

A Complete Guide for

FIRST TIME HOME BUYERS



The Steps to Buying a Home



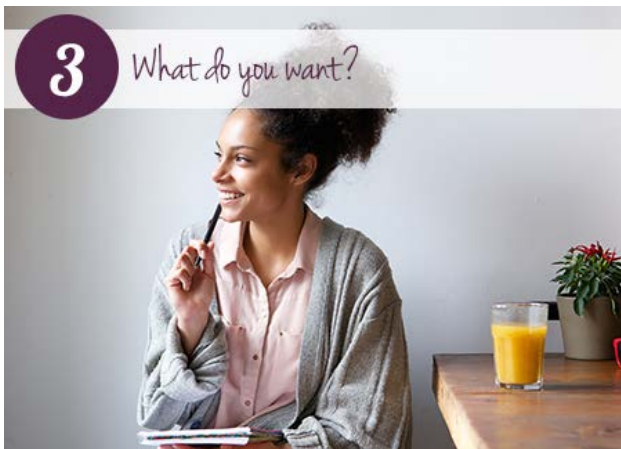
1 How are you going to pay for this?

The best way to start the home buying process is by determining if you can afford to purchase a home and, if so, how much can you afford. You can do this by getting pre-approved from a mortgage lender. You'll also want to make a list of your income vs debts. This will help you determine a comfortable per month mortgage payment.



2 Who will represent you?

You can search homes online all day long, but you'll need a real estate professional to schedule showings, offer expertise, negotiate on your behalf, manage paperwork and many other daunting tasks. Don't be afraid to interview a few different real estate agents. Afterall, this is the person who will help you make one of the largest financial decisions of your life!



3 What do you want?

Now comes the fun part... deciding what you want in a home! How many bedrooms? Bathrooms? How far are you willing to commute? Do you want a move-in ready home or are you willing to do a few renovation projects? Give this some thought, be realistic and share your wants and needs with your real estate agent. (PS: We have included a checklist in this guide to make this even easier!)



4 You found the home... now what?

Woo-hoo! You've found the home you've been dreaming of. Now what? At this point, your real estate agent will help you prepare and present an offer. He/she will also negotiate the terms and potential counteroffers. Once everything is agreed upon, you'll deposit your earnest money, arrange for an inspection and appraisal, secure financing, order home insurance, home warranty and more. Your real estate agent will guide you through the process between offer and closing to keep you on track.

Words You Should Know

APPRAISAL

A written estimate of a property's current value.

CLOSING COSTS

Fees associated with buying a house that your lender charges and/or you rack up from various third parties.

CONTINGENT

A status in which a house has accepted an offer but relies on meeting certain criteria, such as passing a home inspection or appraisal.

CONVENTIONAL MORTGAGE

A mortgage loan not insured by the government or guaranteed by the Veterans' Administration. It is subject to conditions established by the lending institution and State statutes.

COMMISSION

A percentage of the sale that is paid to the real estate professional. In most situations, commissions are paid by the seller of the property.

DOWN PAYMENT

The amount of your home's purchase price you pay upfront.

FHA MORTGAGE

A mortgage that is insured by the Federal Housing Administration (FHA). FHA loans are designed to make housing more affordable.

FORECLOSURE

A property seized by the mortgage lender due to the homeowner failing to make full payments on their mortgage. In hopes to recover the balance of the home loan, the lender will sell the house.

FSBO

A.K.A. *For Sale by Owner*. A FSBO is a property that is being sold by the current homeowner without the aid of a real estate agent.

HAND MONEY (EARNEST MONEY)

A deposit made by the potential home buyer to show that he/she is serious about buying the house.

INSPECTION

An evaluation of the home in which a professional inspector determines the current condition of the home and its systems.

LISTING

A list of information about a home that is currently on the market.

MLS

A.K.A. *Multiple Listing Service*. The MLS is a database that includes all available homes for sale in a particular area.

PMI (Private Mortgage Insurance)

The monthly insurance payment a lender must pay if the down payment is less than 20% of the sale price.

PRE-APPROVAL

An evaluation by a lender that determines if the potential buyer qualifies for a loan and, if so, the maximum amount the lender would be willing to lend.

REO

An acronym for "Real Estate Owned." A REO property is owned by the bank due to a foreclosure. REO properties can be purchased from the bank; however, they are often sold "as is."

SELLER ASSIST

Money given from the seller to the buyer at settlement to pay for part of the closing costs. The amount varies depending what the mortgage company allows.

Interviewing Agents



When it comes to buying your first home, you'll want to be sure you have a real estate agent that best fits your needs. That's why interviewing a few different agents is a great idea!

Here are a few questions to ask.

How long have you been selling real estate?

What percentage of your business is spent working with buyers?

How well do you know the areas I am looking in?

How do you prefer to communicate? (Phone, email, text?)

How often will you communicate with me?

How many clients are you currently representing?

How will you notify me of potential homes that hit the market?

What sets you apart from other real estate agents in the area?

How will you keep me on track during the buying process?

The best time for me to tour houses is _____ (daytime, nights, weekends, etc.). Will that work with your schedule?

Will you and/or your company be able to provide me with resources on home loans, home insurance, home warranty, title, and anything else I need during the buying process?

Do you have any references that I could contact?

Home Buyer's Checklist

Buyer's Name(s): _____

Price Range: MIN \$_____ - MAX \$_____

Desired Neighborhoods/School Districts:

Bedrooms: _____ Bathrooms: _____ Square Footage: _____

House Style: ☐ Cape Cod ☐ Colonial ☐ Farmhouse ☐ Log Cabin ☐ Multi-level ☐ Ranch
☐ Split-Level ☐ Tudor ☐ Victorian ☐ Other: _____

FEATURES	DESIRED	HIGHLY DESIRED	MUST-HAVE
Cul-de-Sac Street			
Garage			
Fenced-in Yard			
Pool			
Deck and/or Patio			
Front Porch			
Hardwood Floors			
Open Floor Plan			
Finished Basement			
Updated Bathroom(s)			
Spa Bath			
Master Bathroom			
Eat-in Kitchen			
Granite Countertops			
Kitchen Island			
Kitchen Appliances Included			
Fireplace			
Central Air			
Washer/Dryer Included			
Office			
Walk-in Closet			
Security System			
Dining Room			

Other: _____

What can you afford?



Step 1 Monthly Income

Wages, salaries, business income after expenses

Interest, dividends or rental income

Other income (alimony, child support, pensions, or Social Security)

Total Monthly Income (Step 1)

\$_____

Step 2 Monthly Non-Housing Expenses

Car payment and insurance

Cell phone

Student loan

Credit card

TV/Internet/Netflix/Etc.

Groceries/Gas/Other

Travel/Recreation/Fun Money

Child care

Monthly bank loan payments (other than a mortgage)

Alimony or child support you owe

Savings and investments

Total Monthly Non-Housing Expenses (Step 2)

\$_____

Step 3 Amount Available for Monthly Housing Expenses

Total monthly Income (Step 1)

Minus Total Non-Housing Expenses (Step 2)

Equals Amount Available for Monthly Housing Expenses (Step 3)

\$_____

Step 4 Monthly Estimated Housing Expenses

Mortgage loan payment (principal and interest – see chart)

Property taxes

Mortgage insurance

Homeowner's insurance (liability, flood, fire)

Utilities (heat, water, electricity, gas, trash removal)

Maintenance and repairs

Other (assessments, homeowner's association dues)

Total Monthly Estimated Housing Expenses (Step 4)

\$_____

Compare Step 3 and Step 4 totals.

The Total Monthly Estimated Housing Expenses (Step 4) should not exceed the Amount Available for Monthly Estimated Housing Expenses (Step 3).



Loan Application Checklist

Don't let the loan application process prevent you from making an offer on the home of your dreams! Be ahead of the game by having all your documents organized and ready to give your loan originator.

Here is a checklist of documents and materials you will need in order to apply for a mortgage:

Purchase contract and property information

- o Copy of the sales contract
- o Mailing address and property description
- o Contact information for access to the property
- o Plans and specifications (new construction only)

Personal information

- o Social Security number
- o Age
- o Years of schooling
- o Marital status
- o Number and ages of dependents
- o Current address and telephone numbers
- o Addresses for the past seven years
- o Current housing expenses (Rent, mortgage, insurance, taxes)
- o Name and address of landlord or mortgage holder for past two years

Employment history and income

- o Two years of employment history, with complete details of each job
- o Recent pay stubs and two years of W-2 forms
- o Complete tax returns and financial statements if self-employed
- o Written explanation of employment gaps
- o Records of dividends and interest received
- o Proof of other income

Assets

- o Complete information on all bank and money accounts
- o Two months of bank statements
- o Current values of stocks, bonds, mutual funds and other investments
- o Vested interests in retirement funds
- o Value of life insurance
- o Information on vehicles you own
- o Information on real estate you own
- o Value of significant personal property you own

Liabilities

- o Itemized list of all current debts (loan, credit cards, and other bills)
- o Written explanation of past credit problems
- o Full details of bankruptcy during the last seven years

Fees

- o Credit report and appraisal fees (usually \$500 or less)

Mortgage Do's & Don'ts

While you are considering the purchase of a new home, you need to be aware of what things might adversely affect your loan. Your credit, income and assets are verified after you submit your application and in some instances right before closing. Following these tips throughout the loan process can be very important.

DO CALL YOUR MORTGAGE CONSULTANT

If you are unsure if something will impact your loan, call your representative.

DO KEEP ORIGINAL DOCUMENT

Keep originals of all paystubs, bank statements and other financial documents.

DO PAY ALL YOUR BILLS ON TIME

Late payments on current accounts like mortgage, car payment, charge cards, etc. will impact your credit score which identifies your likeliness to repay your debts. Make your mortgage payments on time but call your loan representative before you make any payments that are scheduled within two weeks of closing.

DON'T APPLY FOR NEW CREDIT or INCREASE ANY CREDIT LIMITS

Avoid making major purchases such as cars, lines of credit for furniture, appliances, computers, etc. If you receive an invitation to apply for new lines of credit or to increase existing credit, don't respond. If you do, that company will pull your credit report and this will have an adverse effect on your credit score.

DON'T MAX OUT or OVER CHARGE EXISTING CREDIT CARDS

Running up credit cards is the fastest way to bring a credit score down. Try to keep credit cards below 30% of the available limit.

DON'T CONSOLIDATE DEBT or CLOSE CREDIT CARD ACCOUNTS

This may change your qualification ratio of debt to available credit which also affects your credit score. You want to keep an active beneficial credit history on your record. If you really want to do these things, do it after you close your mortgage loan.

DON'T RAISE RED FLAGS

Don't co-sign on another person's loan or change your name and address. The less activity that occurs while your loan is in process, the smoother the process will be.

DON'T CHANGE JOBS

Employment stability is a big factor in the underwriting process. Quitting, changing jobs or even changing positions in same company can greatly impact your loan approval. Inform us immediately of any changes to your job, position or income.

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Monthly Payment Estimate



The chart below shows the estimated monthly mortgage repayment amounts based upon a 30 year loan.

INTEREST RATE

LOAN AMOUNT

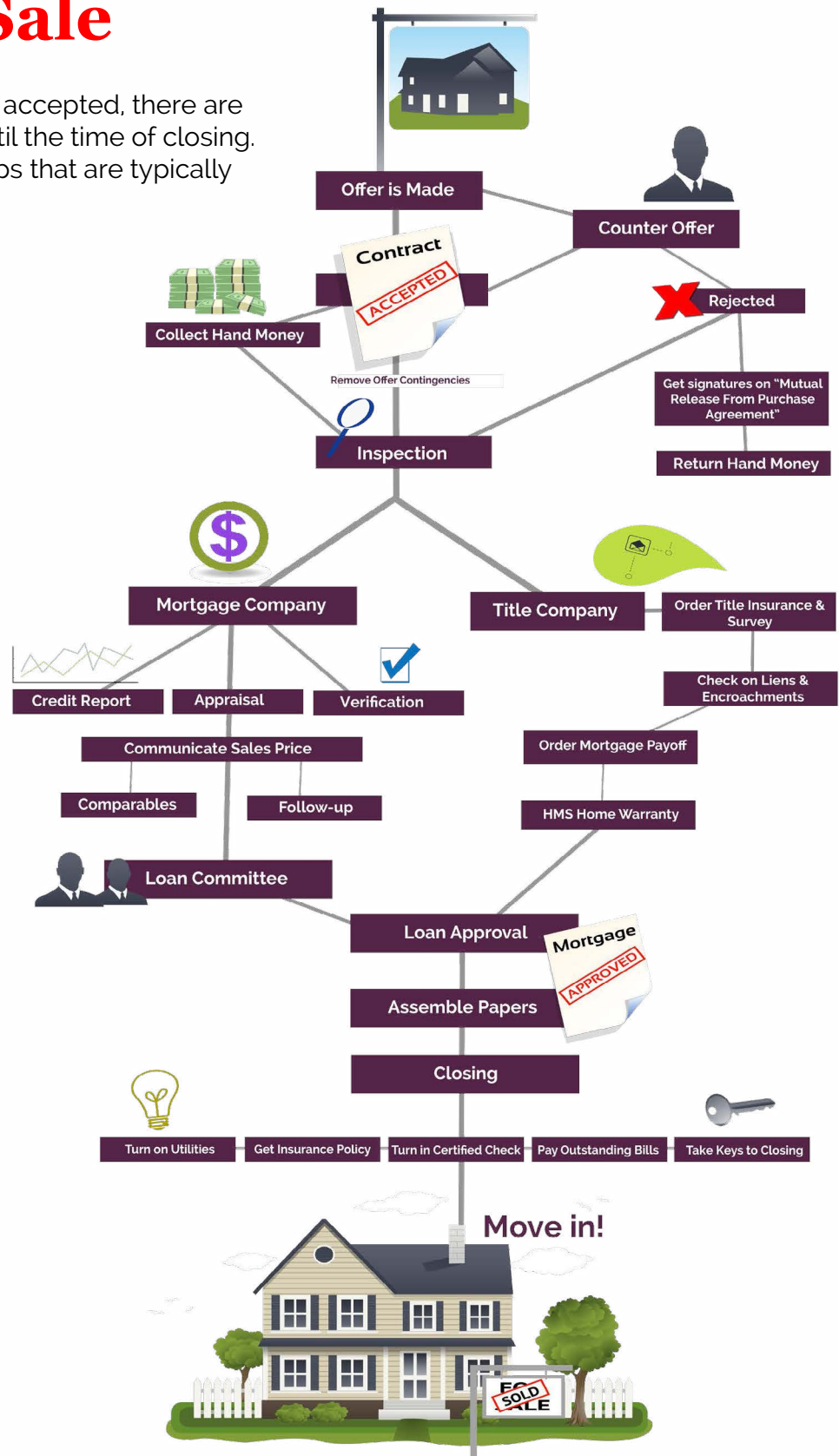
	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%
\$50,000	211	218	225	232	239	246	253	261	268	276	284
\$60,000	253	261	269	278	286	295	304	313	322	331	341
\$70,000	295	305	314	324	334	344	355	365	376	387	397
\$80,000	337	348	359	370	382	394	405	417	429	442	454
\$90,000	379	392	404	417	430	443	456	469	483	497	511
\$100,000	422	435	449	463	477	492	507	522	537	552	568
\$125,000	527	544	561	579	597	615	633	652	671	690	710
\$150,000	632	653	674	695	716	738	760	782	805	828	852
\$175,000	738	762	786	810	835	861	887	913	939	966	994
\$200,000	843	870	898	926	955	984	1013	1043	1074	1104	1136
\$225,000	949	979	1010	1042	1074	1107	1140	1174	1208	1242	1278
\$275,000	1159	1197	1235	1274	1313	1353	1393	1435	1476	1519	1561
\$300,000	1265	1306	1347	1389	1432	1476	1520	1565	1610	1657	1703
\$350,000	1476	1523	1572	1621	1671	1722	1773	1826	1879	1933	1987
\$400,000	1686	1741	1796	1852	1910	1968	2027	2087	2147	2209	2271

Payments are based on a 30-year loan term and are rounded up to the nearest whole dollar.

Payments do not include insurance, property taxes, homeowner association dues and private mortgage insurance, if applicable.

After the Sale

After a Purchase Agreement is accepted, there are a myriad of details involved until the time of closing. This infographic shows the steps that are typically taken.





Moving Checklist

Before the Move

- ☐ Arrange for movers
- ☐ Notify your utility services at both your current and future residence
- ☐ Research and contact service providers at your new residence (e.g. Internet, Cable, Phone)
- ☐ Complete change-of-address form at the post office
- ☐ Start using up items that cannot be moved, such as frozen food, bleach and aerosols
- ☐ Begin packing items you don't use often
- ☐ Arrange for home insurance
- ☐ Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost in the move
- ☐ Donate or sell items that you do not wish to move
- ☐ Pack an essentials bag
- ☐ Measure furniture and come up with a plan on where you want everything in the new home
- ☐ Empty and defrost refrigerator
- ☐ Clean your current living space
- ☐ Give your landlord your new address in case he/she needs to forward stray mail

After the Move

- ☐ Clean your new home
- ☐ Change the locks to outside doors
- ☐ Check smoke detectors and replace batteries, if needed
- ☐ Be sure that all utility services are turned on and in your name (Electric, Gas, Water, Basin and Drainage, Garbage, etc.)
- ☐ Arrange times for cable and internet providers to come and install
- ☐ Change your address on your bank accounts, credit cards, driver's license, vehicle registration, voter's registration, etc.
- ☐ Notify your employer of your new address and new local tax ID
- ☐ Store all of your home's closing documents in a safe place
- ☐ Find and store manuals for the home's appliances and systems
- ☐ Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost after the move
- ☐ Meet your neighbors
- ☐ Unpack and enjoy your new home!