

## Credit & Home Financing for Graduating Medical Students at:



SAINT LOUIS UNIVERSITY  
—  
SCHOOL OF MEDICINE

Presented by: Tal Frank  
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## Disclosures

- The intent of this Financial Workshop is to educate you in long term financial health and literacy as SLU recognizes that it is beneficial to have this information made available to you.
- There is no obligation for you to apply for a mortgage with PhysicianLoans by attending this session.
- Any future business relationship between you and PhysicianLoans will be at your choice and consent.

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## Who we are



My Personal NMLS  
#6502

A Preferred Mortgage Provider for  
the AMA, AOA and SOMA

SINCE 1993

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## Agenda



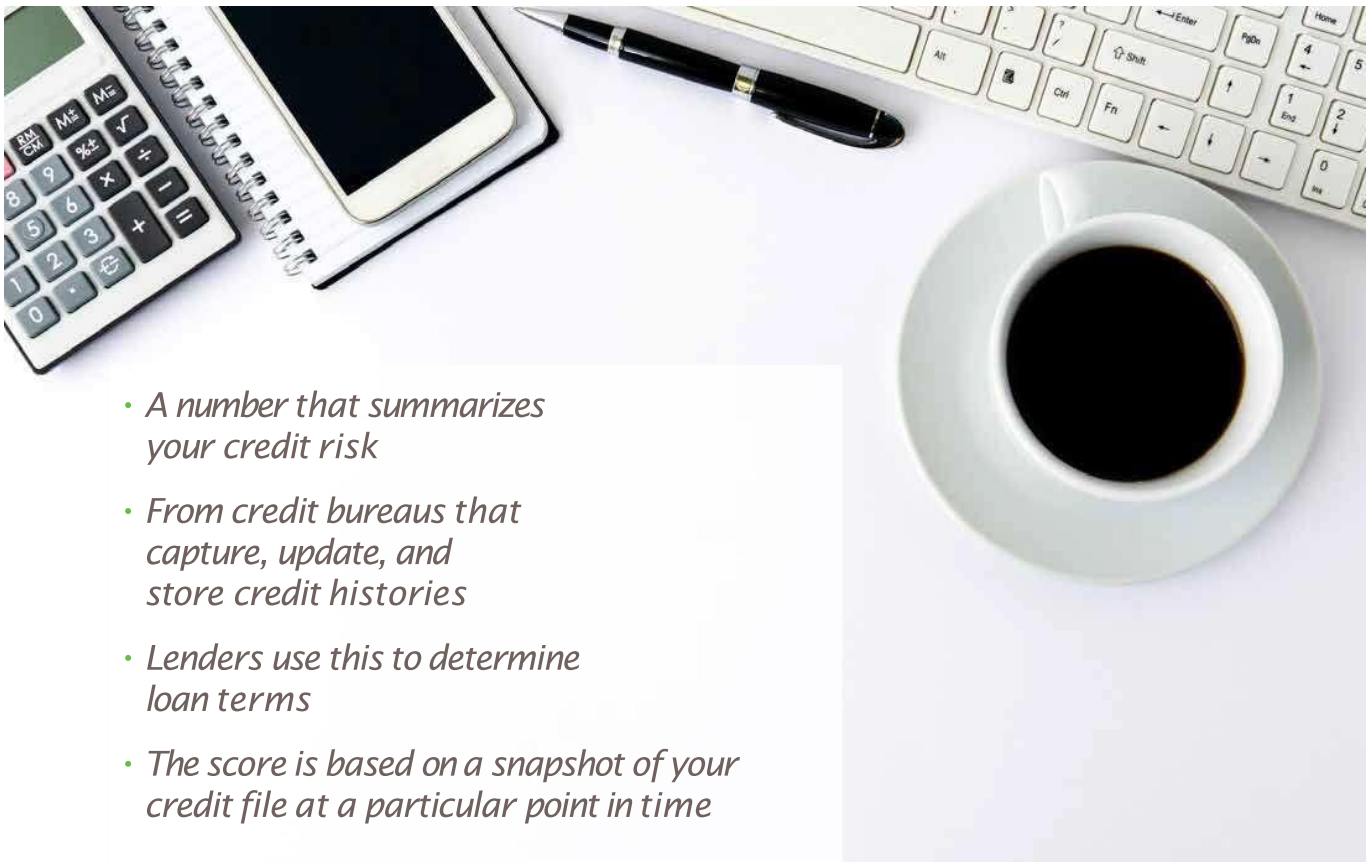
- Understanding Your Credit
- Types of Home Loans
- How much you CAN Afford
- Buy vs. Rent
- Home Buying Timeline
- LIVE Q&A Throughout

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# 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

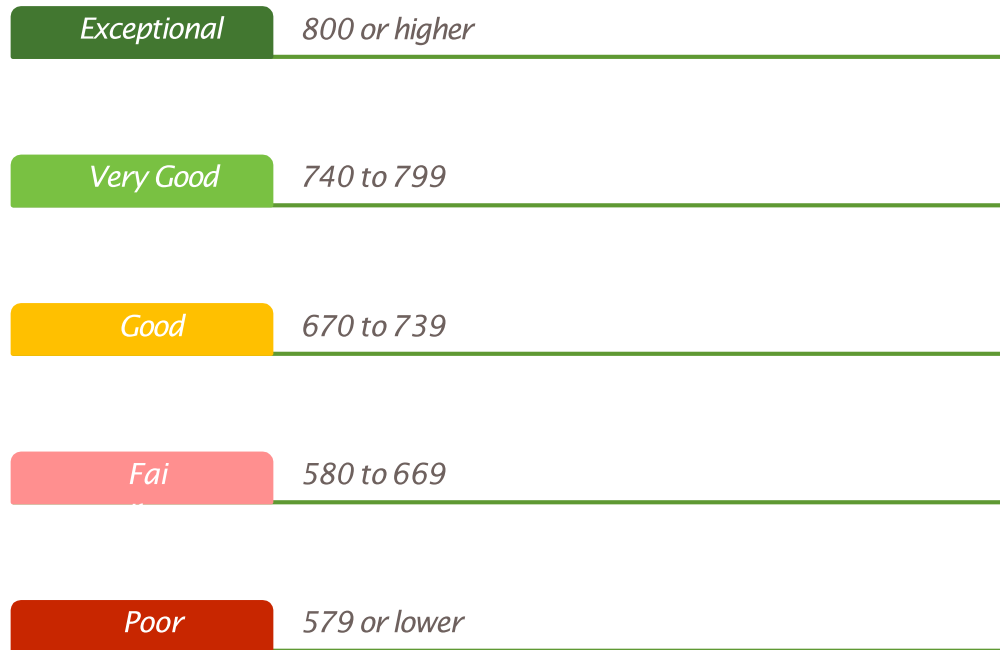
# Credit Bureaus



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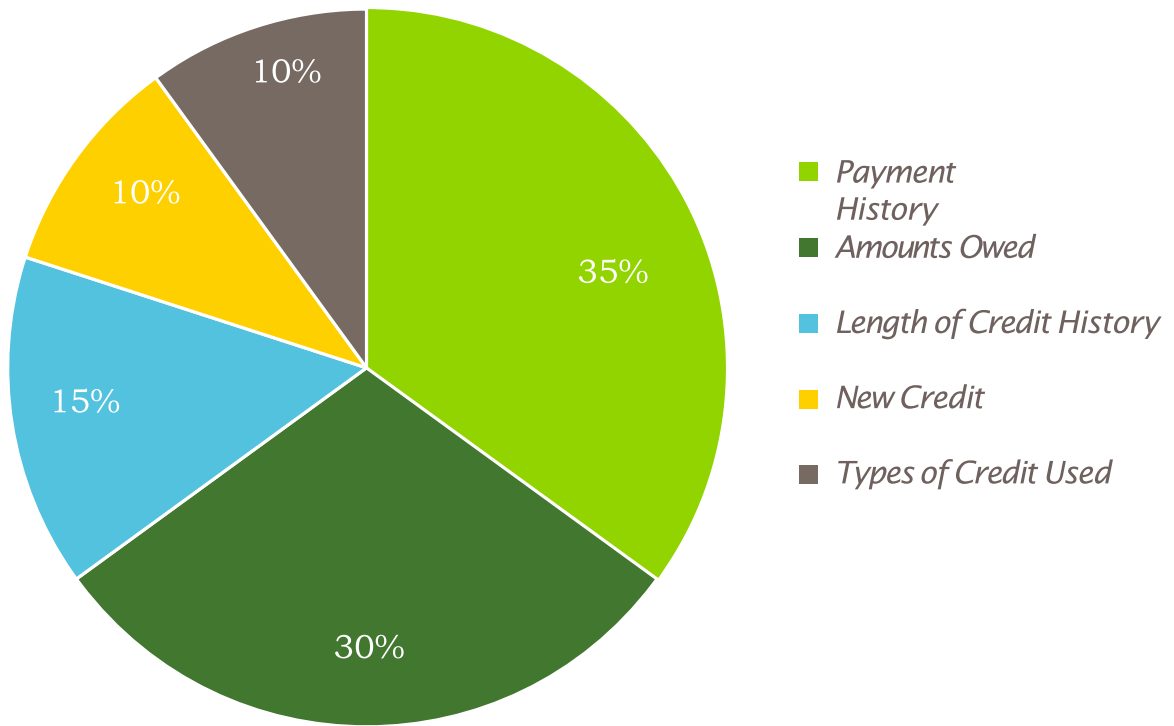
## The FICO® score range







### What's in a credit score?

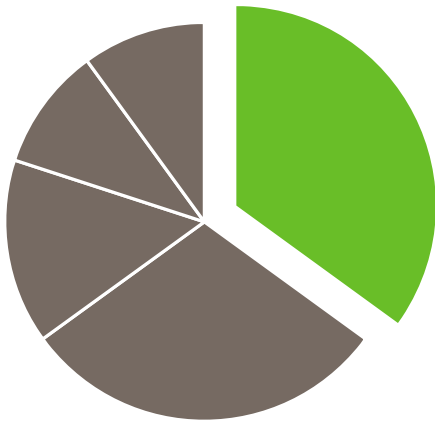


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## Payment History: 35%



- *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*

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## 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

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Check your credit for free (no score provided)

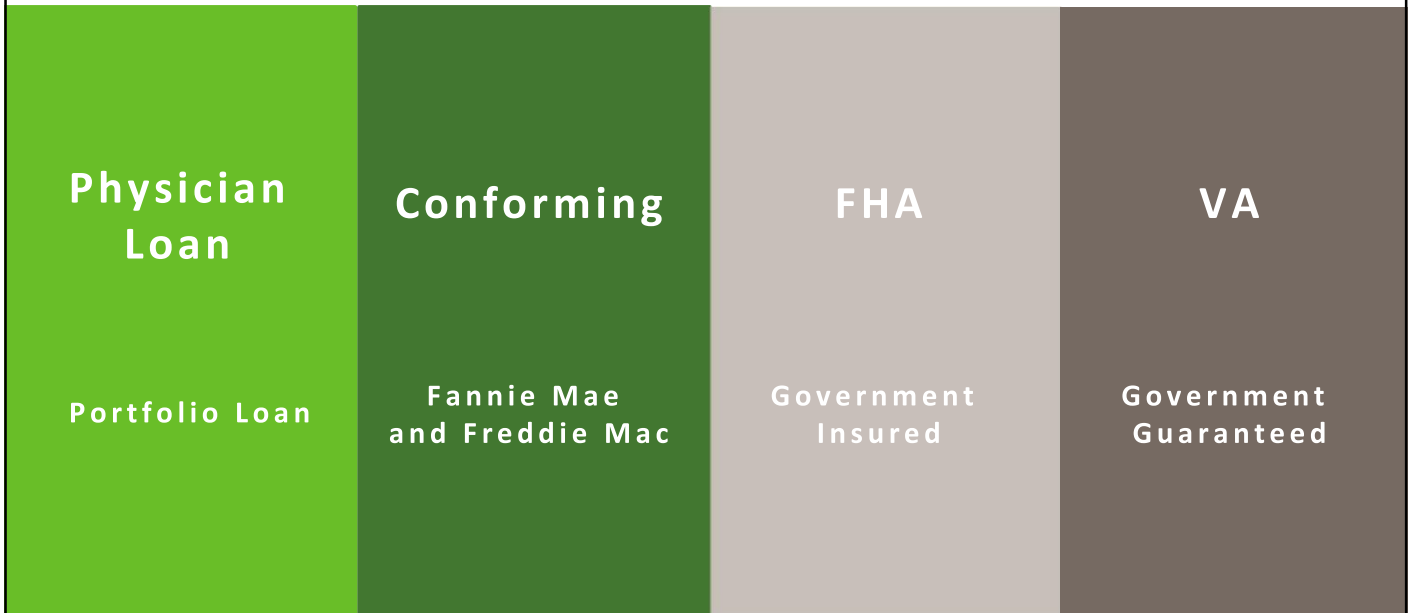
[www.annualcreditreport.com](http://www.annualcreditreport.com)

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# Types of Loans



## What mortgage types are out there?



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

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# Mortgage Loan Types



	Physician Loan <i>Portfolio</i>	Conforming <i>Fannie Mae &amp; Freddie Mac</i>	FHA <i>Government Insured</i>	VA <i>Government Guaranteed</i>
Down Payment	As low as 0%	As low as 3%	As low as 3.5%	As low as 0%
Student loan documentation flexibility	✔			
No Mortgage Insurance	✔			
Fully executed employment contract or offer letter is acceptable	✔			
Higher Debt Ratio Allowed	✔	✔	✔	
Close up to 90 days prior to Orientation / Residency / Job start	✔			

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How do I  
determine how  
much I can afford?



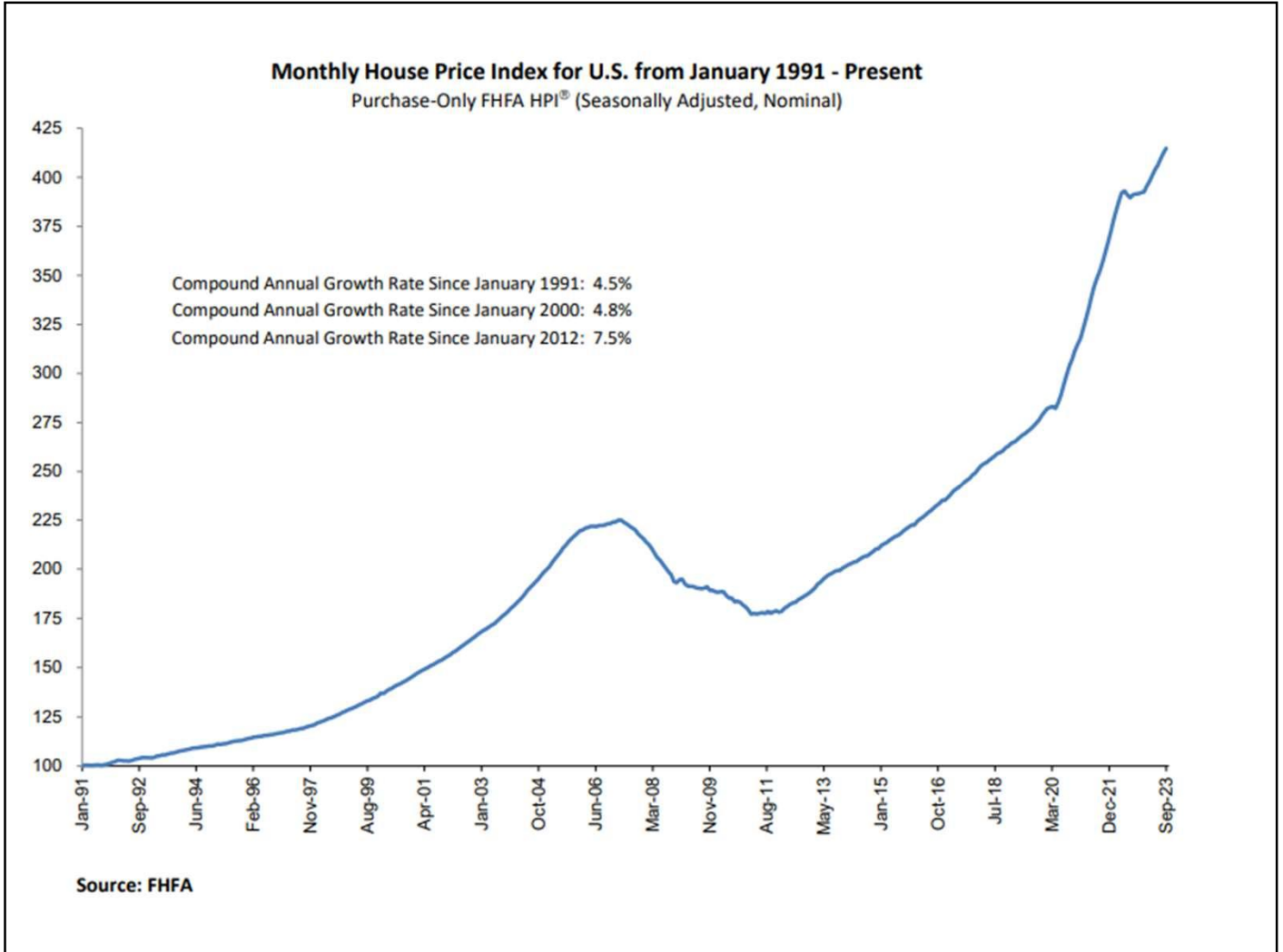
## What Price Range?



	Home Purchase	Total Payment
Single Income Graduating Students	\$150,000 - \$325,000	<b>\$1,200 - \$2,250</b>
Dual income households	\$450,000+	<b>\$2,500+</b>

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.

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**FHFA HPI by Metropolitan Statistical Area**  
**Percent Change in House Prices**

Purchase-Only FHFA HPI\* (Seasonally Adjusted, Nominal)



Period ended 2023Q3

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

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## Total Debt Ratio Allowed



Physician Loan	Conforming	FHA	VA
Portfolio Loan	Fannie Mae & Freddie Mac	Government Insured	Government Guaranteed
50%	36%	43%	41%

Information presented on the slide represents the standard DTI allowed, without additional conditions or underwriting requirements. Conforming allows 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.

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## How much you qualify for



**Total  
Debt  
Ratio**

≥



Total Monthly Debt  
Payments



Monthly Gross  
Income

How are Student Loans  
accounted for?

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## How much you qualify for



$$50\% \geq \frac{\$2,708 \text{ Total Monthly Debt Payments}}{\$5,416 \text{ Monthly Gross Income}}$$

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## The house you buy depends on your PITI & DTI



Purchase Price **\$290,000**

**P**  
**I**  
**T**  
**I**



P&I

Taxes

**Insurance ( Homeowners)**

\$1,692

\$241

\$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 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.

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## The PITI Comparison



	\$225,000	\$290,000	\$450,000
<b>P&amp;I</b>	\$1,313	\$1,692	\$2,626
<b>T</b>	\$187	\$241	\$375
<b>I</b>	<u>\$40</u>	<u>\$50</u>	<u>\$70</u>
	<b>\$1,540</b>	<b>\$1,983</b>	<b>\$3,071</b>

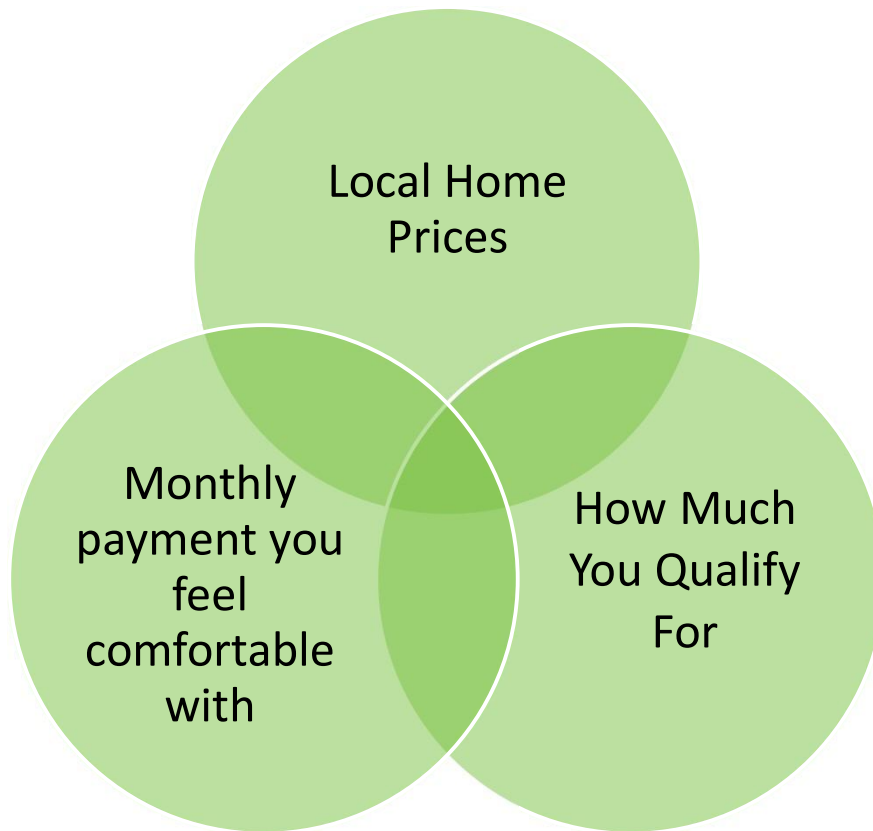
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# How do I determine if I should Buy or Rent?



## When it may make sense to Buy



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## When it may make sense to Rent



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# Common Decision Factors



City



Time in Home



Lifestyle



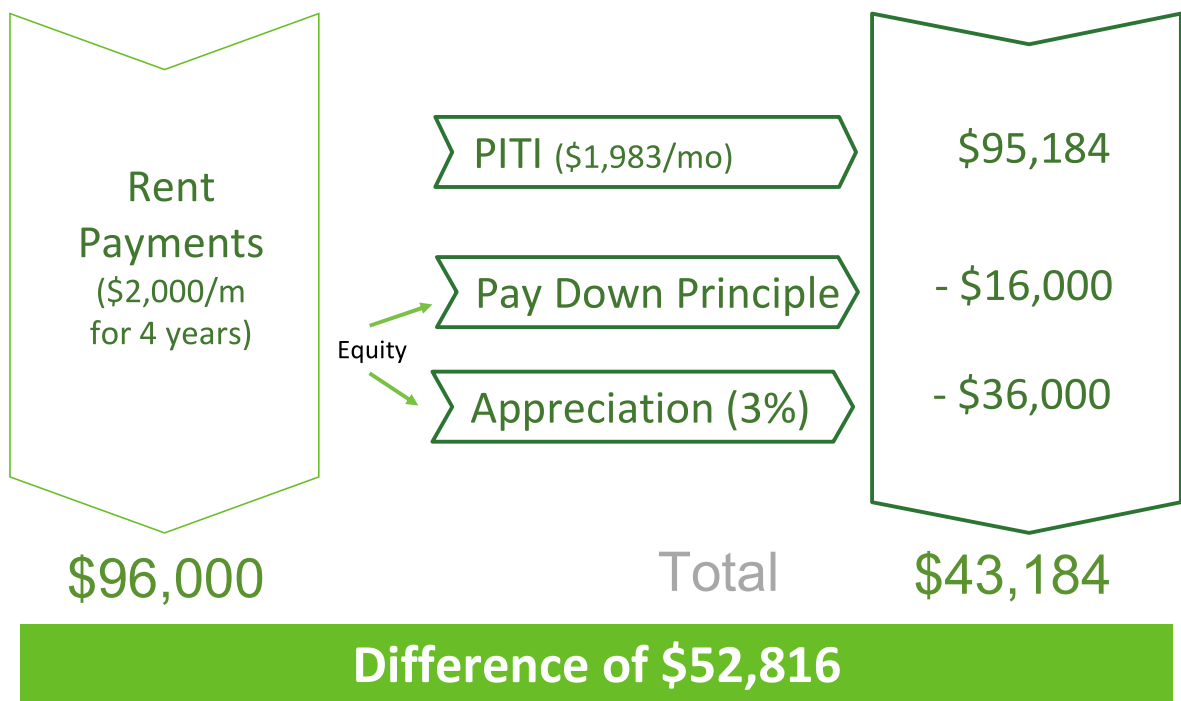
Financial Benefits



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## Renting vs Buying

A \$290,000 Home Held for 4 Years



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## 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**

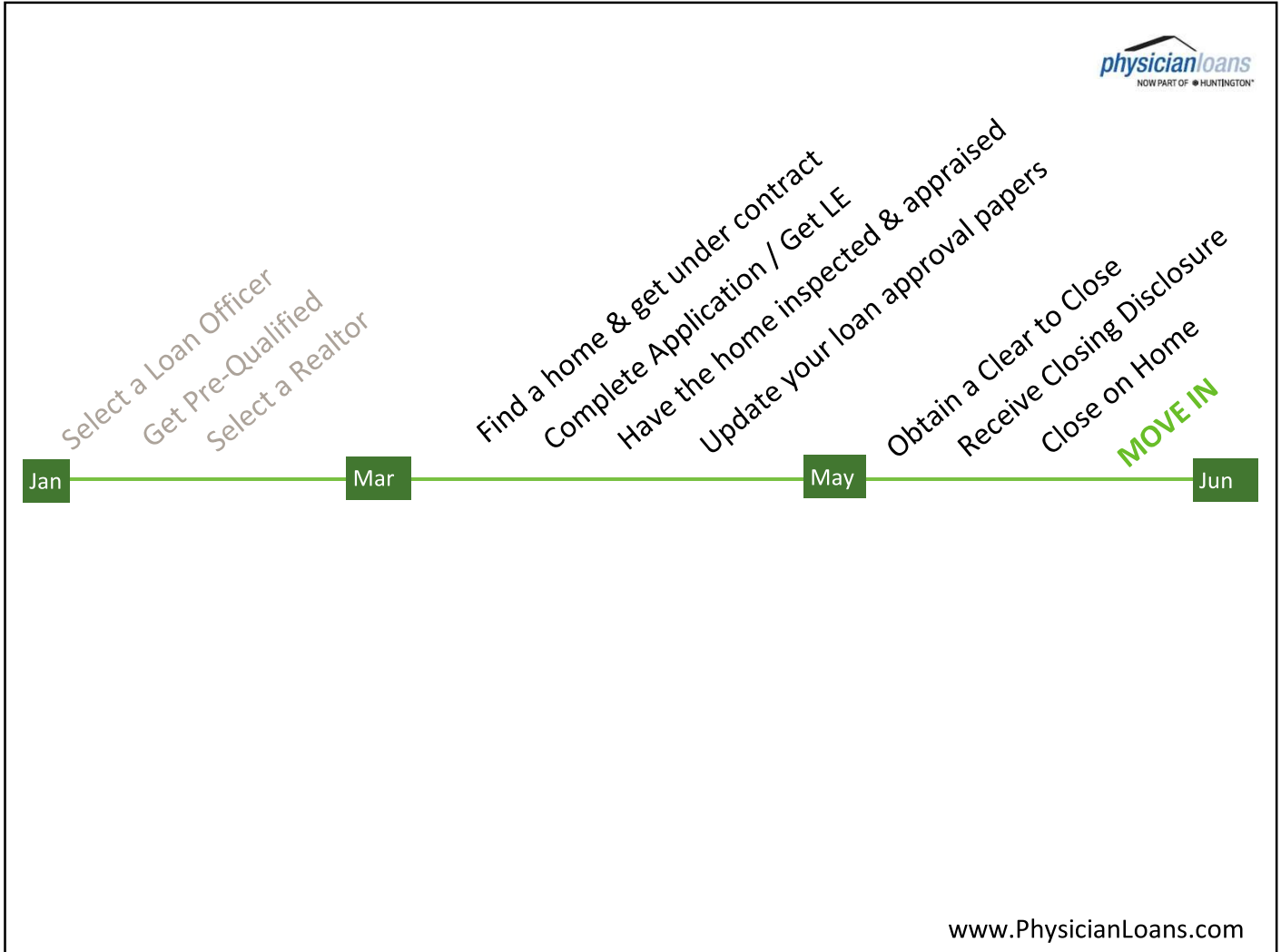
This sample is for illustrational purposes and does not depict an actual transaction. Actual costs may vary.

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# Timeline- What To Do and When







## Selecting a trusted Loan Officer



### Questions to ask a Loan Officer

- Do you hold a personal mortgage license?
- Is your company licensed in the state in which I plan to purchase?
- Am I free to use the real estate agent of my choice?
- Am I able to call you after hours and weekends?
- Can you provide references?
- Did you complete your CE in 2023?

### Questions to ask related to the loan process

- How do I need to handle Earnest Funds?
- How much is the Inspection and Appraisal and when do I need to pay?
- How much money do I need to show for approval? What about Funds to Close?
- Will my going on vacation impact your process?
- What student loan documentation will you need from my student loan company?
- Do you have a dedicated processor assigned to me?

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## 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?

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## 4 Important Considerations



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## Disclosures



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.

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

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.

# Thank you.

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### Contact

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### Additional Resources

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To Connect with a Loan Officer for advice, guidance or to get Pre-Approved, visit

[www.physicianloans.com](http://www.physicianloans.com) or call 877-593-9313

Visit [www.physicianloans.com](http://www.physicianloans.com) for additional information

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