



Welcome!

Please make yourself comfortable and
congratulations on taking the first
step toward home ownership.

Why Buy Instead of Rent?

- Buying a home can be a wise investment.
- Typically, homes increase in value over time.
- You can build ownership interest called Equity.
- Interest paid on a home mortgage is usually tax deductible.



On Your Way to Your First Home

- Buying a home is a big step.
- Choose a home and a mortgage that are well suited to your needs.
- Look into various mortgage options and what they cost.
- Select a loan program that fits your lifestyle and your budget.



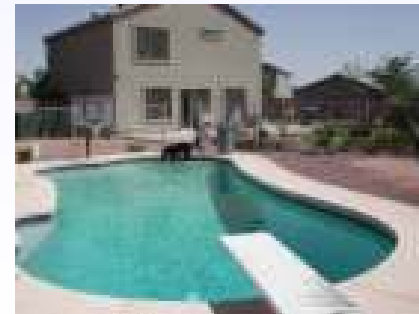
So Where Do I Start?

- Put together a personal “home team” of experts:
 - An experienced real estate agent or builder.
 - A knowledgeable mortgage consultant.
 - An experienced Home Inspector/Pest Inspector
- Apply for mortgage pre-approval.
- Learn more about the home buying process.
- Ask yourself some key questions.



What Does My Mortgage Payment Include?

- Usually, your monthly mortgage payment is made up of four parts:
 - Principal
 - Interest
 - Taxes
 - Insurance
- Certain funds are held in an escrow account to pay tax and insurance bills, as they come due.



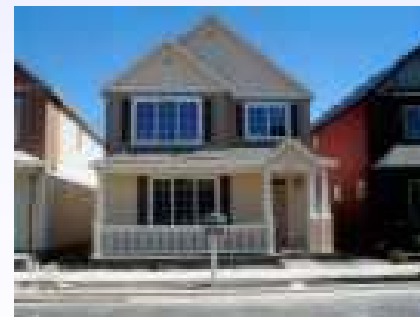
How Much Home Can I Afford?

- To determine your maximum mortgage amount, lenders look at:
 - Your credit history
 - Available cash for down payment and closing Costs
 - Your income
 - Your existing debt and financial obligations



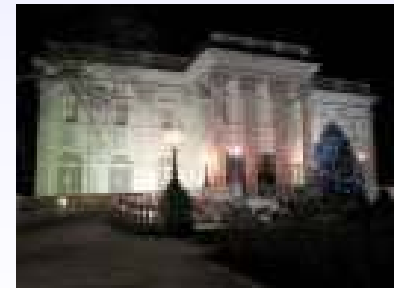
How Much Home Can I Afford? (continued)

- Your maximum mortgage amount, plus your planned down payment, equals your home purchase price range.



How Large of a Loan Can I Be Approved For?

- Lenders can use a debt-to-income ratio to determine the loan amount you may qualify for.
- Typically, the anticipated housing payment is compared to gross earnings and debt.





How Large of a Loan Can I Be Approved For? (continued)

- Many loan programs offer expanded qualifying guidelines that approve applicants for higher loan amounts.
- Once you know your maximum loan amount, it's up to you to decide if it's right for you.





How Important is My Credit?

- A history of paying monthly obligations on time indicates you are likely to make mortgage payments on time.
- Your FICO score can be a factor in the kind of mortgage program you may qualify for.





How Important is My Credit? (continued)

- Your credit history can also affect:
 - The amount required for a down payment
 - The amount of money you can borrow in relation to your income
 - The interest rate you are offered

- If you haven't already, get a copy of your credit report.





To Establish or Improve Your Credit Rating

- Use credit to purchase low-priced items.
- Make a few prompt minimum payments, then pay off the balance.
- Collect “alternative” credit records, such as paid receipts and cancelled checks for rent and utility payments.



To Establish or Improve Your Credit Rating (continued)

- Try to pay off outstanding installment loans or credit card debts.
- Consider closing some credit card accounts.

If you have no established credit history, or less-than-perfect credit, there are still loan programs that can help you buy a home.



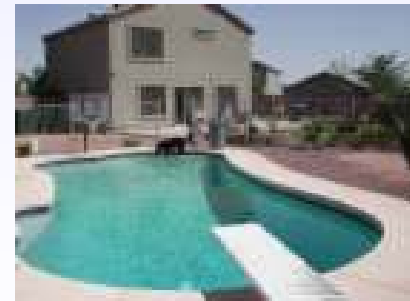
How Much Do I Need for a Down Payment?

- Today's flexible mortgage programs make down payments less of a challenge.
- Some homebuyers may be eligible for down payment assistance. (Through Madison County, Genesis, Nehemiah)
- You may be able to buy a home with a very low or no down payment.



How Much Do I Need for a Down Payment? (continued)

- Loans with down payments of less than 20% require mortgage insurance.
- Most programs also require a 1 - 2 months loan payment reserve after closing.



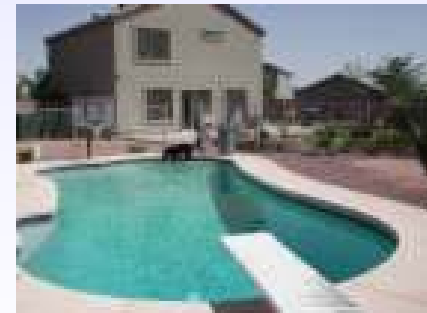


What about Closing Costs?

- Generally, closing costs equal between 3% and 7% of the home purchase price.
- Prepaid items *must* be collected at closing to cover the future month's taxes, interest and insurance.
- Some programs allow all or partial closing costs to be paid by the home sellers or other sources. Use your real Estate Professional to help you in

Government Loans

- Government loans are backed by federal or state agencies and in general, answer the needs of first-time homebuyers.
- Types of government loans include:
 - FHA loans
 - VA loans
 - Rural Development (restricted by area)



Conventional Loans

- Conventional loans are not backed by the government and may suit the needs of both first-time and move-up homebuyers.
- Types of conventional loans include:
 - Conforming loans
 - Jumbo Loan
 - Non-Conforming Loans





Make It a Point to Ask About Points

- Always ask if the quoted interest rate reflects payment of points.
- Often, you can lower your rate by paying a fee in points.
- One point equals 1% of the loan amount.
- The more points you pay, the more you can discount your rate.



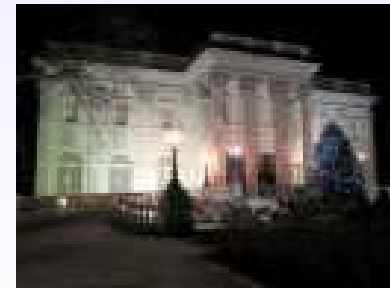
Know When to Lock and When to Float

- Always ask how long a lender will guarantee the interest rate they quote.
- Typically, lenders guarantee a rate for rate **lock periods** of 30 to 120 days.
- Usually, you can float the rate and lock in anytime up to 5 days before closing.



Know When to Lock and When to Float (continued)

- Ask about available rate lock and float options and the cost of these options.
- Will these options accommodate your home buying needs?





How Important Is Pre-approval?

- We recommend applying for a loan pre-approval *before you begin your home search.*
- Find out exactly how much home you can afford.
- Complete the application and credit review stages of the mortgage process.



How Important Is Pre-approval? (continued)

- You may be asked to provide documents or letters to:
 - Verify any income you want to use for loan qualification.
 - Confirm down payments and closing cost amounts in bank accounts.
 - Clarify incorrect items on your credit report.
 - Verify you have debts that are not listed on your credit report.





Who Will Approve My Application?

- Automated underwriting is changing the mortgage experience *for the better!*
- Documentation requirements are often greatly reduced.
- Loan approval decisions are faster.
- Many applicants are approved for higher amounts with lower down payments.



Who Will Approve My Application?

(continued)

- Computers cannot approve all loan programs, and they *never* decline applications.
- Applications not approved by computers are given to trained experts for review.





What Happens Next?

- Take a four-step walk through to closing.
 1. Processing
 2. Decisioning
 3. Pre-Closing
 4. Closing

You become the proud owner of your new home!

An Outline of the Home-Buying process.



- Learn the steps to purchasing a new home.
- Get comfortable with home buying negotiations.
- And much more...

Choosing a Real Estate Agent or Builder



- Look for a Realtor or Builder with experience
- Interview Prospective Agents or Builders in Person
- Go with someone you feel comfortable with and Trust

When Searching for Your Home Consider this.



- Do I want New or Existing?
- Location, Location, Location
- Size and Special Features
- Types of Homes
- How to Look (Driving through Neighborhoods, Newspaper listings, advertisements, the internet, or using professional services.

Negotiating With Sellers

(recommend using the professional services of a Realtor®)



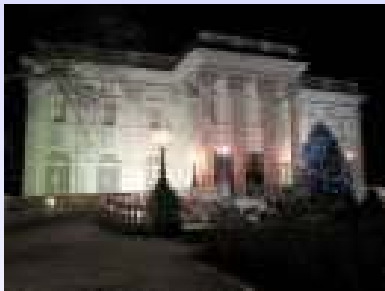
- Find Out Average Sales Price of Area Homes With Similar Features
- Consider the Home's Condition and Needed Repairs or Improvements
- Are Similar Homes Available at a More Desirable Price?
- How Long Has the Home Been on the Market?
- Negotiations are complex, the more experience you have the better buying position you will be in.

Negotiating With Sellers (continued)



- Make a Fair and Reasonable Offer
- Bargaining Begins After the Initial Offer is made
- If Your Offer Is Rejected and You Can Afford It, Make a Slightly Higher Offer
- Sometimes you may Negotiate an Aspect (e.g., repairs) Other Than Price
- In most situations, avoid “low-ball” offers.

Going to Contract



- When Your Offer Is Accepted You Reach a Sales Agreement
- A Sales Contract Is Drawn Up by your Real Estate Agent or Attorney
- The Contract Is a Legally Binding Document That Protects Both Buyer and Seller
- The Contract May Contain Contingency Clauses

Home Inspection



- Consider Hiring a Professional, Certified Home Inspector
- The Inspector's Report Identifies Serious Structural Defects as well as latent and minor defects
- Try to Be Present at the Inspection
- Make Notes, Ask Questions and Get a Repair Estimate if needed
- Ask About Systems Operation and Home Maintenance
- Check for Insects, Lead, Radon, Asbestos, or Soil Contamination

Pre-Closing



- Know your Closing Agent (title company) and their location
- Obtain Homeowner's (Hazard) Insurance and Flood Insurance, if Necessary
- Review Your Loan Commitment With Your Lender
- Set a Closing Time and Date
- Make Preparations to Move

Just Prior to Closing



- Conduct a Final Walk-through of Your Soon-to-be Home
- Make Sure All Inspections and Repairs in the Purchase Agreement Are Complete
- Get a Certified or Cashiers Check from your bank for your Closing Costs and/or Down Payment, made payable to the title company that you are closing with
- Be sure of the date you take possession of the property

Closing Day



- Be Familiar With the Closing Location
- Read and Sign Documents
- Ask Any Questions Concerning These Documents
- Congratulations on Making It Home! Obtain your keys and get ready to move in!



This Seminar is Done, But You've Just Begun!

- You're ready to approach your first home purchase as an educated consumer.
- Ask questions.



Home Buying Seminar ~ Plan to Purchase



This Seminar is Done, But You've Just Begun! (continued)

- Can I get a copy of my credit report?
- What are my down payment and closing cost options?





Let's Get There Together

Now that you're on your way to a home of your own, you can count on your real estate agent and/or builder and your Home Mortgage consultant to be your personal "home team". We're ready to work with you through each step of the process as you realize your very own *American dream!*

*Thanks,
Quinn Kane*