

FIRST-TIME HOMEBUYER'S GUIDE

WE'RE ALL ABOUT THAT NEW HOME SMELL



smells
like
equity! →

THE SCENT OF FRESH PAINT WITH A HINT OF EQUITY &
A DASH OF ACCOMPLISHMENT



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**HOME
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powered by Stearns

WAKE UP & SMELL THE EQUITY

BUYING A HOME IS A BIG DEAL!

Homeownership is one of life's major events, and it provides unique personal and financial rewards. Lasting stability, security and a great place to relax at the end of the day are just some of the perks.



**IT'S AN INVESTMENT IN
YOURSELF & YOUR FUTURE."**



**TIFFANY L
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FUTURE INVESTMENT

IT'S A GREAT WAY
TO INVEST IN
YOUR FUTURE.



BUILD EQUITY

MORTGAGE
PAYMENTS
BUILD EQUITY.



TAX BENEFITS

ENJOY THE TAX
BENEFITS OF
OWNING A HOME.*



PERSONALIZE

MAKE YOUR HOUSE
YOUR HOME – PAINT,
RENOVATE, UPGRADE.



REFINANCE

YOU CAN REFINANCE
TO BRING YOUR
MORTGAGE PAYMENT
DOWN OVER TIME.

*The consumer should always consult a tax advisor for information regarding the deductibility of interest and other charges in their particular situation.



GET FINANCIALLY READY FOR A HOME

WHAT'S A FICO SCORE?

A FICO score is a computer-generated number that analyzes your past and current credit history and spending habits, and rates your ability to repay future debts. The name FICO is an acronym for Fair Isaac and Company.

A TYPICAL FICO SCORE IS BASED ON THE FOLLOWING FACTORS:

- Timely credit payments
- Amount of debt owed
- Number of credit accounts currently open
- Number of credit inquiries
(a credit inquiry is made when you apply for a new credit card or loan)

THINGS TO AVOID WHEN BUYING A HOME:



Buying a car



Opening or closing a credit card



Changing jobs



Buying large appliances



Switching banks



Moving lots of money around



Falling behind on bills



Co-signing on a loan



YOUR CREDIT SCORE AFFECTS YOUR LOAN'S INTEREST RATE. GENERALLY, A HIGHER SCORE EARNS YOU A LOWER INTEREST RATE & MORE LOAN OPTIONS.

TIMELINE

MAJOR MILESTONES FOR THE HOMEBUYING PROCESS

1

CALL

Call your Mortgage Loan Originator (MLO) to discuss your current and future goals and determine which loan programs might be best suited for your needs.

2

PRE-APPROVAL

Get pre-approved so you know how much you can afford and have a stronger offer when you're ready to buy. Provide a few pieces of information to your MLO and get pre-approved quickly!

[See page 7 for more info.](#)

3

OFFER

Find your home and submit an offer with the help of your realtor – if accepted, put down your earnest money deposit.

[See page 8 for more info.](#)

4

APPLY

Share the great news with your MLO!

[Ask your MLO to send you an application.](#)

5

INSPECT

Ask your realtor for an inspection recommendation. Arrange an inspection to determine the condition of the house so you can make an informed decision.

6

LOAN ESTIMATE

Your lender will send you a Loan Estimate for you to review the basics of your loan, including your closing costs and loan terms.

[See page 9 for more info](#)

7

APPRAISAL

Your MLO will order an appraisal to have a third party evaluate the value of your home.

8

INSURANCE

Shop around and purchase homeowner's insurance to protect yourself in case of a disaster or accident involving your home.

9

CLOSING DOCS

Your lender will send you a five-page Closing Disclosure which describes the terms of your loan and how much you will need to pay at closing.

[See page 10 for more info.](#)

10

CLOSING

Most closings take place at the title company's office. Have your wire transfer or cashier's check ready to pay your closing costs. At the closing table, you will review and sign all your closing documents.

[See page 11 for more info.](#)

11

TITLE

Your title officer (typically assigned in your house's contract) makes sure there is legal documentation specifying who owns the property, often in the form of a deed.

12

MOVING DAY

Congrats! Get your keys from the title company and move into your new home!

YOU HAVE YOUR BEST INTEREST IN MIND. **SO DO WE.** MEET YOUR HOMEBUYING TEAM.

1

THE MORTGAGE LOAN ORIGINATOR

Your Mortgage Loan Originator (MLO) has a single goal: to provide you with home loan options that meet your current budget and future financial goals. Your MLO will help you build a strong offer by pre-approving you for a mortgage before you find your home. After you apply for a mortgage, your MLO will help you source the documents needed for processing your application and help answer any questions you may have.

2

THE REALTOR®

Realtors can do much more than help you find the right home. They can provide details of surrounding neighborhoods, assist you with choosing a property and help you negotiate a fair price with the seller. And when you're ready to finalize your home purchase, your Realtor will help you prepare for closing.

3

THE TITLE OFFICER

Title officers handle issues relating to your home's title or deed, ensuring there are no discrepancies such as overdue taxes, zoning restrictions or existing liens. If issues are discovered, your title officer will contact the seller and work to resolve them.

4

THE ESCROW OFFICER

Escrow officers are responsible for holding funds passing between a homebuyer, seller or lender (this is called "earnest money") in an escrow account. They must act as neutral third parties, as they're responsible that all aspects of a home sale go smoothly for everyone involved.

5

THE HOME INSPECTOR

Home inspectors are independent contractors, hired by you, the buyers, who look for damages or issues within a property that need to be repaired. These could be anything from a termite infestation to structural damage. Your inspector's report may help you or your Realtor negotiate the cost of repairs with the seller if any potential problems are identified.

6

THE APPRAISER

The appraiser is an independent contractor, hired by the lender, who is responsible for estimating the value of your new home to ensure a fair market price. This is done early in the loan process, as this helps to determine if your seller's asking price is reasonable. An appraiser's tasks include researching recent sale prices of similar homes in the area, and comparing these prices to what your seller is asking.

7

THE INSURANCE AGENT

Your insurance agent will help you choose a homeowner's insurance policy. It protects your home and its contents, covering most or all of its replacement value in case of fire, theft or other damage. Homeowner's insurance coverage and deductibles differ, so ask your agent or provider to help you choose the coverage that best fits your needs.

YOUR LIFE PLANS AREN'T THE SAME AS YOUR NEIGHBORS'. YOUR LOAN SHOULDN'T BE EITHER.

FHA

FHA mortgages offer down payments as low as 3.5%, low closing costs and easy credit qualifying.

VA

VA loans offer low-cost borrowing alternatives designed to help eligible veterans, reservists and military families.

LOCAL

Down payment assistance programs offer little to no down payment options. These vary by state, so ask me about what programs are available for you.

CONVENTIONAL

Conventional loans allow for 3% down¹ and typically are fixed in terms and rate.

JUMBO

Jumbo loans allow borrowers to get a loan for more than the conventional loan limits set by Freddie Mac and Fannie Mae up to \$3M².

USDA

USDA loans allow borrowers to put 0% down¹ on qualifying rural property.

LOW DOWN PAYMENT
PROGRAMS AVAILABLE!¹

¹Mortgage insurance may be required on loans greater than 80% loan-to-value and will increase your monthly payment.

²Limited to certain Jumbo programs.



MAKE SOMEONE ELSE DO THE MATH

*Call your MLO & get
pre-approved today!*

303.884.4137

5 REASONS IT'S CRUCIAL TO GET A PRE-APPROVAL

- 1** KNOW HOW MUCH HOUSE YOU CAN AFFORD.
- 2** MOST SELLERS WON'T ACCEPT AN OFFER WITHOUT A PRE-APPROVAL.
- 3** INCREASE YOUR CHANCE OF GETTING ACCEPTED.
- 4** WIN THE OFFER AGAINST OTHER BUYERS THAT DON'T HAVE PRE-APPROVALS.
- 5** PRE-APPROVALS CARRY MORE WEIGHT THAN A PRE-QUALIFICATION.

GATHER THE FOLLOWING:

- SOCIAL SECURITY NUMBER
- ONLINE BANKING INFO
- PAY STUBS
- LAST TWO YEARS' W-2S
- LAST TWO FEDERAL TAX RETURNS
- TWO MONTHS' WORTH OF BANK STATEMENTS OF ALL TYPES OF ACCOUNTS



MAKING AN OFFER

WHAT'S INCLUDED IN AN OFFER?

When you've found the house you're ready to buy, make sure you understand what all your offer will include.

- **PRICE** Offered price (this may be different from the seller's asking price).
- **TERMS** For example, is this an all-cash transaction, or is the deal subject to you obtaining a mortgage for a given amount?
- **PRE-APPROVAL** Letter from your lender to show you're a qualified buyer.
- **TITLE** Seller's promise to provide clear title (ownership).
- **PRORATE** The method by which real estate taxes, rents, fuel, water bills and utilities are to be adjusted (prorated) between buyer and seller.
- **COSTS** Description of who will pay for title insurance, survey, inspections and other associated costs.
- **DEED** Type of deed to be given to the buyer.
- **REQUIREMENTS** Other requirements specific to your state, which might include an attorney's review of the contract or disclosure of specific environmental hazards.
- **CONDITIONS** The seller must respond to before the sale is formalized.
- **CLOSING DATE** This is usually 30 to 45 days from the day you and the home's seller sign your offer – turning it into a legal contract – and the day your loan closes. This gives you time to finalize your mortgage, and for the seller to carry out any mutually agreed repairs.
- **EARNEST MONEY** The deposit you put down in good faith. This becomes part of your down payment.

TIPS NEGOTIATING A COUNTER OFFER

Your home's seller may want to change the proposed sales price or another part of your offer, such as a request for home repairs. This is called a **counter-offer**. If this happens, you're free to accept the seller's requests or to **re-negotiate** with a new counter-offer of your own. Your Realtor® can help you come to a **mutual agreement** so you can proceed with your purchase.

WHAT IS A LOAN ESTIMATE?



PAGE 1

- **SUMMARY** of key loan terms and costs
- **INSURANCE** Mortgage insurance costs
- **P&I** Principal and interest payments
- **PAYMENT** Estimated monthly payment
- **CASH** Estimated cash to close

PAGE 2

- **ITEMIZED** costs associated with loan
- **ADJUSTABLE** rate and payment info
- **ESCROW** Initial escrow payments
- **SERVICES** Cost of services

PAGE 3

- **CALCULATIONS** to compare the cost of the loan
- **DISCLOSURES**
- **INTENT** Your lender's intent to service or transfer your loan

AFTER YOU COMPLETE the initial loan application, you'll receive your Loan Estimate from your lender.

A LOAN ESTIMATE is issued within three business days of submitting a loan application. It will explain the basics of your loan, including your estimated closing costs and loan terms. Your Mortgage Loan Originator can answer all your questions or walk you through your Loan Estimate.

WHAT ARE CLOSING DISCLOSURE DOCUMENTS?



PAGE 1

- **LOAN**, term, product and loan type
- **INTEREST** rate
- **MONTHLY** payments
- **CLOSING** costs

PAGE 5

- **TOTAL** payment cost for lifetime of loan
- **FINANCE** charges
- **CONTACT** information for parties
- **SIGNATURE** to confirm receipt

PAGE 2

- **ITEMIZED** loan costs
- **PREPAID** costs
- **ESCROW** details

PAGE 3

- **CALCULATION** of cash to close
- **TRANSACTION** summary for you and seller

PAGE 4

- **LATE** payment costs
- **PARTIAL** payment info
- **ESCROW** costs

THREE DAYS BEFORE THE CLOSING DATE

on your sale's contract you will receive your Closing Disclosure from your lender. This five-page document describes the terms of your loan and how much you will need to pay at closing. **You definitely want to compare the numbers on the Closing Disclosure to the Loan Estimate you received earlier.** There should not be any significant changes other than those you have already agreed to.

AFTER YOU SIGN

the Closing Disclosure docs, they'll be delivered to the funding department. Once your closing paperwork is reviewed your loan will be funded.

THE BIG DAY

WHAT HAPPENS AT CLOSING?

PREPARE BEFORE:

Come prepared for closing day. You will need to bring a few things with you.

- Driver's license or current passport
- Cashier's or certified check to cover your down payment or closing costs
- Proof of homeowner's insurance
- A copy of your Closing Disclosure if you want so you can compare information

AT THE CLOSING TABLE:

Closing can take as little as 30 minutes. But be prepared for up to two hours just in case, so you may need to take a couple hours off work. You will review all the documents and your title agent, mortgage loan originator, and realtor can help walk you through any questions. Don't feel like you have to rush. Take your time and make sure you understand everything.

AFTER SIGNING DOCS:

Depending on your move-in date, you may get your keys that day! It might not be right that second though.



BORROWING FROM US IS LIKE BORROWING FROM A FRIEND

...BUT A LOT LESS AWKWARD,
& HIGHLY RECOMMENDED.

“

THE PEOPLE
THAT WORKED
WITH ME WERE
KNOWLEDGEABLE
AND CARING.
THEY SEEMED
INTERESTED IN MY
SUCCESS, PATIENT,
AND REASSURING.

Linda L.

YOU HAVE YOUR BEST INTEREST IN MIND. SO DO WE.

**CONTACT US TODAY TO
GET STARTED!**



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