

**Everything You Ever Needed To
Know Before, During and After
Your New Home Purchase!**

HOME BUYER'S BOOK



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“Our Mission is to be on the cutting edge and provide innovative mortgage loan products with exceptional service beyond our customers’ expectations. Our customers are the life-blood of the company, and by providing exceptional service with integrity, we will create Customers for Life.”

Mortgage 1 is a Michigan-based mortgage lender with multiple offices in Warren, Sterling Heights, Royal Oak, and Brighton to serve all of your mortgage needs. Mortgage 1 also has alliances with local real estate firms. We specialize in helping our clients realize the American Dream of home ownership.

Mortgage 1 has a wide variety of mortgage products including standard “conventional” loans, “zero down” loans, low down payment loans, government loans (FHA and VA), jumbo loans, non-conforming loans, and everything in between. All you have to do is ask! We take pride in providing our clients with top quality service, while at the same time keeping costs and interest rates low.

Over time, we have developed lasting relationships with real estate agents and borrowers who understand our commitment to excellence and our ability to get the job done. It is the referrals and the “word of mouth” endorsements from those agents and borrowers that are responsible for Mortgage 1’s rapid growth and continuous success in an extremely competitive industry.

OUR SERVICES

We are your “One- Stop Shop” for your entire mortgage, real estate and new constructions needs!

We offer all of the following at **no cost** to you. You can go to our website at www.mortgageone.biz to access these services

- **Mortgage Pre-approval** – Pre-approval 4–6 months before you buy a home is essential. This allows time to adjust any issues that may limit your mortgage program options. Some mortgage programs are credit score driven. The more options you have the better chance you have of buying the home you want. Our mortgage consultation meeting takes an hour and costs you nothing. This consultation will tell you what your options are, exactly what you currently qualify for, your monthly payment and cash needed for closing. We will also help you make a plan for what exactly you need to be doing between now and your desired purchase date.
- **Realtor Referral Program** – We also have full-time professional and experienced real estate agents on our team to assist you with your home search. We can arrange to have a Realtor, specializing in your areas of interest, at your pre-approval meeting with us to save you some time. We will work with any Realtor on your behalf, should you choose not to utilize this part of our services.

WHY BUY?

Many people share the same American dream, to own a home where they can nurture and raise a family and entertain friends in privacy, while gaining equity and building future wealth. The quality of life, being able to pick your own décor, having a garage attached to your house, owning your own washing machine, having a yard for kids and BBQ's are some of the benefits to consider.

TAX ADVANTAGES

IT'S A FACT! Most Americans feel hopelessly over taxed. One sure way to beat Uncle Sam is to buy a home. The way you benefit is by taking the amount you pay in interest and property taxes for the year as a deduction, reducing your taxable income. For example, if you buy a \$170,000.00 home at 6% interest with average property taxes of \$ 2,400.00 a year, you will have an approximate \$12,600.00 non-taxable deduction. For the average homeowner in a 28% tax bracket, that means a savings of almost \$300.00 per month or \$3,600.00 per year in your pocket just for owning a home. This savings can be realized on a monthly basis by changing the allowances you claim at work (please be sure to consult with an accountant for an analysis of your personal financial conditions before changing anything), or you'll have a smaller tax bill or bigger refund at the end of the year. (This formula is a generalization only, personal conditions will vary.) If you do not have an accountant we would be happy to recommend a reliable professional.

APPRECIATION & BUILDING WEALTH

Appreciation is an amazing thing. We have encountered many people who believe they need to save a 20% down payment before even considering a home purchase. Fact is, depending on your ability to save, it's almost certain the price for a home in the range you are comfortable with will no longer be comfortable! We have seen people who bought a home 5 years ago double their money, and it looks like the only way to go is up. With the shortage of affordable housing, the demand appears to continue increasing.

Sometimes, people think it won't matter if they wait a year, or two, to buy a home. Appreciation (increase in property value) through real estate is the number one way people build wealth.

BEFORE THE PURCHASE

Before writing a purchase agreement, it's important to look at how you spend your money and determine what, if anything, you are willing to give up to own a home. You should also consider the advantages of having a home and how much more additional time you would spend in your own home cutting down on entertainment expenses.

Going through the exercise of constructing a budget is very useful when considering home ownership as well as keeping spending in line in the future. Making sure you buy a home that has a comfortable payment for your lifestyle is of utmost importance, regardless of what you can qualify for on paper. A budgeting worksheet is included in this booklet for your convenience.

People earn income every month and have very different ways of handling that income. Some people spend it all and then some. Others have had the ability to save quite a bit and feel they can add that monthly savings to a house payment. The average American saves only 5% of their income. To detail exactly what you have spent over a 3 month period on everything from coffee to candy bars can be a real eye opener. With a little planning and budgeting, it's amazing how much money flows through your household that you don't even notice. Once realized, saving that money isn't really that hard!

ORGANIZE YOUR DOCUMENTS

There are several things you may need along the way for documentation. It's important to locate these things ahead of time, because not being able to provide the right documentation can delay your pre-approval or closing. The most common things are listed below:

- Most recent paystubs, covering 30 days, along with the past 2 years W2's for each borrower.
- If you are self-employed (have greater than 25% ownership) or receive commission income, the past 2 years' individual federal income tax returns, all pages, and 2 years' corporate returns, all pages, if applicable.
- 2 months' most recent asset statements, all pages, for checking, savings, investments, IRA, 401K, etc.
- For VA loans, a certificate of eligibility or DD214.
- Complete bankruptcy documents if there has been a bankruptcy in the past 7 years.
- Divorce decree if alimony or child support are paid or received.
- Legible copy of your drivers' license.

If you are not a U.S. citizen, provide a copy of your green card, front and back., If you are NOT a permanent resident, provide us with your H-1 or L-1 visa.

MONTHLY BUDGET, PAGE 1

CATEGORY	CURRENT MONTHLY	CURRENT MONTHLY	DIFFERENCE	AFTER HOME PURCHASE
Income				
Total Monthly Take Home Pay				
Expenses: Housing				
Rent or Mortgage				
Real estate taxes				
Renter's or Homeowner's Insurance				
Association fees				
Total Housing Expenses				
Expenses: Utilities				
Electric				
Heat				
Water & Sewer				
Telephone & cell phone				
Cable TV				
Trash				
Total Utility Expenses				
Expenses: Medical				
Medical Insurance				
Dental Insurance				
Doctor/lab				
Dentist				
Eyeglasses & check ups				
Hospitals & emergency				
Prescriptions				
Over-the-counter-drugs				
Other				
Total Health Expenses				
Expenses: Transportation				
Car payments				
Car insurance				
Maintenance and repairs				
Parking & tolls				
Mass transit costs				
Gas				
License tabs				
Other				
Other				
Total Transport Expenses				

MONTHLY BUDGET, PAGE 2

CATEGORY	CURRENT MONTHLY BUDGET	CURRENT MONTHLY ACTUAL	DIFFERENCE	AFTER HOME PURCHASE BUDGET
Expense: Payments				
Credit Card: • Balance				
Credit Card: • Balance				
Credit Card: • Balance				
Student loans • Balance				
Legal fees				
Child Support & Alimony				
Personal Loans • Balance				
Total Payment Expenses				
Expenses: Food & Entertainment				
Groceries				
Eating Out				
Movies & misc.				
Hobbies				
Total Food & Fun Expenses				
Expenses: Kids				
Child Care				
Tuition				
School supplies				
Lunch money				
New clothes				
Lessons & sports				
Allowances				
Total Child Expenses				
Expenses: Personal				
Dry cleaning & laundry				
Personal grooming				
New clothes				
Other				
Other				
Other				
Total Personal Expenses				

MONTHLY BUDGET, PAGE 3

CATEGORY	CURRENT MONTHLY BUDGET	CURRENT MONTHLY ACTUAL	DIFFERENCE	AFTER HOME PURCHASE BUDGET
Expenses: Savings & Miscellaneous				
Personal savings				
Gifts				
House Maintenance & repair				
Furniture				
Charity				
Vacation				
Total Savings & Misc.				
TOTAL MONTHLY INCOME				
TOTAL MONTHLY EXPENSES				
THE DIFFERENCE				

MORTGAGE

HELPFUL BUDGETING HINTS

- For all expenses, use a checkbook or charge card that you payoff monthly to keep track of expenditures; avoid cash since it's difficult to track what it was spent on.
- Count every donut, latte, magazine, lottery ticket and candy bar you buy; you'll be surprised!
- For items paid quarterly or annually, just divide accordingly and count on a monthly basis.
- For those unknown items, try to save a set amount monthly for emergencies.
- If you are feeling tightly restricted, cut back on entertainment before cutting back on your savings plan.

NOTES

MORTGAGE BANKER VS. BANK

The main difference between a mortgage banker and a bank is, as being a banker; we have the ability to look at pricing and programs from many different lenders, offering you many more options.

There are no extra “finders fees” involved in working with us, being a broker. We find that this seems to be one of the biggest misconceptions amongst the public. As a broker, we qualify many people for a variety of mortgage programs based on their financial needs, and all of the programs are not offered with just one lender. Working with us, you have a variety of programs available from many different lenders at your fingertips. You do not have to go through the hassle of pre-qualifying with many different lenders just to find out what programs are available. We work with all types of loans: FHA, VA, and a variety of Conventional financing, including zero-down and first-time homebuyer programs.

Real Estate and Mortgage Lending are both very complex businesses. It is wise to have experience working for you vs. someone that just started in the business 6 months ago and does not have the experience or the training under his/her belt (***which you probably wouldn't find out about until it's too late***). Our Broker house, has over 100 years of combined experience in the mortgage lending industry in this metro area. We manage a team of professionals to research and secure the best possible mortgage program to suit your long- and short-term goals.

WHAT IS MORTGAGE PRE-APPROVAL?

Getting pre-approved is a process that includes verification of your credit, income, assets and liabilities. It is highly recommended that you get pre-approved before you start looking for a house. This will help you by:

- Finding out the maximum house you can buy and also insure ensuring you are comfortable with the monthly payment.
- Discussing program options and differences in payment, down payment and closing costs.
- Putting you in a stronger position when you are negotiating with the seller, because the seller knows you can buy.
- Helping you close quicker.

Call us to schedule your mortgage pre-approval meeting. It costs you nothing and only takes an hour. We have day and evening appointments available for your convenience.

HOW MUCH DO WE NEED TO SAVE?

Many people are under the impression you have to save 5% - 20% to get a home, which is simply not true. There are such a variety of programs these days, some of which require no out-of-pocket cash. As a matter of fact, even if 20% down is a possibility, that's not always the best use of your money; restructuring or paying off debt may make much more sense.

The only way to know for sure what is possible is to come in for a consultation and make a plan. Everyone's situation and goals are very personal, and looking at where you want to be in 15 years vs. just playing it year by year with no plan, will make your dreams a reality. It's best to come in early in the process, 6 - 12 months before you plan to buy.

CASH FOR CLOSING

Waiting to buy until you save up significant funds can wind up costing you thousands of dollars in the long run as property prices continue to rise. The trend of higher housing prices in the Metropolitan Area is not expected to reverse any time soon.

There are many mortgage programs available these days designed to minimize or eliminate cash. For example, there are several zero- down programs that allow the sellers to pay all of your closing costs so you do not have to have any money to close. If you opt for a program that requires some cash to close, some sources of cash include, (but are not limited to): gift money, loans against your 401k, and a **GRANT PROGRAM that's been working well for several of our clients.** All programs are subject to qualifying of course.

The problem is, if you wait until you save up \$5,000.00 (for example) to buy a house, in another year that same house could cost another \$15,000.00, or more, in one year with the way the prices keep going up! **Look at all your options early.** Most people who prepare early find they can buy much sooner than they ever thought they could!

- **LOOK AT ZERO DOWN FINANCING.** There are programs that allow you to finance your closing costs as well. Obviously, this creates more of a risk for the lender to finance a house over the appraised value; therefore, expect a higher rate and the requirement of very strong credit.
- **GET A GIFT.** FHA loan guidelines state the down payment can be from a gift. The gift donor is usually a blood relative, but there can be exceptions. The gift letter simply states there is "no obligation" to repay, not that you can't. With FHA loans, you only need 3% down, and the seller can pay the rest. None of the 3% needs to be your own funds; it can all be a gift!
- **ASK FOR SELLER CONCESSIONS.** Although all programs vary with on how much is allowed for seller concessions, it is very common to incorporate help from the seller. The seller is probably going to want a higher sales price to compensate for the additional costs. The importance of a professional realtor, who knows how to negotiate, can make a big difference in what actually happens in your favor. We'd be happy to recommend a reputable realtor for you.
- **GRANTS ARE SOMETIMES AVAILABLE.** It is possible with FHA financing to get the entire investment from a program that has recently become available; however, it takes a special situation because the seller actually contributes to a non-profit organization that distributes the money to you. Again, the seller will most likely want a higher sales price for the house.
- **GET A LOAN.** The guidelines on this are pretty specific for most programs. You can borrow against your 401K. What's convenient about that is, most of the time, the loan carries a very small monthly payment, and it doesn't count against you in qualifying for the mortgage. The downside of borrowing is your money isn't in the stock market; but, then again, that hasn't been fun for a long time! You can also borrow against an asset that has equity in it such as a car, a cabin, an investment account or insurance policy. The value of the asset will need to be proven and the monthly payment documented for qualifying purposes. It is not unusual to take cash against a vehicle and extend the term out one year longer, thus; not causing any increase in the monthly payment..

WHAT ABOUT MY CREDIT?

Most people know that credit scores are important, but they are not exactly sure what their score means or how it affects their mortgage options. We are finding many credit reports have some kind of error (s) on them that borrowers are unaware of and without taking action to fix it; they may not have as many options for financing. Some programs are completely credit- score driven; which means, if you have an error dragging down your score, you simply are not eligible for certain mortgage programs.

As part of our no-cost pre-approval process, we can pull an in-file credit report for you and offer some suggestions on how to fix errors and improve your score. It can take a significant amount of time for changes to filter through the system, so, it is never too early to get started on examining your credit scores. Make sure to take the time to have the most financing options available to you, so that, when the time comes to make an offer on the home you really want, you are totally prepared.

What exactly is a credit score? The best-known system is called the FICO score (Fair Issacs & Company). FICO scores range from 300 to 900. The number is determined by a person's past credit history and is used by lenders to predict the borrower's ability to payback the mortgage in the future. The lower the number, the higher the chance of a default. Paying on time does not necessarily guarantee high scores; there are many factors that enter into the picture. For instance, someone who has an insufficient amount of credit to calculate a score is 14 times more likely to default within one year than someone who has a 700 score.

Someone who has recently applied for a significant amount of credit (inquiries on the credit report) may pose a higher risk due to the possibility of increased debt. In all, there are 33 variables that are used to calculate the score, and they are grouped into 5 categories:

- **35% Previous credit performance**
- **30% Current level of indebtedness**
- **15% Length of time the credit has been in use and current balance vs. credit limit.**
- **15% Opening date and types of credit**
- **5% Inquiries, pursuit of new credit**

A Score can be changed over time since they are just a snapshot of current conditions. Any changes in credit can affect the score. Credit scores are generated using data from the three largest repositories where credit is stored. Creditors regularly report consumer credit information to these repositories. This information includes: inquiries, balances, defaults and account usage, all of which can impact the scores. This information is then used to generate the scores. The scores can vary from different repositories since some creditors will report to one and not the other two. When applying for a mortgage, scores are pulled from all three bureaus and most loan programs use the middle score to qualify a borrower. If you do not have enough credit established to generate a credit score, you may still qualify for a mortgage; however, you will have more options if your scores are improved before purchasing.

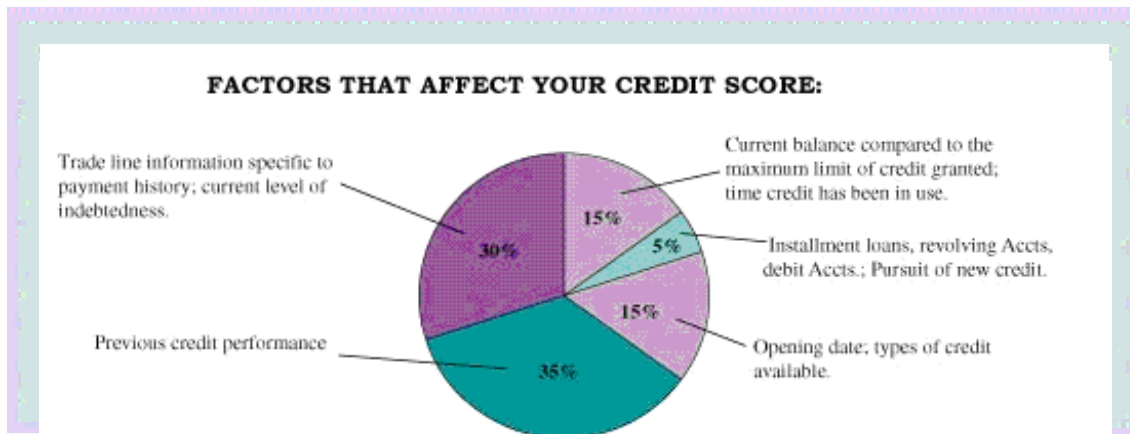
There are pre-emptive steps to take that can improve your score before you buy. One of the most important steps is to get any mistakes corrected as soon as possible! Errors are calculated into the score. Closing unused accounts and limiting the application for new credit can also help. The best way to know for sure is to come in for a consultation and review your credit. If you would like to get the ball rolling, call us for a pre-application meeting or apply online through our website at www.mortgageone.biz. Call us to schedule your consultation.

CREDIT SCORE FACTORS

Credit score factors range from 300-850, and are used as a measure of credit worthiness or risk. Generally a score below 620 is considered poor, but workable. A score of 680-720 is good, and 720 or higher is considered very good. A score above 720 means most programs will be available to you.

Score

Under 580	<u>Requires substantial down payment and/or higher interest rate.</u>
580-620	<u>Reviewed heavily. Will need compensating factors to be approved.</u>
620-680	<u>Falls under standard rules. Less flexibility in choosing mortgage programs.</u>
680-720	<u>Scores in this range will have relative ease and more options available to them.</u>
720 & up	<u>Extended extra credit, best rates, lines of credit. Requires less paperwork.</u>



PROGRAMS

There are so many programs available today that qualifying can vary considerably depending on your income, debt and assets. Your debt- to- income ratio is calculated based on your proposed monthly house payment along with all other long- term debt divided by your gross monthly income. The best thing to do is schedule an appointment to review your individual scenario.

One thing to consider about qualifying is that there are many items that are not always accounted for in those debt-to-income ratios, such as auto insurance, child care, health insurance and utilities to name a few. You may be able to qualify for much more than you can comfortably spend. Only you can really decide what your monthly payment should be.

Adjustable rate mortgages (ARMs) are a good option in many cases. There are many varieties of ARM products to choose from. ARM's can be especially advantageous if you do not plan to own the home for more than a few years. People will also sometimes choose an ARM if they are just beginning their careers and will have rapid income increases to offset a possible increased payment in the future. Choosing an ARM can allow you to buy a more expensive home you will be able to stay in longer, keeping the payments low in the early years of owning a home. On the other hand, if you are a very conservative person who doesn't like risk, no matter how good of a deal it appears to be, it's not worth losing sleep over and causing yourself unnecessary stress.

On a side note, if you are still a student or have income that isn't considered stable enough to work into your qualifications, FHA will allow a non-occupant co-mortgagor. For instance, your parents can help you qualify for the monthly payment and no income is even required on your part. This is very common when people are just starting out fresh from college. We hope this information gives you a few ideas to help you get into a home sooner vs. watching the house prices increase later!

WHICH LOAN IS RIGHT FOR ME?

YEARS YOU PLAN TO BE IN THE HOUSE	BEST CHOICES
1-3	3/1 OR 1/1 Adjustable Rate
3-5	5/1 Adjustable Rate or a 5 or 7 Year Balloon
7-10	10/1 Adjustable Rate or a 15 or 30 Year Fixed Rate
10+	30 or 15 Year Fixed Rate

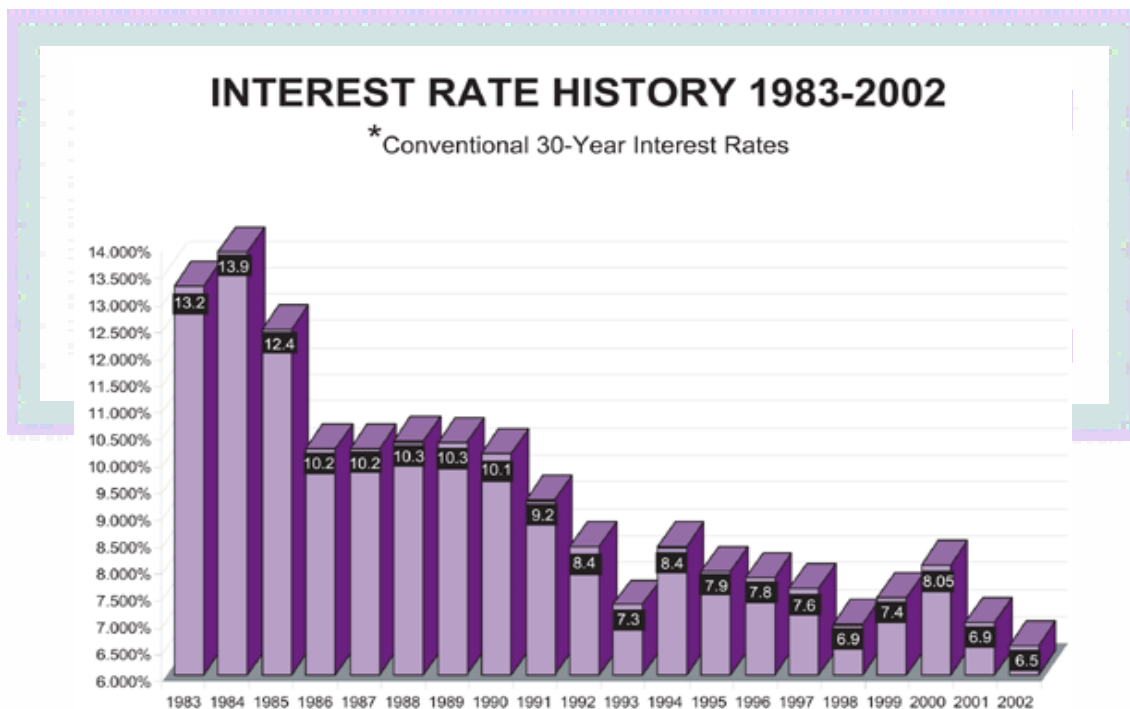
LOAN PROGRAM	ADVANTAGES	DISADVANTAGES
Fixed Rate Mortgages 30, 20 & 15-year terms	<ul style="list-style-type: none"> • Monthly payments are fixed over the life of the loan • Interest rate never changes • Protected if rates go up • Can refi if rates go down later 	<ul style="list-style-type: none"> • Higher interest rate and payment than the ARM • Rates do not drop if rates improve
Adjustable Rate Mortgages 1/1 ARM 3/1 ARM 5/1 ARM 10/1 ARM	<ul style="list-style-type: none"> • Lower payment initially • Lower payments over shorter period of time • Rate and payments may go down if rates improve • May qualify for more home 	<ul style="list-style-type: none"> • More risk • Payments will change over time • Potential for higher payment if rates go up
Balloon Mortgages 5 year 7 year	<ul style="list-style-type: none"> • Lower initial payment • Lower payment over short term • Many balloon mortgages have an option to convert at the end of the initial fixed period 	<ul style="list-style-type: none"> • Rates may be high at the end of the initial period • Risk foreclosure if you cannot payoff the loan, refinance or qualify for the conversion
First-Time Buyers Program	<ul style="list-style-type: none"> • Sometimes a lower down-payment • Sometimes easier qualification • Possibly a lower rate 	<ul style="list-style-type: none"> • May have income and sales price restrictions • May be subject to a recapture tax upon selling
Split Mortgages 80/20 80/10/10 80/15/5	<ul style="list-style-type: none"> • Many choices and combinations • No mortgage insurance • Flexible second mortgage terms 	<ul style="list-style-type: none"> • May be a higher rate • 2nd mortgage guidelines can have stricter qualifying guidelines
Stated Income Programs	<ul style="list-style-type: none"> • Don't need to verify income, although other extra requirements may apply 	<ul style="list-style-type: none"> • Higher rate • Higher down payment
Interest Only	<ul style="list-style-type: none"> • Lower monthly payments 	<ul style="list-style-type: none"> • Usually a slightly higher rate • No principle reduction unless you pay extra

RATES AND HOW THEY WORK

Many different factors can affect rates, including program, credit score, length of time you lock-in a rate, and loan size. If the market is having a turbulent day, rates can change more than once in a given day; therefore, until you have a property picked out, it is impossible to make any decisions based on rates alone.

As rates have the potential to change more than once in a given day, by the time interest rates make the evening news, the information reported is often no longer current. Advertised rates whether it be on television, by phone, or on the radio, are usually designed to create interest and get the phone to ring. Anyone can say anything until you are actually ready to lock-in. The wrong program, with what appears to be the cheapest rate, can wind up costing you thousands in the long run. The old rule of thumb remains true: if it sounds too good to be true, it usually is!

Trying to time the market is not usually a very successful strategy. We've seen many people insist on waiting until rates get below 6.0% before they will buy a home. In the meantime, the home prices have gone up, in some cases, 30% or more! Many unpredictable things can affect interest rates. Since the economy is on a global scale, now more than ever before, something unexpected can happen on the other side of the world while we are sleeping and affect our rates here in the morning. After spending many years listening to highly paid economists debate the rates, one can conclude that the economists are correct about 50% of the time, at best. If anyone tells you they are sure the rates are going up/down/sideways, don't take it seriously. No one can predict the market. So, what is a good rate? Below is a chart detailing the history of rates over the past 10-20 years or so.



Quite honestly, rates are a small part of a much bigger picture. Tax deductibility and equity gained through appreciation are just as important. With all the different mortgage programs available these days, almost anyone can qualify to buy. If you are not ready now, we will help you make a plan for the future. If you'd like us to review your situation, just go to www.mortgageone.biz and apply online or print and complete the pre-application form. Fax it back and we'll contact you within a few days to schedule a consultation meeting to answer your questions. Don't forget to sign up for your free "AUTOMATED HOME SEARCH" reports that can also be accessed on the website.

MORTGAGE INSURANCE

All programs have some type of mortgage insurance with the exception of conventional loans with 20% down.

FHA - FHA calls their mortgage insurance MIP, or mortgage insurance premium. It is charged in 2 forms on every loan. The financed premium in most cases is 1.5% of the loan amount, which is added directly to the loan amount. The other portion is the monthly premium, which is usually .50% of the loan amount divided by 12 months. For shorter term loans or loans with bigger down payments, these percentages vary slightly. The process of getting rid of FHA mortgage insurance was recently improved. Now when a mortgage reaches 78% loan to value, the monthly premium is dropped. It's not a very useful change, however. FHA will not recognize the appreciation of the home over time so that 78% is figured only on reduction of principal or documented improvements. So, in a nutshell, you'll probably never have that mortgage long enough to benefit from this change. Most of the loans written on FHA mortgages will be paid off long before removal of mortgage insurance due to moving or refinancing into a conventional loan down the road. When refinancing into a conventional program, the current value is used for determining the loan to value.

VA - VA calls their mortgage insurance a Funding Fee. This percentage varies depending on the situation. There are a multitude of things that affect the premium. It is waived for disabled vets. How much you put down, whether you are an active duty vet or a reservist, whether it is your first time getting a VA loan or you are a repeat user, whether it is a refinance and if so, a streamline or a cash-out refinance - **all affect the premium**, there is some sort of premium charged no matter how much you put down. On a purchase, 90% of the time the veteran will finance the premium on the loan. The seller can be asked to pay it, the veteran can pay it in cash, it can be financed in the loan, however, the whole premium must be paid by one method only.

CONVENTIONAL - With conventional financing, the PMI (Private Mortgage Insurance) can be figured in a multitude of ways. The premium will vary considerably based on down payment, loan term and loan type. With 20% down, there is no mortgage insurance. Sometimes it is possible to structure the loan with no PMI without 20% down. It's called splitting the mortgage, part or all of the 20% down will come in the form of a second mortgage.

MORTGAGE TERMINOLOGY

Buying a home is a major achievement in most everyone's life. Pride of ownership, tax breaks and equity are just a few of the many benefits you'll enjoy with your new home. Your home purchase will be one of the largest purchases you will ever make. During the emotional excitement of buying a home, you may encounter terms with which you are unfamiliar. To ensure that you have complete confidence during your home loan process, invest a moment and become familiar with the concepts and terms you'll encounter. Knowledge is power: the more you know, the more successful your decisions will be and the more soundly you will sleep at night having made the right ones!

- **Adjustable Rate Mortgage (ARM)** - A mortgage in which the interest rate is adjusted periodically based on a pre-determined formula. There are many different ARM options available with different terms and conditions.
- **Annual Percentage Rate (APR)** - An interest rate that reflects the cost of a mortgage as a yearly rate. This rate takes into account any points and fees, and is based on the loan amortizing through full-term.
- **Closing** - The meeting at the conclusion of a real estate sale in which the property and funds are exchanged between the two parties involved. All costs and fees are itemized.
- **Debt-to-Income Ratio** - The ratio that results from dividing a borrower's monthly payment obligation on long-term debts including the new house payment, by the borrower's gross monthly income. What must be counted in this calculation varies by lender and program.
- **Discount Points** - A point is equal to 1 percent of the loan amount. This technique is sometimes used to obtain a lower than market rate. It is basically interest paid up front in order to have a lower rate and payment over the long term.
- **Down Payment** - Cash paid by the buyer at closing that makes up the difference between the purchase price and the mortgage amount.
- **Earnest Money** - Money given by a buyer to accompany their offer as a deposit to show the seller you are committed to the purchase of their home. Earnest money is subtracted from your bottom line at closing and is normally escrowed with the real estate company. If you decide to back out of the deal, it's possible you may lose your earnest money.
- **Equity** - The value an owner has in real estate over and above what is owed against the property. Equity is fair market value minus the current indebtedness.
- **Escrow** - Funds deposited with the mortgage company, which will be held to cover payments such as tax or insurance payments. You can normally only choose not to escrow when you put at least 20% down on a conventional loan. There are some exceptions. Most lenders will charge a fee to waive the escrow account requirement regardless of down payment.
- **Fixed-Rate Mortgage** - A mortgage in which the interest rate remains the same throughout the life of the loan.
- **Loan-to-Value Ratio** - The ratio between the amount of the mortgage loan and the appraised value of the property or sales price, whichever is less.
- **Market Value** - What a buyer is likely to pay for a particular property based on what other similar properties have recently sold for in the area.
- **Mortgage Insurance** - Insurance that protects lenders against damages if a borrower defaults. The way this is calculated depends on the program you choose. There are many programs that no longer require any mortgage insurance at all.
- **Origination Fee** - A fee charged by a lender for processing a loan application, usually computed as a percentage of the loan amount.
- **PITI** - Your house payment including Principal, Interest, Taxes, and Insurance.
- **Underwriting** - The decision-making process of granting a loan to a potential homebuyer. Depending on the program, this process may involve using an automated system.

FINDING A HOME

HOW TO CHOOSE AN AGENT

Are you aware that the seller of a home pays the commission for both the seller's and the buyer's realtor in most cases? Getting a referral is always better than wandering into an open house or looking at the yellow pages to pick an agent. For instance, if someone in your family has had a good experience with a particular realtor; that might be a good option.

You can also use one of the agents on our team. We do have professional, experienced, full-time real estate agents on our team if you would like a recommendation. These Agents sign a contract agreeing to service you by the high standards we have established, see below. We can even arrange to have a realtor, specializing in your areas of interest, at your pre-qualification meeting with us to save you some time: **ONE-STOP SHOPPING!** Many of our customers have appreciated this convenient and time saving benefit.

The importance of a professional realtor you feel comfortable with holding your hand during the transaction cannot be overstated. There are thousands of realtors and since you have no experience with any of them, how do you choose? We offer a unique service for our clients. Over many years in the business and after careful research, we have compiled a short list of recommended agents, each specializing in a particular area of the metro region. The unique thing about our program is these agents sign a service contract that guarantees great service. In the contract they also agree to support the method of financing you have requested. We have found the biggest obstacle for most buyers is cash to close. Many of our clients request the seller pay some of their closing costs as part of the transaction. Eliminating a few thousand dollars from the bottom line at closing can really be helpful. Some agents do not like to present offers with these types of concessions. These agents agree in advance that if for any reason, you decide you do not want to work with him/her, you just call us and they will not attempt to contact you again. You don't have to "fire" anyone.

WANTS VS. NEEDS

Searching for a home can be exciting and fun if you are prepared **and** know what you are looking for and have realistic expectations. One of the first things to do in the home search is construct a “wants and needs” list along with a “can’t-live-with” list of non-negotiable undesired traits. Most of the time, the first home is a stepping-stone to the dream home, allowing you to gain some equity over a period of time to help you afford a larger or newer home in the future. Compromises are normally necessary. Identifying and communicating these things with your realtor will make your home search more efficient. A WANTS & NEEDS worksheet is included in this booklet for your convenience.

Keep track of the houses you’ve seen, your realtor can give you MLS information with a picture of the home. Wear comfortable shoes and clothes. Don’t go hungry and bring some water. If you have small children, consider a babysitter.

If the right home comes along, be prepared to make an offer. If you find yourself looking for a home in a “seller’s market”, it is a real possibility you will not be the only perspective buyer. Multiple offers can happen and may even be commonplace, especially on attractive homes priced right when they first come on the market.

Choosing a neighborhood is another significant factor. Things to consider are;

- How long will you live in the home?
- How far is the commute to work and family?
- Are you a city or country person at heart?
- Are schools a contributing factor to the decision?
- Future zoning and development
- Is there a homeowners association and if so, what are all the rules and costs involved.
- Proximity to shopping, major freeways.
- Does the neighborhood contain many young families for instance if you have small children.
- Has the neighborhood held its value?
- Statistics on almost anything can be obtained on the Internet or ask your Realtor

WANTS VS. NEEDS

	MUST HAVE	WOULD LIKE	WOULDN'T LIKE	DON'T WANT
Newer Home				
Home Type				
• Rambler				
• 2 Story				
• Split				
• Townhouse/Condo				
• Other				
Number of bedrooms				
Number of bathrooms				
Master bath				
Family room				
Modern kitchen				
Formal dining room				
Den				
Mud/laundry room				
Finished lower level				
Usable attic				
Fireplace				
Central air				
Move-in condition				
Fixer upper				
Hard wood floors				
Garage				
• Attached				
• 1 stall				
• 2 stalls				
• 3 stalls				
Large yard				
Landscaping				
Quiet street				
Fenced yard				
Deck/Patio				
Porch or sunroom				
Pool				
Updated wiring				
Updated plumbing				
Other				
Other				

NEGOTIATION OF THE PURCHASE AGREEMENT AND MULTIPLE OFFERS

Once you find a property you like, you may decide to write an offer. The conditions can vary significantly. You may find a home that was just listed on the market, very nice and priced right. Chances are good you will not be the only one interested in that home. In that case you may encounter multiple offers and have to act rather quickly. In such a case, everyone submits his or her offer at the same time. The seller can only counter or accept one offer, so you must make your best offer immediately and that may include offering over the sales price. You may not get a chance to negotiate if the seller just decides to take the best one. You may rethink asking for concessions unless absolutely necessary or making your offer contingent upon a home inspection. Only you can decide what any particular house is worth to you and how far you want to go in a multiple offer situation.

On the other hand you may encounter a home that has been on the market for several months. Maybe it needs some paint and carpet. You would have a completely different strategy for making an offer on this home. You may ask for some repairs or ask them to pay all your closing costs. It may be appropriate to make an offer less than the asking price.

The most important part of writing the offer is the assistance of an experienced and full time realtor who can help point out all aspects of making the offer, good and bad. When you write an offer you will write an “earnest money” check that will be deposited into the listing real estate company’s trust account. This is more or less a good faith effort to show the seller you are serious and will complete the sale. The amount of earnest money offered can sometimes make a difference in the seller’s decision to accept the offer. For instance, if you only send \$500.00 earnest money with your offer, that can be a red flag to the seller and the listing agent that you are not as financially solid and prepared to complete the transaction as someone who accompanies their offer with a \$2,000.00 earnest money check. Your agent will be able to advise you of what is typical. This is not an additional cost to your home purchase; it is simply paid up front and credited back at your closing.

NEW CONSTRUCTION VS. EXISTING HOMES

Both have advantages and disadvantages.

New construction allows you to not have to be concerned with immediate repairs whereas with existing homes, a variety of things could come up. You will pay much more per square foot in a new home vs. an existing home, but everything is new and clean. You will need to purchase drapes/blinds that sometimes are included in an existing home.

New construction is much more subject to a delayed closing due to unexpected weather, labor issues and road restrictions. You may find yourself exceeding the base price of a new construction home substantially by the time you are done. Dollar “allowances” are written into the new construction contract for lighting, carpet, appliances and plumbing fixtures to name a few. Sometimes these allowances are not enough to get what you want and are at the very low end, you wind up with “upgrade” charges that can add up quickly.

TOWNHOUSE OR CONDO VS. SINGLE FAMILY

With a townhouse, your grass is cut, your snow is shoveled and your garbage is hauled away in exchange for an “association fee.” This alleviates having to buy a snow blower, lawnmower and other lawn equipment. Unlike an apartment, you cannot simply give your notice and move if you wind up with a loud and obnoxious neighbor, you must sell first. With a single family home, there is no association fee, but you will receive additional bills for trash removal, water and sewer service. You can’t choose your neighbors and they will be very close by.

THE DIFFERENCE BETWEEN HOME INSPECTIONS AND APPRAISALS

When you get a mortgage, an appraisal is required. The appraisal is simply a value analysis. Normally the appraiser takes 3 similar homes from the area that have sold within the last 6 months or so. Those homes are compared to the one you are buying with adjustments made for the variables such as square footage, age, lot size, etc. The appraiser is not responsible for knowing if the plumbing is operating correctly or if there is a major structural defect for example.

You have the option to make your purchase contingent upon having a home inspection. The additional cost is generally in the \$300.00 range and a very thorough assessment is made of all the mechanical workings of the home, the foundation among other things. The inspector goes through the home with the buyer in detail and a report is prepared. The inspection is really designed to keep you from buying a home with major defects. If you are not satisfied with the report, you can cancel the purchase agreement or counter offer, asking the seller to take care of some of the items of concern. With any used house, minor items should be expected.

MAKING IMPROVEMENTS AND THE LIKLIHOOD OF RECOVERING COSTS

Sometimes, if you are handy or someone in your family is a fixer upper is a great way to go. You can buy a larger home you can afford and fix it up as you go building equity. A huge consideration in purchasing any home is, whether you plan to make improvements or not, is it consistent with the neighborhood? If you are considering significant remodeling and improvement you surely won't want to purchase the most expensive house in the neighborhood. If your home is one of the lowest priced homes in the area, more significant improvements will have a much better likelihood of return.

There are some improvements that have a much better likelihood of return than others and much of that depends on what other homes in the area offer. If you live in a cold climate for instance, a swimming pool may not add any value. It may in fact impact your value in a negative way, especially if the property is not in a neighborhood of properties that are in a price range that support having a swimming pool. They are expensive to maintain and dangerous for small children, which can be a huge limitation for resale. Personal choice is a completely different matter; if you plan to stay in a home for several years, you will get your money's worth from your personal enjoyment.

Some improvements that can supply a much better rate of return are listed below, and the percentages are very general. The length of time you keep the home and the conditions in your neighborhood at the time you decide to sell have a significant impact on recouping your investment.

• Kitchen renovation	100%
• Bathroom renovation	80%
• Bathroom addition	80%
• Finishing living space on a lower level	50%
• Fireplace	75%
• Patio or deck	50%
• Landscaping	50%
• New Siding	50%

Poor rate-of-return items include window replacement, new roof, home office and sunroom additions.

Before deciding on any major renovation or improvement, a call to your realtor is a good idea. Most agents are happy to **take a** look at **the** recent neighborhood sales to give you some feedback on the likelihood of any improvement having a good chance at adding value.

DURING THE TRANSACTION

AFTER THE PURCHASE AGREEMENT IS ACCEPTED

Once you are done with your negotiating and the offer is signed, sealed and delivered, it is time to finish up the loan process. You should connect with your loan officer to check on rates, go over mortgage options again and decide if you would like to lock in your interest rate. Rates can change at any time and often do more than once throughout the day. You will have the option to “lock in” your rate or “float”. Locking in means your rate will be what you locked at assuming you close on time. Your rate will be guaranteed for a specific amount of time.

It may be necessary to update some of your documentation at this point if it has been awhile since your pre-approval meeting. A new GOOD FAITH ESTIMATE will be completed. A check will be needed by the mortgage company to pay the appraiser. This is a fee that is on your good faith estimate and will be credited back to you at closing.

Once the purchase agreement is done and the appraisal and title work are ordered, it may seem like nothing is happening. Behind the scenes, we are orchestrating everything necessary for a successful closing, following up on all the various pieces of the puzzle that come from many different sources. You may be asked to update some financial documentation as well. Once all information is updated and the appraisal comes back, the file will be sent to the underwriting department for final approval.

*****It is possible at the time of final underwriting for the underwriter to request clarification or additional information, so don't be alarmed should you get a call shortly before closing requesting additional information. Please do not pack financial documents until your loan is fully approved with the underwriter.*****

HOMEOWNER'S INSURANCE

Also, on your GOOD FAITH ESTIMATE is an estimate for your first years worth of homeowner's insurance. Once you pick out your house, you will want to decide where you will be purchasing your insurance. Shortly before the closing, you will pay for your first year of homeowner's insurance, and from then on, it will be included in your house payment along with your property taxes. You only have the option not to have your taxes and insurance included in your payment if you put 20% down. This expenditure will also be credited back to you at the closing. Plan to have your paid receipt faxed to your loan processor no later than 3 days before the closing.

WHAT NOT TO DO DURING THE PURCHASE OF A HOME

It is critical not to make any financial moves between the time of your loan application and closing without first consulting us. Please do not:

- **Move money around or make any unusual large deposits without checking with us first. If you are getting money from friends or family please contact us first, before depositing.**
- **Do not make any major purchases without checking with us. Do not buy a car or furniture for example. Anything that causes your debt to increase may affect your qualification.**
- **Do not change jobs without checking with us.**
- **Do not pack or shred your financial documents.**
- **Do not go out of town around the closing date. If you do plan to be out of town when your loan is expected to close, you may want to sign a “power of attorney” authorizing another individual to sign on your behalf.**
- **Respond promptly to any requests for additional documentation. This is especially critical if your rate is locked or you plan to close by a certain date.**

WHAT YOU NEED FOR CLOSING

Finally the day will come when it's time to get the keys. The following is a list of typical things to bring to the closing although there may be other case-by-case requirements.

- **CERTIFIED CHECK** - You will get a certified check made payable to yourself for any cash that you need for closing. Just round it up to the nearest \$100.00. If it's off a little either way, the title company will give you a refund check or you can write a personal check for the difference.
- **IDENTIFICATION** - You will bring your ID, your proof of insurance and yourself. Please contact us in advance for instructions if one of the purchasers will not be at the closing.
- **PROOF OF HOMEOWNER'S INSURANCE** - Proof will be in the form of what's called a "dec sheet" or declaration page which is simply a receipt and it must show you have paid your insurance in full for the first year.

Your loan officer will contact you prior to your closing to review the closing documents in detail.

PREPARING TO MOVE

8 WEEKS BEFORE YOU MOVE

- Get estimates from movers if you plan to use a professional, and get estimates from truck rental companies if you plan to move yourself and reserve far in advance.
- Contact the local Chamber of Commerce to get information on where you are going.

6 WEEKS BEFORE YOU MOVE

- If you have a professional mover, discuss costs, insurance, the procedure for moving and what will happen if they break something.
- Inventory all your possessions to see what you don't want to go along, what can be sold, what can be donated for a tax deduction.
- Make arrangements to transfer school records.
- Go to the Post Office and get a change of address kit.
- Check into tax-deductible moving expenses and keep good records.

4 WEEKS BEFORE YOU MOVE

- Arrange for storage space if necessary.
- Clean carpet and drapes if needed.
- Have a garage sale.
- Figure out how many boxes will be needed and where you are going to get them, and think about a labeling system.

3 WEEKS BEFORE YOU MOVE

- Make sure you have purchased all your packing materials, boxes, markers, scissors, labels, packing string, newspaper or Styrofoam peanuts etc.
- Pack items you don't use much and won't need before moving.
- Cancel your utilities at your old house and set them up for the new house.
- If relocating, make travel arrangements and hotel reservations.
- Get car license, registration and insurance changed over.

2 WEEKS BEFORE CLOSING

- Make arrangements for moving pets.
- Get the telephone transferred.
- Cancel direct deposit or automatic payment withdrawals for any bank accounts you are closing.
- Cancel any delivery services.

1 WEEK BEFORE CLOSING

- Transfer prescriptions to new pharmacy.
- Get babysitter for moving day if necessary.
- Return library books and videotapes.
- Check in with your loan processor to see if any additional info will be necessary.

2 - 3 DAYS BEFORE THE CLOSING

- Defrost the freezer.
- Arrange for cash to close, certified check.
- Put your legal documents and valuables in the car with you, not in the moving van.
- Leave out some clothes and toiletries to go with you.

DAY OF THE MOVE

- Pick up the truck early.
- If you are using professional movers, keep all the paperwork until all claims are settled if there are any.
- Clean apartment if applicable, and have the landlord meet you there to check you out and OK everything. This will ensure there are no surprise disputes about returning your full security deposit. It's not a bad idea to have your own checklist prepared for the landlord to sign off on.

AFTER THE CLOSING AND BUILDING WEALTH

ANNUAL MORTGAGE REVIEW

In most cases, once you sign your new mortgage, the closing is done and that is the end of the relationship between the buyer and the lender. We view our role quite differently than most lenders. Our commitment goes far beyond the closing to help our clients reach their future long and short term goals for years to come, while building wealth at the same time. New and interesting mortgage programs come to our attention on a daily basis from the 30+ lenders and banks we research.

Many of our clients benefit by using their mortgage as an investment tool vs. just a big payment to make each month.

We have created a program called the ***“Annual Mortgage Review.”*** Our clients are contacted on a yearly basis for this short review that will allow us to recommend any adjustments that may benefit their long-term financial strategy. It is also important for us to keep your file up to date in the event an opportunity becomes available so we can reach you quickly. Many times when rates drop dramatically, it can be over very quickly. Closing and picking up the keys is only the start to smart mortgage management. This is something very unique to our team, and we are confident you will find it valuable, too!

YOUR ESCROW ACCOUNT AND TRANSFER OF SERVICING

Once a borrower secures a mortgage, chances are the loan will be bought and sold several times between various lenders. "Servicing" is simply collecting the payments and disbursing the taxes and insurance when the bills come. It can happen immediately after the closing or any time later on.

This is very common and legal; your permission is not required. The current servicer sends a letter saying your loan is being transferred, and then you will eventually get a new payment book or statement from the company that bought the servicing rights. Sometimes the payment coupons will not arrive before the first payment is due. Make sure to keep the introduction letter the new servicer sends so you have the information you need to send the payment in on time.

The loan cannot be modified in any way and there are limits as to how much can be kept as a cushion in the escrow account by law, so it really makes no difference to the consumer who collects the payments. Selling of the servicing has nothing to do with the quality of your loan personally; these loans are bought and sold in bundles with many other loans.

It is the old servicer's job to inform the insurance company and county to which you pay taxes of the change in servicing. If you receive a letter or call from the new servicer saying taxes or insurance are due but have not been paid, call the new servicer to make sure they have correct information on your account. It's possible the bill was sent to the old servicer and is easily straightened out. Don't be alarmed if you get a letter from the servicer saying they have put their own insurance on your property and quote an unbelievably inflated rate. Once your insurance company proves you were covered during the time period in question, all insurance coverage the lender is charging for will be waived and no harm done.

MEETING YOUR NEW FINANCIAL OBLIGATIONS

If you have an accurate budget you should have no trouble meeting your new monthly obligations. Resist the temptation to run out and buy all the nice things you'd like for your house right away. Going into more debt right after taking on more expenses may cause you a fair amount of trouble. It's much better to build your savings back up before buying new furniture etc. You'll be a homeowner for many years to come; 6 months of patience may save you from lots of frustration and stress down the road.

There are several things to keep track of now. Most important is getting the house payment in on time. Late fees are expensive usually 5% of the payment, and a big waste of money. Getting your payments in late is probably the most detrimental to your credit. If you have the opportunity to refinance in the future or want to buy another home you will have trouble getting another conforming mortgage. You will probably have trouble obtaining any type of credit. There are always mortgages available for almost every situation, but if a lender is taking on more risk from a bad mortgage history, they want to be compensated in the form of a high rate or higher costs in many other forms.

WHAT WILL HAPPEN AFTER WE OWN THE HOME?

You will have some additional expenses with a house such as maintenance; if you have a habit of saving, any additional little things that come up won't be near as daunting as they would be if you spend every nickel. Go over your spending for 3 months to get an idea of where it all goes and what can be cut that you wouldn't miss that could go towards the costs of homeownership. That way you'll get a good solid average of a typical month. Keep in mind that by making a move, you may be commuting further or getting closer to work, which will also affect your monthly budget.

OFFERS THAT COME IN THE MAIL OR BY TELEMARKETERS

You will probably get many offers in the mail or on the phone to sell you insurance, life insurance, disability insurance, mortgage payment insurance, etc. It's usually too expensive, and there are other options that will accomplish many of the same things more economically. If you are young, term life insurance is a much better bet for paying off the house in case of a death. Disability insurance can often be obtained elsewhere for a much more reasonable premium. We will be happy to recommend trusted financial advisors we have sought out as honest and trustworthy to explain everything involved so you can make a good decision. When it's time to refinance or purchase another home, come to us.

YOUR PROPERTY TAXES

Keep an eye on property values and what you are being assessed for in the future. When you get your property tax statement, there will be a section that shows what your "assessed value" is as determined by the county. This is the figure your property taxes are calculated on. You sure don't want to pay any more in taxes than you have to. Sometimes, the value the county places on your property may be higher than the market dictates. You may be able to appeal that valuation and get your taxes lowered. It's unusual but it can happen.

MANAGING YOUR MORTGAGE

Keep track of interest rates as well. Take advantage of our Annual Mortgage Review that you will be receiving each year. You certainly can call anytime you have questions about anything financial. This is simply a reminder to take a quick analysis of your overall financial picture and see if there is anything that may be more beneficial to your long-term plan. Use your mortgage as a financial planning tool, not just another big payment to make. Building wealth over time takes effort and education. We are here to help and can point you in the right direction if you need assistance with anything financial that isn't necessarily mortgage related. We have aligned ourselves with other professionals in various financial fields to make sure you have reputable and honest resources to choose from. In all businesses, there are good and not-so-good providers. Personal recommendation is always the best bet, not the yellow pages.

INSURANCE COVERAGE

Homeowners insurance is required and necessary. Your coverage will change as you progress in your plans and accumulate more items. Having an agent that pays attention to your ongoing needs by doing regular reviews of your coverage is just plain good service. Don't deal with an agent who just sits back and collects premiums year after year and provides no service. You need your coverage reviewed on an ongoing basis. Talk to your agent about an umbrella policy, this is an inexpensive way to get a great deal of coverage in the case of lawsuits involving your property. Taking the highest deductible you feel comfortable with can also reduce premiums substantially.

Most employers provide some sort of disability insurance; one of your most important assets is your ability to earn future income. Check on your employer's coverage and then go over it with your Financial Planner to be sure you have enough coverage, you risk everything should your ability to earn money be interfered with for any length of time.

There are good and bad insurance policies of every type. Read the fine print when you hear "whole life", as this is a very expensive way to get insured. There is usually a cash value at the end of the road but the costs to administer this type of program in most cases are exorbitant. The better plan may be investing in mutual funds and buying a cheap term life insurance policy.

Now that you are a happy homeowner, when things break, you have to fix them. Maintenance and unpredictable repairs are hard to budget for. Things will come up from time to time and having your savings built back up will make the difference between a very stressful and worrisome situation to a slight irritation. The big difference is having the money put aside to deal with it when things come up.

HELPFUL HINTS

- **Call Us For Anything Financial** - We have interviewed and selected a few trustworthy professionals in other areas such as financial planning, estate planning, tax strategies and insurance if you find yourself needing a referral for other financial professionals.
- **Don't Attempt To Time The Market** - Odds of hitting the bottom of the market before locking in on an interest rate are about as likely as the odds of you winning a lottery! You will almost never hit the bottom of a market. Trying to time it exactly right is often costly. It can cause a person to miss out on the opportunity to purchase their dream home. An interest rate can be locked once there is a purchase agreement. You can choose to "float" your rate; however, it is imperative you call and check rates daily since they can change without notice. If the rates do go down after you have purchased your home, you always have the option to refinance at a lower rate later on.
- **View The Mortgage As An Investment Tool** - Buying a home is the biggest investment most people make. Long-term strategy is critical when choosing the appropriate loan. Ask yourself the following important questions when deciding which loan program may be best for you: how long will you be in the property, how much do you want to put down, what other debt is outstanding, and what other financial investing has been started? A lifetime of financial success starts with a solid plan followed over the long-term. For many of us, choosing a mortgage is the most important financial decision we'll ever make. Doesn't it make sense to know as much as possible about the financing of your home?
- **The Paperwork Is Confusing** - All the paperwork required to complete the purchase of a home can be quite intimidating and frustrating for a homebuyer. We are here to assist you with all of the paperwork involved in your transaction. Our knowledge will help alleviate your stress and help you feel more comfortable when signing your mortgage.
- **Look at All Your Options** - Make sure you consider all the various loan programs for your mortgage. Evaluate all of your options. For example, don't rule out an adjustable rate mortgage just because someone you know had bad luck with an ARM in the past. Loan programs have changed and have become more flexible over the last 10-15 years. Make sure you have all of the current, up-to-date information before you make any major decisions regarding your personal financing.

- **Tell Us Everything** - Even the bad stuff. We want to help you with your loan. The more information (good or bad) you provide, the easier it will be to get an approval. The more information we have up front will help us to avoid any unforeseen hurdles down the road and we will be able to present your loan to an underwriter in the best light possible. This in turn helps the loan get the highest approval rating.
- **Let Us Educate You** - We are happy to teach you all about the various loan options, even if you haven't found a property yet. We will be very patient with you and guide you every step of the way through the loan and home purchase process. Our goal is to educate our customers and make them happy so they will come back to us for their future financing needs.
- **You May Become Emotional** - Buying a home can be a stressful experience. You will experience a roller coaster of emotions while you are looking for your perfect home, securing the loan to purchase it, and moving in. For most of us, the home purchase is the largest investment we've ever considered. The emotions of purchasing something so expensive and personal can often cloud your business sense.
- **Get Pre-Approved** - By getting pre-approved you will know exactly what financial parameters to stay within. We will be happy to consult with you and help you get approved for the loan that best suits your needs. Often times, we are able to get our borrowers pre-approved for more of a loan than they thought possible but keep in mind your personal lifestyle at all times.
- **Get A Home Inspection** - Make sure the inspection report is done by an experienced professional. Your Realtor can probably recommend someone they work with on a regular basis and trust. For condo purchases go over the rules and regulations, by-laws, and association fees. Don't take anything for granted... inspect everything!
- **Imagine The Property Vacant** - Whether the seller has a messy cluttered atmosphere or custom decorating and beautiful furniture, try to envision your "new home" with your own possessions and decorating taste. Don't rule out a messy home or decorating from the 70's, sometimes they are a very good opportunity.
- **Consider Your Current & Future Lifestyle With Your House Payment** - Sit down and seriously think about and discuss your income level and living expenses. Take into account future considerations: children, add-ons, amenities, and fix-ups. Your dream home is certainly worth a sacrifice, but don't mortgage your entire future.
- **Let Your Team Help You** - By aligning yourself with the right mortgage professional you will have an entire team at your disposal, we work hand in hand with the realtor and the title company.
- **Be Sure You Understand ALL Expenses** - Check out all costs and expenses before you sign anything. Be sure you know the estimated amount of the utilities, taxes, insurance, and maintenance and association dues, if applicable. Check to see that all utilities (gas, electricity, and water) are on during your walk-through so that you can inspect everything in working order. Ask lots of questions and be conscious of little details.
- **Do a Final Walk-Through** - Visit the property after the sellers have moved everything out if at all possible. Be absolutely positive the property was left exactly as you had agreed on in the contract. Check to be sure all appliances are in working order. A final walk-through, however, is not an opportunity to alter the original purchase agreement by asking for additional concessions that were not previously part of the deal.
- **Plan For Flexibility** - Closing dates are not written in stone. Allow for contingencies and have a back up plan. If you or the sellers need a little more time to make final arrangements, be prepared. Try not to let delays upset or frustrate you. These types of circumstances are unusual, but can happen in a real estate transaction.
- **Get It In Writing** - Even the smallest details need to be in writing and signed off on by everyone. Don't assume everyone agrees on a particular issue or count on verbal assurances. In this complicated business things can be easily misinterpreted despite good intentions

It makes sense to become as completely informed as possible before buying your first home. Your choice of a real estate professional can help you make good sound business decisions based on your personal situation. Give us a call for an experienced realtor referral.

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