 4

\$68,250
 x 4
\$273,000

Source: Department of Veteran Affairs – VA Pamphlet 26-7

Calculation for Exceeding Max Entitlement

Mortgage on Previously Owner Occupied Home - \$130,000
 Max Basic Entitlement - \$36,000
 Entitlement Used - \$32,500
 Basic Remaining Entitlement - \$3,500
 Bonus Entitlement Max - \$68,250
 Total Entitlement Left - \$71,750
 Formula - $\$71,740 \times 4 = \$287,000$

Purchase Price - \$387,000
 Max Loan Amount - \$287,000
 (\$0 Down)

Difference In PP an MLA = \$100,000
 Veteran Only Pays 25% of Difference
 Other 75% Rolled Into Loan
 Veteran Responsibility = \$25,000
 Total Loan Amount = \$362,000

Veteran responsibility when exceeding County Max

Must Bring in 25% of Difference between Purchase Price and Max Loan Amount
 Must Bring in 25% of Funding Fee

Exceeding Max Entitlement On A Refinance

Lender needs 25% Guaranty of the Loan Amount on VA Loans
 Michigan (All Counties)
 VA Max Guaranty = \$104,250
 Loan Amount = \$1,000,000
 25% Guaranty = \$250,000
 VA Contribution = -\$104,250
 Borrower Required Equity = \$145,750
 Minimum Appraised Value = \$1,145,750

Source - Department of Veterans Affairs

VA Funding Fee

Purchase or Construction of Veteran Home	Down Payment	First Time Use	Subsequent Use for loans from
Regular Military	None 5% or more (up to 10%) 10% or more	2.15% 1.50% 1.25%	3.30% 1.50% 1.25%
Reserves/ National Guard	None 5% or more (up to 10%) 10% or more	2.4% 1.75% 1.5%	3.30% 1.75% 1.50%

Other Types of

LOANS	Percentage for Either Type of Veteran Whether First Time or Subsequent Use
Type of Loan	
Interest Rate Reduction Refinancing Loans	.50%
Manufactured Home Loans	1.00%
Loan Assumptions	.50%

Cash Out Refinances

* Always is 3.30% on subsequent use regardless of Equity

Type of Veteran	Percentage for First Time Use	Percentage for Subsequent Use
Regular Military	2.15%	3.30%
Reserves/National Guard	2.40%	3.30%

Closing Costs and Guaranty



Unallowable and Allowable Fees

The following fees are always un-allowed if a 1% origination fee is charged:

- Lender's appraisal – the veteran can only be charged for 1 appraisal unless VA deemed a second appraisal mandatory
- Lender's inspection – if it is not required on the appraisal/NOV, it can not be charged to the veteran
- Settlement fee, escrow fee, closing fee
- Document preparation fee
- Underwriting fee
- Processing fee
- Application fee – a veteran can be charged up front the cost of the appraisal and credit report to ensure the loan officer is not stuck with those fees if the veteran walks away from the deal.
- Pest inspection fee
- Attorney fees if for something other than title work
- Assignment fee
- Copying fee
- E-mail fee

VA Seller Concession Rule



- A seller concession is anything of value added to the transaction by the builder or seller for which the buyer pays nothing additional, and which is not considered customary
- VA's Seller Concession rule is not the same as that directed by HUD
- The maximum seller concession for VA loans is **4%** of the established reasonable value
- The 4% only limits seller contribution toward the items in the following slide

Items Limited By VA Seller Concession Rule



- VA's Seller Concession rule only limits payment of the following amounts to 4% of the value:
- Payment of the Veteran's VA funding fee
- Prepayment of the Veteran's taxes and/or insurance
- Gifts such as TV's or appliances
- Payment of extra points that is beyond what current market conditions dictate
- Provision of escrowed funds to provide temporary interest rate buy-downs
- Payoff of credit balances or judgments on behalf of the buyer



Seller Contributions Toward Closing Costs

In addition to the 4% seller concessions, sellers/lenders can assist with:

- Payment of VA allowable closing costs above 4% seller concession amounts (appraisal, credit report, recording fees and taxes, title work, origination fee, etc.)
- Payment of points as appropriate to the market

What Types Of Homes Can A Veteran Buy?

- Single Family Residence 1-4 Units
- Condo (Site Condo Is A Condo To VA) – All Condos Must Be VA Approved
- Townhouse
- Manufactured Home

Primary Benefits Of A VA Home Loan

- 100% Financing up to the Conforming Loan Limit
- Gift Funds Allowed
- Lower FICO Score Requirements
- Lower Interest Rates
- Lower Fees
- Flexible Underwriting
- Energy Efficient Improvements Can Be Added to 100% Financing
- Fully Assumable By Any Qualified Person (Does Not Have To Be a Veteran)
- No Pre-Payment Penalty
- No Mortgage Insurance
- VA Funding Fee Can Be Financed
- 100% Cash Out Refinance
- Streamline VA (IRRRL)
- Seller Concessions 4% Plus Closing Costs

Energy Efficient Mortgages

EEM's are loans to cover the cost of making energy efficiency improvements to a dwelling. Funds for Energy Efficiency Improvements are considered part of the total loan they can be made in conjunction with:

- A VA Loan for the Purchase of a Primary Residence
- A VA Refinance of the Veteran's Existing Dwelling

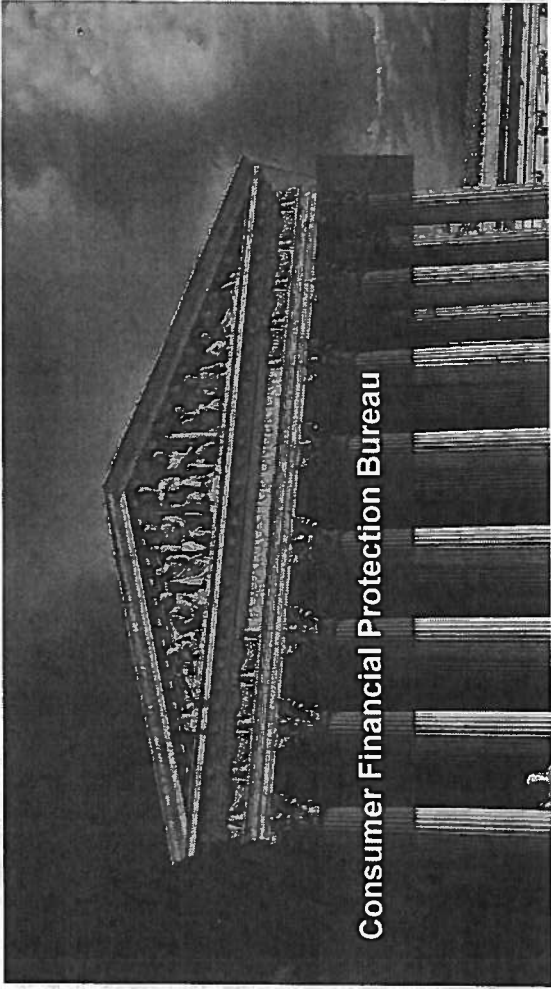
Examples of Allowable and Unallowable EEM Improvements

Allowable Improvements

- Solar Heating or Cooling Systems
- Furnace Replacement or Efficiency Modifications
- Clock Thermostats
- New or Additional Insulation
- Storm Windows and Doors
- Heat Pumps
- Insulated Garage Doors on attached Garages

Unallowable Improvements

- New Roof or Shingles
- Vinyl Siding
- Air Conditioning Units (Unless Veteran has Medical Certification that Requires a Controlled Environment within the Home).
- Glass Block Windows



Consumer Financial Protection Bureau

CFPB "Informed Choice"

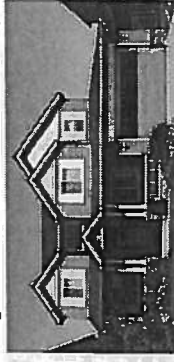
We ALL..... (Mortgage Lenders AND Real Estate Agents/Brokers) have a "Responsibility to our Customers" ...to inform them of the Options Available to them, and Help Each Customer Make an Educated Decision.

This may lead us to refer our Clients to a "Trusted Partner" that we KNOW ...will inform the Customer, and NOT put them in a Program or Product that is not in their best interest.

We never want to "STEER" a Customer in a Specific Direction (EVEN IF WE HAVE YEARS OF EXPERIENCE IN A FIELD).

We (Mortgage Lenders and Real Estate Agents/Brokers) always want to Mitigate these Risks and help each and every Customer reach their Financial Goals by ultimately ensuring they make an Informed Choice

Veteran Home Ownership Statistics



- 66 % of Veterans who had a Home reported they used the VA Home Loan Guaranty Program.
- 33% of Veterans that have a Mortgage indicated they DID NOT KNOW ABOUT THE VA PROGRAM.
- 46% of Veterans reported their Lender HAD NOI discussed the option of a VA Loan.

Appraisals

Appraisal Management System

1. In November 2013 CoreLogic was awarded a five year contract to provide C&V section with Appraisal Management Services (AMS).
2. The primary objective is transition to a risk-based analysis of appraisals to improve the quality of oversight of the fee appraiser panel and SARs.
3. With the implementation of AMS, SARs will have automated risk-based reviews from one reliable source that will provide them with additional information regarding the property in an effort to evaluate the accuracy and credibility of the appraisal.

Process for Value Corrections

1. The VA Appraiser Must initiate "TIDEWATER" if the cannot reach Value on a Purchase.
2. "TIDEWATER" allows the Lender 48 hours to collect additional Comps from the both Real Estate Agents.
3. The Appraiser "MUST" comment on every Comp given for "TIDEWATER".
4. If still unsatisfied with Value, the Lender can request an Official "Reconsideration of Value" from the VA. Turn Time is 3 weeks.

Complete Appraisal Risk Analysis

LoanSafe Appraisal Manager

PROPERTY INFORMATION		APPRaiser INFORMATION	
Property Address	1177200270000000000000000000000000	Appraiser Name	6418 MADRID ST MAYFLD, IL 61753
Report Date	02/20/13 11:21 AM	Appraiser Value	312,000
Report Order	02/20/13	Appraisal Status	Appraised Value Verified
Loan Purpose	02/20/13	Valuation Risk Score: 744	Order Number
		Integrity Risk Score: 893	Order Date
			Order Time
			Order User
			Order Email
			Order Phone

- Valuation Risk** - Is the appraised value reasonable and supported?
- Integrity Risk** - Are there fundamental issues with the construction of the appraisal?
- Geographic Selection** - Were the most similar comparables used?
- Appraiser Competence** - Does the subject conform to the area, or is it very unique?
- Market Risk** - Is the subject located in a high risk area?
- Marketization Risk** - Are there issues within the subject chain of title posing risk?

New Mexico Property Tax Exemption for Veterans and Disabled Veterans

Property Tax Exemptions: Veterans may qualify for a \$4,000 reduction in the taxable value of their real property for county taxation purposes. This benefit can also be used for a 1/3 discount when purchasing a vehicle in New Mexico.

Eligibility: Any Veteran who served a minimum of 90 days consecutive active duty (other than for training), was honorably discharged, and is a legal resident of New Mexico. The benefit is also available to the un-remarried surviving spouse of a Veteran who would have otherwise qualified for this benefit. **Application**

Disabled Veteran Property Tax Exemptions: Any Veteran who has been rated with a 100% service-connected disability by the U.S. Department of Veterans Affairs (VA), and is a legal resident of New Mexico, qualifies for a complete property tax waiver on their primary residence. **Eligibility:** Veterans are eligible if they have been honorably separated from military service of the United States and served continuously for a period of 90 or more days. If discharged with less than 90 days service, such discharge must have been as a result of service incurred disability; or you have been honorably discharged from service in the Army, Army Reserves or Army National Guard with a minimum of six years of continuous service; and you are a legal un-remarried surviving spouse of a Veteran who served under the conditions outlined in the information shown above or if you are an un-remarried widow or widower of a Veteran who died in service under the conditions cited above, and you are a legal resident of the state of New Mexico. **Application**

Exemption from Excise Taxes on Vehicle Purchases: Qualified Veterans are exempted from excise taxes when purchasing a new vehicle. **Eligibility:** Any Veteran who has suffered the loss, or complete loss of use of one or more limbs due to their service in the military. **Application**



Specially Adapted Housing (SAH)

SAH is a Government Grant for Specific Connected Disabilities for 100% Disabled Veterans to construct and adapted dwelling or modify an existing one to meet their needs.

An "Eligible Veteran" may receive up to 50% of the cost not exceeding the maximum amount determined by Congress the current amount in 2015 is \$73,768.

"Eligible Veterans" can receive up to 3 Grants as long as they do not exceed the maximum total amount. Also comes with \$200,000 of Mortgage Death Insurance for the Surviving Spouse

- Purchase Price - \$100,000
- VA Loan Amount - \$100,00
- Contractor Costs - \$30,000
- Total Loan Amount - \$130,000
- Multifly by 50% for SAH Grant
- Total Amount given to Veteran for Down Payment = \$65,000



Why Should A Seller Accept A VA Offer?

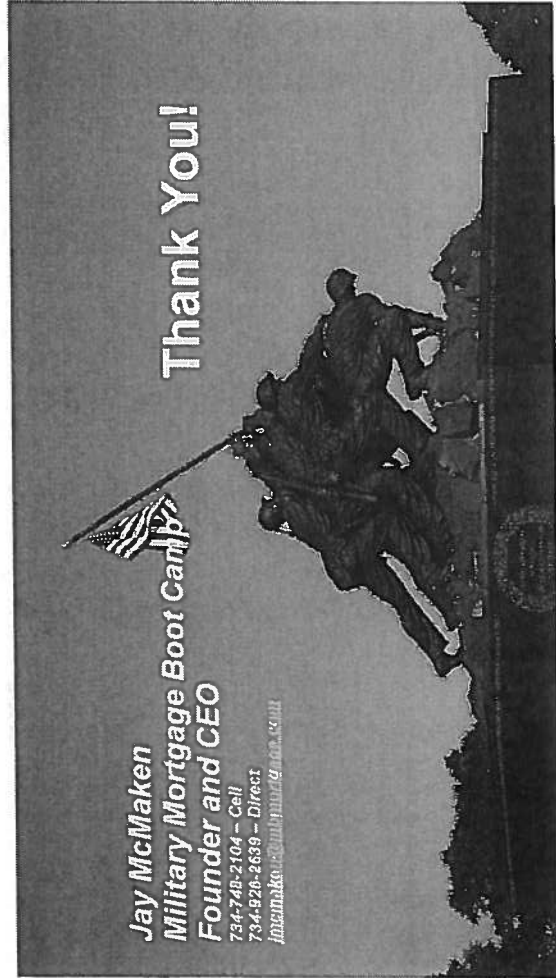
Presentation From The Buyer's Agent Is Everything!

- Easier Underwriting and Have Little to No Lender Overlays
- Zero Down doesn't = Inferior Buyer like FHA – it's a Veteran Right
- VA Appraisal have 2 Additional Options when Value is not reached by the Appraiser – Conventional and FHA do not
- VA Loan are more Valuable to Lenders for Portfolio Performance, Guaranteed Default Protection, as well as Public Image
- It is one of the greatest ways to Honor a Veteran and say "Thank You For Your Service" for a Seller to participate in their Home Ownership Dream, they will be the best neighbors your neighbors will ever have.

VA Regional Loan Center
Phoenix, Arizona

888-859-0194

Opt 3 – Appraisals
Option 6 - Underwriting



Jay McMaken
Military Mortgage Boot Camp
Founder and CEO

734-748-2104 - Cell

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jcmcmake@cmcmake.com

Thank You!