



PENNINGTON LENDING SERVICES Inc.

TRUSTED MORTGAGE SOLUTIONS

The "Underwriting" (Qualification Guide)

- **DTI (Debt-to-Income Ratio):** The percentage of your gross monthly income that goes toward paying your monthly debt obligations. It's the primary tool lenders use to measure your ability to manage monthly payments.
- **LTV (Loan-to-Value):** The amount of the loan compared to the value of the property. The lower the LTV, the more equity you have in the deal, which often leads to better interest rates.
- **FICO (Credit Score):** A three-digit number that summarizes your credit risk based on your history. Higher scores unlock more program options and lower your cost of borrowing.

The Closing Table (No Surprises)

- **LE & CD (Loan Estimate & Closing Disclosure):** The "Initial Guess" vs. the "Final Truth." You must receive your CD at least 3 days before signing.
- **TRID & RESPA:** Federal consumer protection laws that ensure your lender provides transparent, itemized cost disclosures.
- **Aggregate Adjustment:** A math credit used to ensure your escrow account isn't over-funded at the time of closing.
- **Right of Rescission:** A mandatory 3-day "cooling off" period (on primary refinances) where you have the right to cancel the loan after signing.

The "Hunt" (Deal Analysis Formulas)

- **ARV (After Repair Value):** The estimated future value after all planned renovations are complete.
- **LTC (Loan to Cost):** Total project cost (Purchase + Rehab). We lend up to 90% of cost.
- **DSCR (Debt Service Coverage Ratio):** $\text{Rent} \div \text{PITI}$. Used for long-term rental qualification.
- **MAO (Maximum Allowable Offer):** $(\text{ARV} \times 70\%) - \text{Rehab Costs}$.

The "Conforming Loans"

- **Conventional:** Standard W2/Tax Return financing. Best for investors with strong credit and established DTI.
- **FHA:** Low down payment government loans. Popular for "House Hacking" 2-4 unit properties.
- **VA:** \$0 down payment benefit for Veterans. Highest leverage possible for multi-unit primary investments
- **USDA:** Zero-down financing for designated rural areas. Ideal for suburban/rural rental markets.