



How To Complete The Anti-Steering Form

When completing the Anti-Steering form, most Loan Officers find it challenging to fill in the information to show the criteria that most compliance departments wish to see. There are a few key points to remember that will help make this easier to fill in.

- 1) The terms offered do not have to be for multiple programs. Do not misinterpret this statement, please. The terms offered, if the borrower qualifies for multiple programs can include this information. But, often times, the borrower does qualify for only one option due to their credit, down payment or other criteria they may have set for their LO.
- 2) Do not guess at the information. Pull up a rate sheet from the lender you are planning on sending it to. Work from this information and you will be able to validate your facts, if you ever need to.
- 3) If you switch lenders, a new form is not needed specific to their rates.

So, the big question becomes: What is the best way to complete the Anti Steering Form?

The easiest way is to work from one program. If your borrower has decided that FHA is the best option for them, you can work from this to fill in the anti-steering options. Here is how:

- 1) Determine the program the borrower will qualify for. If there is more than one, you may use this information to determine the best options for the boxes. But, for this example, we are going to assume the borrower only qualifies for FHA.
- 2) Determine the total adjustments from the rate sheet that will be required based on your borrowers criteria. For our example, we have a loan amount of 101,750.00, a credit score of 640 and we will be using the Underwriting Fee Waiver Adjustment.

The adjustments would be a total of -1.50

| <u>Loan Amount</u> | |
|--------------------------------------|--------|
| \$75,000 - \$99,999 | -.375 |
| \$50,000 - \$74,999 | -1.000 |
| \$35,000 - \$49,999** See Note Below | -2.000 |

| <u>Credit Score</u> | |
|-----------------------|--------------|
| FICO >= 720 | +.125 |
| FICO 660 - 679 | -.500 |
| FICO 640 - 659 | -.750 |
| FICO 620 - 639 | -1.750 |
| FICO 600 - 619 | -3.500 |
| No Score/Single Score | -3.500 |

| <u>MISC:</u> | |
|-------------------------------------------------------------------|--------|
| 3-4 Unit Properties (Min Fico 680) | -1.000 |
| Manufactured Homes | -2.750 |
| Escrow Holdback (lock must cover completion and final inspection) | -.500 |

| <u>UW Fee Waiver Adjustment</u> *Based on Total Loan Amount & Included in Point/Fees/APR Testing* | | | |
|---------------------------------------------------------------------------------------------------|--------------|-----------------------|-------|
| <\$80,000 | -1.375 | \$150,001 - \$250,000 | -.500 |
| \$80,001 - \$100,000 | -1.000 | \$250,001 - \$300,000 | -.375 |
| \$100,001 - \$150,000 | -.750 | >\$300,000 | -.250 |

- 3) Now, add your Lender Paid Compensation to the total adjustments to get the “grand total” you are going to have on the pricing. Let’s assume your LPC is 2.75. That would give us a grand total of -4.25.
- 4) Now we can go to the rate sheet and start figuring the data entry for the Anti Steering columns. Let’s start with our middle rate that would be what we normally offer the borrower. This rate will offer no discounts and may have a slight credit to it, depending on where pricing is that day.

| 30 Year Fixed - FHA/VA | | | | |
|------------------------|---------|---------|---------|---------|
| Rate | 15-Day | 30-Day | 45-Day | 60-Day |
| 3.125% | 100.367 | 100.242 | 100.117 | 99.867 |
| 3.250% | 102.435 | 102.310 | 102.185 | 101.935 |
| 3.375% | 102.982 | 102.857 | 102.732 | 102.482 |
| 3.500% | 103.494 | 103.369 | 103.244 | 102.994 |
| 3.625% | 103.854 | 103.729 | 103.604 | 103.354 |
| 3.750% | 104.192 | 104.067 | 103.942 | 103.692 |
| 3.875% | 104.323 | 104.198 | 104.073 | 103.823 |
| 4.000% | 104.691 | 104.566 | 104.441 | 104.191 |
| 4.125% | 104.842 | 104.717 | 104.592 | 104.342 |
| 4.250% | 105.020 | 104.895 | 104.770 | 104.520 |
| 4.375% | 105.351 | 105.226 | 105.101 | 104.851 |
| 4.500% | 105.694 | 105.569 | 105.444 | 105.194 |

In today’s example, 4.0% is the closest we can come to offering the borrower a rate without featuring a “buy down”.

- 5) We can start to fill in our anti steering sections. The middle column is where we will start.

| | | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------|
| Option 2 | Loan with the lowest Interest Rate without negative amortization, a prepayment penalty, interest-only payments, a balloon payment in the first 7 years of the life of the loan, a demand feature, shared equity, or shared appreciation | 4.00% | \$ -321.53 |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------|

Option 2 will show the Interest Rate without and negative features attached to the rate or loan term.

- 6) The next options will work from this information. To calculate Option 1, determine the rate your borrower could qualify for if “buying down” the rate. Each borrower will be different in this determination. There is not a right or wrong answer for this. For this example, we have chosen to take the rate down to 3.625%. It could easily be 3.875% or 3.75%, as well. Your figures would be as follows:

| | | | |
|----------|------------------------------------|--------|-----------|
| Option 1 | Loan with the lowest Interest Rate | 3.625% | \$ 530.12 |
|----------|------------------------------------|--------|-----------|

The total adjustments are subtracted from the pricing to provide the discount percentage. The discount percentage is then multiplied by the loan amount to provide us with the dollar amount that will be charged for the discount.

- 7) Which brings us to Option 3. This is the rate that would be offered if the LO were to give them a credit towards their closing costs. Again, the credit does not have to be extreme, just present to show the differences available to the borrower.

| | | | |
|----------|---------------------------------------------------------------------------------------------|-------|------------|
| Option 3 | Loan with the lowest total dollar amount for origination points or fees and discount points | 4.375 | \$ -933.08 |
|----------|---------------------------------------------------------------------------------------------|-------|------------|

The difference between the adjustments and the pricing will result in a positive number. This number is multiplied by the loan amount to give us the dollar amount of the credit towards the borrowers closing costs.

When put together, the chart will look like this:

SELECT ONE OPTION WITH CHECK MARK YOU MOST LIKELY QUALIFY FOR THE FOLLOWING TERMS.

| Type of Transaction <input checked="" type="checkbox"/> FIXED RATE <input type="checkbox"/> ADJUSTABLE RATE | | Interest Rate | Total Origination Points and Fees, including Discount Points |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------------------------------------------------------|
| Option 1 | Loan with the lowest Interest Rate | 3.625% | \$ 530.12 |
| Option 2 | Loan with the lowest Interest Rate without negative amortization, a prepayment penalty, interest-only payments, a balloon payment in the first 7 years of the life of the loan, a demand feature, shared equity, or shared appreciation | 4.00% | \$ -321.53 |
| Option 3 | Loan with the lowest total dollar amount for origination points or fees and discount points | 4.375 | \$ -933.08 |
| <i>You are applying for a loan with the following terms</i> | | 4.00 | \$ -321.53 |

The last section of the rows will identify the loan terms that are being used for the initial docs.

If you have further questions on how to complete the Anti Steering Form, please feel free to contact our Account Service Department at 815-676-0990 or fsbtpo@flanagansstatebank.com