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# Levias Lending Home-Loan Chatbot Training Document

## 1. Introduction

- **Purpose of the chatbot:** The Levias Lending chatbot should act as a helpful guide for potential home-loan applicants. It will answer common questions, explain the mortgage process and clear up misconceptions. Its main goal is to reduce friction and anxiety by providing clear, concise answers based on reputable sources.
- **How to use the chatbot:** Users can ask about eligibility, documentation, loan types (e.g., conventional, FHA/VA/USDA, Non-QM) and strategies to overcome obstacles. The bot should point to relevant Levias Lending pages when available and suggest contacting a loan officer for complex or personalized questions.

## 2. Common Applicant Pain Points

### 2.1 Student-Loan Debt

- **Impact on eligibility:** Mortgage lenders look at an applicant's debt-to-income (DTI) ratio. Monthly student-loan payments count toward this ratio. Lowering or forgiving student-loan balances improves DTI and often boosts credit scores.
- **Managing DTI:** Encourage users to review repayment plans (e.g., IDR, SAVE) and explore forgiveness programs. Advise them that forgiven loans disappear from the balance sheet, reducing DTI.
- **FAQs & solutions:**
  - *Can I get a mortgage with student loans?* – Yes, as long as your overall DTI meets the lender's guidelines. Paying down debt or consolidating loans can help.

- *Does student-loan forgiveness help?* – Forgiveness can improve your DTI and credit score.
- **Key resources:** CFPB’s “Mortgages & Student Loans” guide; NerdWallet’s student-loan articles; Fannie Mae’s Student Loan Solutions.

## 2.2 Non-QM Loan Options

- **What are Non-QM loans?** Non-qualified mortgages (Non-QM) are loans that don’t meet the CFPB’s Qualified Mortgage (QM) standards. They often accept alternative income verification (e.g., bank statements) and are used by self-employed borrowers, investors or those with high DTI.
- **Who qualifies?** Borrowers who can’t meet standard underwriting (e.g., seasonal workers, gig workers or people with significant assets but irregular income).
- **Documentation/process differences:** Lenders may review bank statements, tax returns and property use instead of verifying traditional income or FICO scores.
- **Pros:**
  - Flexibility for high-debt or low-credit borrowers.
  - Less documentation.
  - Ability to own multiple properties.
- **Cons:**
  - Higher interest rates and closing costs.
  - Alternative repayment structures can increase default risk.
  - Lenders offering Non-QM products are harder to find.
- **Key resources:** Rocket Mortgage’s ATR/QM vs. Non-QM guide; Bankrate’s “What is a non-QM loan?” article; Amres’ pros/cons of Non-QM mortgages.

## 2.3 Credit Challenges

- **Minimum credit score requirements:** Most mortgage lenders use FICO scores. Higher scores lead to lower rates. Many conventional loans require scores of ~620 or higher,

but FHA loans allow lower scores.

- **Improving low or thin credit:**
  - Check credit reports for errors and correct them.
  - Pay down existing debt and avoid opening new credit lines close to applying.
  - Shop around: multiple mortgage inquiries within a 45-day window count as one inquiry.
- **Solutions for bad credit:** Suggest government-backed loans (FHA, VA, USDA) or Non-QM products. Encourage working with a housing counselor.
- **Key resources:** CFPB's "Does my credit score affect my ability to get a mortgage?"; Experian's mortgage-credit guides; NerdWallet's bad-credit mortgage articles.

## 2.4 Down Payment & Savings

- **Minimum down payment requirements:** Conventional loans typically require 3–20%. Putting down 20% avoids private mortgage insurance (PMI).
- **Assistance programs:** Federal, state and local programs offer grants or second mortgages. VA and USDA loans may require no down payment for eligible borrowers.
- **Saving strategies & alternatives:**
  - Save until you reach your goal.
  - Use monetary gifts from family (must provide a gift letter).
  - Withdraw up to \$10,000 from an IRA without penalty if it's your first home, but caution that tapping retirement savings slows long-term growth.
  - Avoid borrowing for the down payment unless necessary, as it increases debt.
- **Other considerations:** Larger down payments usually lead to lower interest rates. Remind borrowers to budget for closing costs, moving expenses and potential repairs.
- **Key resources:** CFPB's guides on down payments; HUD's homeownership assistance; Bankrate's down-payment tips.

## 2.5 Income & Employment Issues

- **Self-employed & gig workers:**
  - Lenders may ask for one or two years of tax returns. If Fannie Mae's Desktop Underwriter (DU) or Freddie Mac's Loan Product Advisor (LPA) only require one year, the lender usually accepts that.
  - The business must often show it has been in existence for at least five years for one-year documentation.
  - Borrowers paid W-2 from their own business might need to provide business tax returns and proof of consistent income.
- **Employment gaps:** Explain that lenders want to see stable income. Short gaps may be acceptable if the borrower is now in a similar field and can document previous employment and earnings.
- **Income verification:** In addition to pay stubs and W-2s, gig workers may need 1099 forms or bank statements.
- **Key resources:** Freddie Mac's Selling Guide Section 5304.1; CFPB's employment & income guidance; Rocket Mortgage articles for gig-worker mortgages.

## 2.6 Documentation & Process

- **Commonly required documents:**
  - Pay stubs (last 30 days).
  - W-2 forms (last two years).
  - Signed federal tax returns (last two years).
  - Documentation of other income sources.
  - Two recent bank statements.
  - Proof of the source of your down payment (investment or savings statements; gift letter if applicable).
  - Documentation of name changes.

- Proof of identity (driver's license or ID).
- Social Security number.
- Certificate of housing counseling/home-buyer education (if available).
- **Tips for organizing paperwork:**
  - Start with Fannie Mae Form 1003 to see what lenders ask for.
  - Keep documents accurate and complete (include every page).
  - Update the packet regularly; lenders often need the most recent statements.
  - Self-employed or irregular-income borrowers should ask lenders what extra documentation is needed.
- **Avoiding common mistakes:** Provide full URLs on printed documents, ensure all pages are included, and double-check numbers before submission.

## 2.7 Property & Appraisal Issues

- **Low appraisal scenarios:** If the appraisal comes in below the agreed purchase price, borrowers can:
  - Request a reconsideration of value or a second appraisal (supported by comparable sales).
  - Negotiate a lower purchase price with the seller.
  - Increase their down payment to cover the appraisal gap.
  - Walk away if the contract has an appraisal contingency.
- **Property eligibility:** Ensure the property meets lender and program requirements (e.g., condition, occupancy type, conforming loan limits). Some Non-QM loans may allow unique property types or investment use.
- **Key resources:** Bankrate's appraisal guides; CFPB's information on appraisals; Fannie Mae's property-eligibility requirements.

### 3. Frequently Asked Questions (FAQ)

Below are common questions the chatbot should be ready to answer. Provide concise responses and direct users to Levias Lending resources when appropriate.

- **Can I get a mortgage if I have student loans?**
  - Yes. Lenders consider your DTI ratio. Reducing your student-loan payment or pursuing forgiveness can improve eligibility.
- **What is a Non-QM loan?**
  - A Non-qualified mortgage is a loan that doesn't meet standard QM criteria. It offers flexible underwriting (e.g., bank-statement loans) but usually comes with higher rates and fees.
- **What credit score do I need?**
  - Most conventional loans require around 620+, but higher scores get better rates. Government-backed loans may accept lower scores. Encourage users to check and correct their credit reports.
- **How much down payment is required?**
  - It varies by loan type. Conventional loans can be as low as 3%, but 20% avoids PMI. VA and USDA loans may require no down payment for eligible borrowers. Larger down payments lower interest rates.
- **What documents will I need?**
  - A loan application packet typically includes pay stubs, W-2s, tax returns, bank statements, proof of down-payment source, ID and Social Security number.
- **Can I qualify if I'm self-employed?**
  - Yes. Many lenders accept one or two years of tax returns and will verify the business has existed for at least five years if only one year of returns is provided. You may need to provide bank statements or 1099s.
- **What happens if my appraisal is low?**
  - Options include disputing the appraisal, renegotiating the price, increasing your down payment or backing out if contingencies allow.
- **Do mortgage credit inquiries hurt my score?**
  - Multiple inquiries for the same type of loan within a 45-day window count as one inquiry and have a small impact.

### 4. Resources

Resource	Purpose/Notes
<b>CFPB – Ask CFPB Articles</b>	Official consumer guides on credit scores, down payments, loan application packets, and shopping for mortgages.
<b>Fannie Mae &amp; Freddie Mac Guides</b>	Provide underwriting rules, including self-employed borrower requirements (e.g., Section 5304.1) and property-eligibility standards.
<b>Mortgage Equity Partners Article (2025)</b>	Explains how student-loan forgiveness improves DTI and credit scores.
<b>Amres – Pros &amp; Cons of Non-QM Mortgages</b>	Describes benefits (flexible credit, multiple properties) and drawbacks (higher rates, larger down payments, limited availability) of Non-QM loans.
<b>Bankrate Guides</b>	Offer consumer-friendly explanations of Non-QM loans, credit-building strategies, down-payment tips and appraisal advice.
<b>Levias Lending Website</b>	Use pages like the About, FAQ, and Contact sections for company-specific information and to direct users to loan officers or personalized help.

## 5. Next Steps & Contact Information

- **How to get personalized help:** Encourage users with complex or unique situations (e.g., non-traditional income, credit challenges) to speak with a Levias Lending loan officer.
- **Contact options:** Provide links to Levias Lending’s contact page, phone number and email. Offer the ability to schedule a consultation.
- **Further guidance:** Suggest using calculators (affordability, DTI, mortgage) and reading Levias Lending’s educational articles. Remind users that the chatbot provides general information and not legal or financial advice.

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This document should give the chatbot a solid knowledge base on common pain points during the mortgage application process, while citing reliable sources for accuracy. Let me know if you need any modifications or additional resources!