Layer 1

Estimated Hours- Actual Hours-

Apple App

1. Introduction with a white background and blue text saying Hello! This will be the color scheme for the Apple introduction screens

Android App

1. Introduction with a white background and green text saying Hello! This will be the color scheme for the Android introduction screens

User Introduction

After the Hello! Screen, there will be a box that moves towards the user and introduces itself as “Hi, I am Simple”. Then the app asks the question, "You are”?

Then, three individual boxes asking user, name, phone number, and email

Transition

1. The transition between introduction and home screen will have another box coming out toward them that says “Let's Get Started”.

Terminology (Education)

Mortgages are determined by three important factors

1. FICO

FICO stands for Fair Issac Corporation. It is a company that developed a widely used credit scoring system, known as FICO scores, which lenders use to asses a borrowers creditworthiness. FICO scores are numerical representations of a consumer's credit risk, based on information from their credit reports. These scores help lenders determine whether to approve a loan or

credit card application, and to set interest rates and credit limits.

In More Detail:

A. Fair Issac Corporation: The name “FICO” is derived from the company’s founders, Bill Fair and Earl Issac.

B. Score Range: FICO scores typically range from 300 to 850, with higher scores indicating lower credit risk.

C. Credit Report Information: FICO scores are calculated using data from a borrower's credit reports at the three major credit bureaus: Equifax, Experian, and TransUnion

D. Creditworthiness Assessment: FICO scores help lenders determine how likely a borrower is to repay their debts, influencing decisions on loan approvals, interest rates, and credit limits.

E. A high FICO score can lead to better loan terms, lower interest rates, and increased access to credit

2. LTV (Loan To Value)

The Loan-to-Value (LTV) ratio is a crucial metric in the finance industry, especially in real estate. It’s a calculator that compares the amount of a loan to the value of the asset being financed, usually expressed as a percentage. In essence, it shows how much of an asset’s value is being financed versus how much equity the borrower holds.

Calculation:

To calculate the LTV ratio, divide the loan amount by the property’s appraised value.

Examples: A homebuyer purchases a $500,000 home with a $400,00 loan. The LTV is calculated as ($400,000 / $500,000) =80%

Importance in Real Estate:

Lenders heavily rely on LTV when evaluating mortgage applications, refinances, and home equity loans.

A. Risk Assessment: A higher LTV indicates greater risk for the lender because they are financing a larger portion of the property's value. Conversely, a lower LTV, signifying more borrower equity, indicates lower risk.

B. Loan Approval: Lenders often have maximum LTV limits for different loan types. Your LTV can affect your eligibility for a mortgage.

C. Interest Rates: A lower LTV typically translates to a lower interest rate because the borrower is perceived as less risky.

D. Mortgage Insurance: If the LTV of a conventional loan is above 80% lenders typically require private mortgage insurance (PMI) to mitigate the risk.

E. Home Equity: A lower LTV means you have more equity in your home, which can provide financial opportunities such as accessing home equity loans or lines of credit (HELOCs).

Good vs. High LTV:

Generally, a lower LTV is considered better as it signifies lower risk and can lead to more favorable loan terms. An LTV of 80% or below is often ideal for avoiding PMI on conventional loans and potentially securing lower interest rates. An LTV of 90% or higher is considered high and usually requires PMI.

3. DTI (Debt To Income)

Your Debt-to-Income (DTI) ratio is a crucial measure that compares your monthly debt payments to your gross monthly income. It is expressed as a percentage and i used by lenders to assess your ability to manage monthly payments and repay borrowed money.

A.Calculation:

To calculate your DTI ratio:

1. Add up your total monthly debt payments: This includes:

* Mortgage or rent payments
* Minimum credit card payments
* Car loans
* Student loans
* Personal loans
* Child support or alimony

Note: Do not include expenses like utilities, groceries, or insurance premiums in this calculation

B. Calculate your gross monthly income: This is your income before taxes and other deductions

C. Divide your total monthly debt payments by your gross monthly income:

(Total monthly debt payments) /(Gross monthly income)= DTI Ratio

D. Why is it important?

* Lenders use it to asses your abiltiy to repay loans: A low DTI suggest a good balance between your income and debt, maing you a less risky borrower

E. What is a “Good” DTI ratio?

40%-45% with max at 50%