



# HOMEBUYING GUIDE

*Home is where our story begins...*

 **CARDINAL**  
FINANCIAL COMPANY LIMITED PARTNERSHIP, NMLS 66247



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People are usually  
*happiest* at home.

— William Shakespeare

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Powered by



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You deserve the best mortgage experience possible. Let us help you in finding the home of your dreams.

[hmghomeloans.com](http://hmghomeloans.com)

*Contact Us*

**949-825-6100**



# Why Buy A Home?



## **Cost Savings:**

Being a homeowner often means a lower monthly payment. There are a variety of reasons for mortgage payments being lower than rent, but a major factor is that rental property owners typically have to inflate their own monthly costs in order to turn a profit. With homeownership, you're not paying a premium to rent on top of a bank loan— you're the owner of the base level mortgage, which means lower overall monthly costs.



## **Investment Opportunity:**

When you buy a home with a 15- or 30-year mortgage, you're doing more than just making monthly payments; you're building equity in your property and making a long-term investment that hopefully will pay dividends down the road. While renting can have financial advantages in the short term, building long-term wealth through buying is one of the key advantages of homeownership.



## **Customization and Privacy:**

Living in an apartment, you relinquish control over everything aside from furniture. As a homeowner, if you don't like something, you have the freedom to change it. Want to do a major remodeling project on a bathroom or kitchen, or even just want to paint the living room a new color? Ready to add a garage or plant your favorite veggies in the yard? With homeownership, those decisions are yours to make, and you can customize and modify your home in any way you see fit.



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# Cost Of Homeownership

Though homeownership has many perks, there are some extra and unexpected expenses to watch out for. Some costs are strictly financial and beyond your control to a large extent: property taxes and homeowners association (HOA) fees. Homeowners insurance can cost more than you expect if you live in a natural disaster-prone area. The most costly part of homeownership typically relates to the upkeep and repairs of the roof; the HVAC, plumbing, and electrical systems.



## There are two parts of a loan...



### **PRINCIPAL**

The money that you borrow.



### **INTEREST**

This is like paying rent on the money you borrow.

## ...but you also want to be aware of...



### **TAXES**

The taxes on your home can be wrapped into your mortgage payment to avoid large payments each year.



### **INSURANCE**

You'll also need a homeowner's insurance policy and mortgage insurance (in some cases).



# Financing & Your Lender



Acquiring a mortgage is a key step in purchasing your first home, and there are many factors for choosing the right mortgage for you. While the amount of financing options available for first-time homebuyers can seem overwhelming, taking the time to research the basics can save you a significant amount of time and money. Here are some tips to read through before meeting with lenders.

## CHECK YOUR CREDIT

Be sure to check your credit before you talk to your lender. Lenders will evaluate your creditworthiness and your ability to repay based on your income, assets, debts, and credit history.

## CHECK BANK STATEMENTS AND CREDIT FOR ACCURACY

Tell your bank or creditor of any inaccuracies and get them fixed right away. Any disputes may delay the loan process and effect your timeline for closing.

## PAY YOUR DEBT

Always pay your credit whenever possible. This could qualify you for a better interest rate and help you save money for closing costs and other fees.

## PUT A PAYMENT PLAN IN PLACE

Set up a budget for your household and develop a payment plan to pay off any entities or delinquent accounts. You'll want to be sure this plan is feasible and won't affect your debt-to-income (DTI) ratio. This will help show lenders you are serious and committed to paying off your debts.

## MEETING WITH LENDERS

After reviewing your finances, and figuring out how much you can afford, you're ready to speak with a lender! Your lenders responsibility is to walk you through the process, answer all of your questions, and make you feel comfortable. They are there to help and explain to you all of the financial options that fit your current situation, so you can make the best decisions for your needs. Make sure you are comfortable with sharing your financial background because they will ask questions regarding your income, debt, and assets.



## QUESTIONS TO ASK YOUR LENDER

- What kind of experience do you and your team have?
- What loan products do you and your team specialize in?
- How, and how often, will I be updated on the loan's progress?
- What kind of communication will I receive from you?
- Do I need to get pre-approved?
- How long will getting pre-approved take?
- What documents do I need to qualify?
- Will we be meeting online, over the phone, or in person?
- Which type of mortgage is best for me?
- How much down payment will I need?
- Do I qualify for any down payment assistance programs?
- How much can I borrow?
- What is my interest rate?
- What are my closing costs?
- How fast can you close my loan?
- Do I have to sign all the paperwork in person?
- Do you have a preferred Real Estate Agent?
- What are your hours?



Home is the *starting place* of  
*love, hope, and dreams.*

# Do You Know The Difference?



**VS.**



## **PRE-QUALIFICATION**

Pre-qualification reviews your financial history, gauges how much you can afford, and helps set expectations.

- ✓ A lender has looked over your credit and has decided that you possibly will be eligible for a loan up to a certain amount.
- ✓ A pre-qualification letter is an estimation, not a promise. It comes from the information you give the lender and their appraisal of your financial situation.
- ✓ A pre-qualification is merely a financial snapshot. This gives you an approximation of the mortgage you could qualify for.

## **PRE-APPROVAL**

Pre-approval takes it a step further by reviewing your income and assets with the goal of approving you for a specific amount.

- ✓ Getting pre-approved can give you a reliability advantage making your offer stand out over others.
- ✓ Pre-approval makes you as close to a cash buyer as you can be and gives you a huge advantage in a competitive market.
- ✓ A pre-approval letter will make your offer compelling to sellers and let them know you have the cash to support your offer.

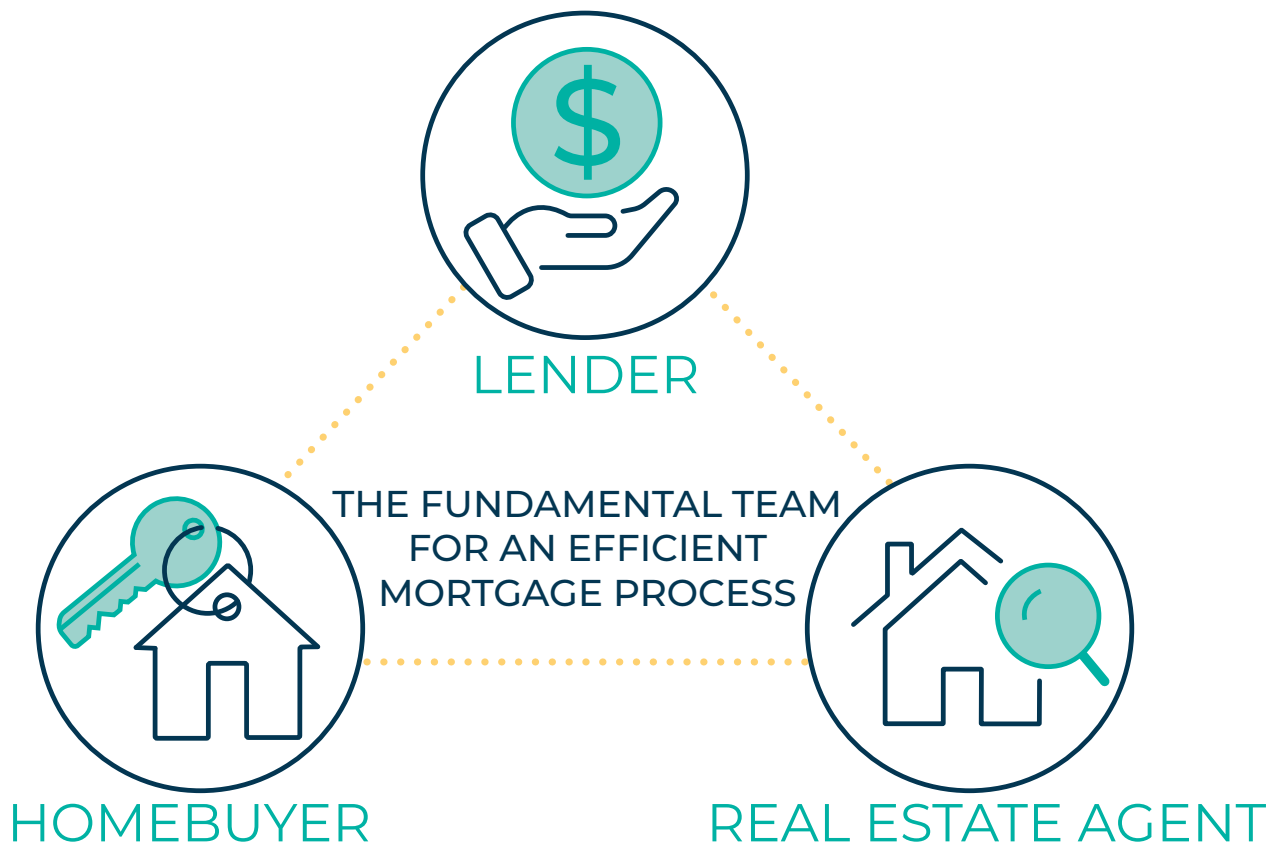
Approach your home search with confidence knowing you are as good as cash!

**LET'S GET YOU YOUR DREAM HOME!**



NMLS 66247

# Effective And Frequent Communication



## WHY YOU CAN COUNT ON US

### SUPPORT

Looking for a new home can be stressful, but it can also be fun and exciting. We're here to help you through the process and make it as smooth and painless as possible. At Cardinal Financial, we're on a mission to deliver the best end-to-end mortgage experience possible. This includes providing you with the expert guidance you need to find your dream home.

### CONNECT

We strive to fully understand and completely meet your lending needs. From conventional, VA, & FHA loans to reverse mortgages, home equity lines, and more, we make it our business to provide personalized support you can count on. We are dedicated to connecting with our clients because knowing what our customers want helps us better meet their needs.

### TECHNOLOGY

We believe in innovative technology and providing more than just the standard mortgage lending. It is our responsibility to provide a simple, smooth, and easy process for all customers. That's why we've invested in building our own proprietary loan origination system that removes friction, compresses turn times, and streamlines the lending process. It's fast, efficient, scalable, and always improving.

# Preparing To Buy

## PERFORM A FINANCIAL ASSESSMENT

Start by looking into your finances to see if you have the money to cover the costs of homeownership. Look into your savings, credit, and accounts. When you seek a meeting with a lender they will conduct their own financial assessment to ensure that you have enough money to pay the ongoing costs associated with owning a home, like property taxes, homeowners insurance, etc.

## REVIEW YOUR CREDIT REPORT

When lenders take a look at your credit they often look at your FICO Score. A FICO Score is a three-digit number based on the information in your credit reports. It helps lenders determine how likely you are to repay a loan. This will affect how much you can borrow, how many months you have to repay, and what the interest rate will be (the cost). Several months before you plan to get a mortgage, check your credit report for any issues. If you generally pay your bills on time, then check your credit two to three months in advance just in case you need to correct any mistakes. For those who know they have late payments or other derogatory items on their account, start six to nine months in advance to clear up those issues. If there are errors, file a dispute with the credit reporting agency.

## HAVE SEVERAL TRADELINES

Conventional loans require at least three tradelines (any combination of credit cards, student loans, car loans, etc.) to be active within the past 12-24 months. FHA loans require two tradelines. It's okay to have more, but if you have fewer, you won't qualify for a mortgage. If you need to open additional tradelines, get a major credit card like a Visa or a Mastercard (not a store credit card) at least six months before you apply for a mortgage and using it for items you would buy anyway. Never charge more than 30 percent of your allowed limit, and pay it off in full every time you get your bill.





*There is something*  
**PERMANENT,**  
*and something extremely*  
**PROFOUND,**  
*in owning a home.*

— Kenny Guinn

### LEAVE OLDER CREDIT LINES OPEN

Older, more “seasoned” tradelines help boost your credit score. Be sure to leave credit cards open, even if you don’t use them all the time. If you have six accounts and only use two, don’t close the other four—this could be detrimental. Your good accounts are adding positive points to your score. Try to use the credit cards you don’t use often every few months and pay the balance in full so those tradelines remain active.

### STOP BUYING ON CREDIT

In the excitement of buying a house, some people rush out to charge new appliances, furniture, decor and more, all before closing. Even if you’re in escrow, having a debt utilization ratio above 30% immediately before closing could disqualify your loan. Unless you’re going to pay cash, be patient until after your loan is closed. Also hold off on getting a car loan, as car financing tends to be more lenient than mortgage criteria.

### DON’T SHUFFLE MONEY AROUND

When you apply for a mortgage, you’ll need to provide several months of bank statements for your checking and savings accounts. If you suddenly shut an account or have a large transfer from one account to another, then you’re going to have to paper-trail that whole account too. Leave your money and your accounts the same for at least three months. It won’t disqualify you but will make a paperwork hassle.

### HOW MUCH CAN I AFFORD?

Reach out to your trusted Loan Originator and discuss your situation. They will work with you to calculate what you can afford and provide you with your best options for preparing to buy!

# What Mortgage Is Right For Me?

Grasping the mortgage process is one of the toughest and most stressful parts of buying a home, but you don't have to be a master. There are various loan options to choose from, so keeping yourself informed and knowing the basics will get you steps closer to owning your dream home. Here are some questions to ask yourself when finding what mortgage option might be the right fit for you!

## Where do you want to live?

What amenities and public features are important to be located next to? Do you need to be within miles of a grocery store, gym, public pool, etc.? What school districts are important to you? Does the neighborhood need to be newly built?

## What are your must have features?

What size yard do you want? Do you want a single story? Do you require a certain square footage? Do you need a two car garage? Do you need an open floor plan?

## What is your perfect time line?

When do you want to move? Do you have a plan for your finances? When will you speak to a loan officer or Real Estate Agent? Do you have any milestones coming up like a wedding, a baby, or need to settle in before the next school year starts?

## Are you interested in repairing or remodeling the home?

Are you looking for a fixer upper? Are you willing to remodel the house yourself or do you want something fully ready to move into?

## What are your needs and what are your wants?

Do you absolutely need a home theater or is that something you could live without? Are you wanting a room for an office, or do you absolutely need a place in your house that is quiet and helps you be productive?

## Mortgage Questions:

To decide what mortgage loan option may work best for you and your situation, try asking yourself these questions.

Do I plan to keep my home for 10 or more years?

How fast do I want to pay off my mortgage?

Do I expect my income to increase in the next few years?

How will my cash flow change in the coming years?

How will my future life milestones effect the amount of money I receive?

Do I want lower payments during my first few years as a homeowner?

Answering these questions will help your Loan Officer determine what mortgage loan option will be right for you.



# Loan Programs

There is no place  
*like home.*  
— Frank Baum



## FIXED-RATE MORTGAGE

A fixed-rate mortgage is a home loan that has a fixed interest rate for the entire term of the loan. This means the mortgage carries a constant interest rate from beginning to end. Once locked-in, the interest rate does not fluctuate with market conditions. The most popular form of fixed-interest home financing is the 30-year fixed mortgage, which spreads the principal repayment over a long period of time, making even very expensive homes affordable on a monthly basis. There are other fixed rate options available as well.

### BENEFITS:

- Borrower is protected from sudden and potentially significant increases in monthly mortgage payments if interest rates rise
- Simple and easy to understand
- Vary little from lender to lender
- Great for long term property holders
- For borrowers who want predictability
- No prepayment penalties if you refinance or sell
- Nearly all government and conventional loan programs offer a fixed-rate term

### HOW TO QUALIFY:

Qualifying for a fixed-rate home loan is easier than you might think. Essentially, lenders calculate your income-to-debt ratio to gauge how efficiently you'd be able to pay off your loan. If they see that the numbers are doable, they'll make it work for you.



## ADJUSTABLE-RATE MORTGAGE

An adjustable-rate mortgage is a home loan where the interest rate is fixed for a set period of time and then changes periodically. Because it depends on many different market factors, that change in rate may fluctuate—meaning sometimes you'll pay more for your adjustable-rate mortgage and sometimes you'll pay less.

### BENEFITS:

- Enjoy lowest possible rates during the initial fixed period
- Qualify with a lower interest rate for more benefits
- Choose a fixed-start period of 5, 7 or 10 years
- There will be flexibility, especially if you're expecting change or to possibly sell your house in a shorter period of time

### HOW TO QUALIFY:

Qualifying for an adjustable-rate mortgage is very easy. They will simply check a few things such as your credit score before determining what loan program might work best for you. Ideally, you want a credit score of 740 or higher and the suggested down payment is between 5 and 20%.



*If you know  
you're going  
home,  
the journey  
is never  
too hard.*

— Angela Wood



## FHA LOAN

A Federal Housing Association (FHA) loan is a government-insured loan that helps people buy and refinance real estate, even when life hasn't gone to plan. The FHA mortgage loan is an insurance program that has been helping people become homeowners since 1934 and continues to assist buyers in financing homes for their families to this day.

### BENEFITS:

As a government-funded program, there are plenty of benefits when it comes to an FHA loan versus a conventional loan:

- Get approval with credit scores as low as 580
- Great for first-time homebuyers
- Buy a home with as little as 3.5% down (just 1% when combined with down payment assistance programs)
- All down payment and closing cost funds can be gifted from a family member
- FHA REO eligible properties with \$100 down
- Buy a home while financing repairs or upgrades at the same time

### HOW TO QUALIFY:

The truth is FHA loan requirements are quite minimal. As long as you have a credit score of 580 and a steady income, qualifying is somewhat simple.



## USDA LOAN

The USDA loan program offers up to 100% financing for owner-occupied properties in designated USDA rural areas. USDA mortgage loans are popular with lower-income borrowers because of the loan's lower interest rates and minimal down payments.


### BENEFITS:

- Extremely low interest rates
- Little to no down payment
- Low monthly mortgage insurance

### HOW TO QUALIFY:

Qualifying for a USDA loan is simpler than you might think. The requirements include:

- US citizenship or permanent residency
- Credit score of at least 640
- Reliable income
- History of repaying debt
- The property serves as your primary residence
- Adjusted household income is equal to or less than 115% of the median income in the area



The ache for home  
*lives in all of us,*  
the *safe place* where  
we can go *as we are*  
and not be questioned.

— Maya Angelou

THE ULTIMATE LUXURY  
*is being able to*  
**RELAX AND ENJOY**  
*your home.*

— Jeff Lincoln



## JUMBO LOANS

Jumbo loans are a special financing option for loan amounts exceeding the conventional conforming loan limit. While that current loan limit is \$548,250 for most of the U.S., we offer a variety of jumbo loan programs with fixed or adjustable rates to help people purchase their dream home.

### BENEFITS:

A jumbo loan gives you more purchasing power. At Cardinal Financial, we offer Jumbo loans for amounts up to \$2M:

- Competitive interest rates
- Credit scores as low as 660 accepted (depending on occupancy and property type)
- Purchase or Refinance
- Fixed rates only
- Available for investment properties

### HOW TO QUALIFY:

Qualifying for a jumbo loan takes a couple more steps than most other loans. Jumbo loans require:

- Credit score of at least 661
- Debt-to-income ratio (DTI) up to 43%
- Large down payment
- Verified proof of income



## VA LOAN

A VA home loan is a mortgage guaranteed by the United States Department of Veteran Affairs, designed to help military members move into the homes of their dreams.

### BENEFITS:

- No down payment for purchases
- No prepayment penalties
- Lower average interest rates
- No monthly mortgage insurance
- Limitations on buyer's closing costs
- Cash-out loans
- Interest rate reduction loans

### HOW TO QUALIFY:

Qualifying for a VA loan takes more than military service. Although it's definitely a base requirement, VA home loan requirements say you will need to have served the equivalent of one of the following terms:

- Honorable discharge after 90 days of active service during wartime
- Honorable discharge after 181 days of active service during peacetime
- Two-year requirement of service enlisted after 9/7/1980
- Six or more years of service in the National Guard or Reserves

The spouse of a service member who has died in the line of duty or as a result of a service-related disability is also eligible for this mortgage program. Qualifying also takes into consideration income and credit.



If I were asked to name  
*the chief benefit of the house,*  
*I should say:*

*the house*

*shelters daydreaming,*

*the house*

*protects the dreamer,*

*the house*

*allows one to dream in peace.*






— Gaston Bachelard





# FIRST-TIME HOMEBUYER MISTAKES



-  Not figuring out how much house you can afford
-  Underestimating the cost of homeownership
-  Miscalculating repair and renovation costs
-  Not checking your credit report and correcting errors
-  Not considering all of your loan options

# What Do You Want In A Loan Product?

Read these general statements and determine the right loan for you! Find the option that best fits your wants and needs in a loan product. Your loan officer will also work with you to help find the loan program that best fits your financial situation.



## **I'm looking to purchase, and I want stability in payments and rate.**

You may want to look into a fixed-rate mortgage. These allow your monthly payment to stay the same unless taxes or insurance rises. They also help you pay off some of the loan principal each month and protect you from future interest rate increases.



## **I want to purchase a home, and I want a low interest rate and only plan to live there for a few years.**

An adjustable rate mortgage (ARM) might be a good choice because they may be initially lower than a fixed rate mortgage and is good for someone who isn't planning on living in the home for a long time. An ARM can be a smart financial choice for home buyers that are planning to pay off the loan in full within a specific amount of time or those who will not be financially hurt when the rate adjusts.



## **I'm looking to buy a luxury or high-priced property.**

Luxury homes often exceed the limit of a conventional loan, so you might have to opt for a jumbo loan. The conforming loan limits for 2021 have just risen to \$548,250 in most of the U.S., with high cost areas rising to as much as \$822,375.



## **I'm in search of a home with a low down payment.**

FHA loans allow down payments as small as 3.5%. To get the minimum 3.5% FHA down payment deal, you'll need a credit score of 580 or higher. USDA and VA loans also offer low down payment options for qualifying borrowers.



## **I'm seeking to buy a home in a rural area.**

If you're buying a home in a rural area, you'll want to look into a USDA loan. This loan option offers low interest rates and no down payments, and you may be surprised to find just how easy it is to qualify.



## **I want to buy a home, and I am a Veteran.**

You may qualify for a veteran home loan (VA loan) that can help make the process of buying a home much easier. This program offers tremendous mortgage benefits to active-duty service members, veterans, and some surviving spouses. A VA home loan can be used for a number of purposes, including purchasing or building a new home, refinancing a current mortgage, repairing or improving your existing home, or installing home efficiency measures.

**YOUR WISH LIST**

- Purchase Price Range
- Monthly Payment Range

**PROPERTY DETAILS**

- Association Fees
- Property Tax
- Insurance

**LOCATION**

- School District
- Part of Town

**HOME SIZE**

- Single Family
- Condo
- Townhome
- # of Bedrooms
- # of Bathrooms
- # of Garages

**FEATURES**

- Dual Sinks
- Formal Dining Room
- Fireplace
- Home Theater
- Office
- Pool

**AND MORE...**

- Patio
- Porch
- View
- Trails
- Landscaping
- etc.

# Finding The *Right Home* For You

***What are you looking for?***

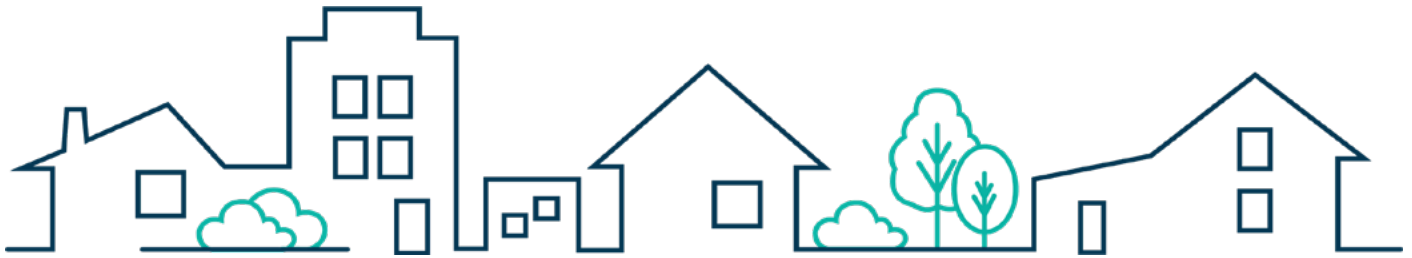
We want to help you find the perfect home for you. Be sure to define the home you're looking for before you go into your homebuying process to make it smooth and easy!

# First-Time Homebuying Basics



## THE BUYING PROCESS

- 1 Get Pre-Approved
- 2 Hire a Real Estate Agent
- 3 Find the Right Home
- 4 Make an Offer
- 5 Apply for a Mortgage
- 6 Lock Your Rate and Loan
- 7 Get the Home Appraised
- 8 Get the Home Inspected
- 9 Your Loan is in Underwriting
- 10 Select Homeowners Insurance
- 11 The Closing Table



## PROVIDE DOCUMENTATION

**We'll check your DTI.** This tells us your debts-to-income ratio and creditworthiness.

**Will you need mortgage insurance?** Mortgage insurance is required when your down payment is less than 20% of the purchase price.

**Get your earnest money deposit ready.** This puts some power behind your offer and shows that you're serious about buying the house.

**You will need an appraisal.** This determines the home's current market value and can tell you if you're paying the right price.

**Schedule your home inspection.** This ensures that you're not getting any surprises. And you can negotiate any repairs that turn up.

Some steps might happen in a different order or at the same time. The exact order of these steps differs depending on the borrower's situation. This is not an exhaustive list. Additional items may be required for pre-approval. A complete list of requirements may vary based on financial situation or loan product. The mortgage application process will require additional documentation. Ask your loan officer for a detailed list of requirements for your situation.

## MINIMUM REQUIREMENTS TO GET PRE-APPROVED

- ✓ Driver's License
- ✓ Social Security Card
- ✓ Asset Documentation  
(Your Loan Originator will tell you what documents are required)
- ✓ Pay stubs from the last 30 days
- ✓ W2's from the last two years
- ✓ Tax returns (Form 1040) from the last two years



*There is nothing more*  
**IMPORTANT THAN**  
*a good, safe, secure home.*

— Rosalynn Carter

# What To Look For On Your *Home Tour*

While touring homes, you will find features that are great and not so great. In order to find the home of your dreams, you're going to have to do some digging. Here are some things to keep in mind while hunting!



## LOCATION

Location matters. Make sure you live where you want. Be cautious of convincing yourself otherwise, because only you know your needs.



## ODOR

The smell test can tell you whether the carpets need updating, whether the previous owner smoked, and whether they may have had indoor pets.



## STRUCTURE, SYSTEMS, & SCENERY

Be sure to check appliances, flooring, landscaping, pool, roof, HVAC systems, etc. This could eliminate unexpected expenses.



## STORAGE & SPACE

Check to make sure the home will accommodate all of your belongings and has space for future growth.



## WATER DAMAGE

If you see signs of water damage during your home tour, talk to your real estate agent and contractor before purchasing.

## HOUSE HUNTING CHECKLIST

Fill out this checklist to keep track of each home's features, amenities, and other details.

[House Hunting Checklist](#)





# Path That Leads You Home



## 1 Loan Officer Consultation

*Application & Pre-Approval*  
Gather your financial information to get pre-qualified. Getting pre-qualified can happen in as short as a couple hours. Review and sign your loan estimate.

## 2 Real Estate Agent Consultation



Contact your Real Estate Agent and begin to set details in place. What type of home are you looking for? At what price? Where do you want to live?

## 7 Appraisal, Inspections, Title & Insurance



We will have your home appraised and request a title commitment. Review all of your terms with your loan officer.



## 8 Closing Disclosure

The closing disclosure must be signed by the borrower(s) **3 DAYS BEFORE** signing your loan documents.

### PRE-APPROVAL TO APPROVAL



**The minimum requirements to get preapproved are:** a Driver's License, a Social Security card, pay stubs from the last 30 days, W-2s from the last 2 years, tax returns (Form 1040) from the last two years, and asset documentation.



**Get your earnest money deposit ready.** This puts some power behind your offer and shows that you are serious about buying the house.



## 11 Funding Day

Your signed loan documents will be reviewed by our closing team to fund and close your loan. This often takes 48-72 hours after your closing date.

\*Some steps might happen in a different order or at the same time. The exact order of these steps differs depending on the borrower's situation. This is not an exhaustive list. Additional items may be required for pre-approval. A complete list of requirements may vary based on financial situation or loan product. The mortgage application process will require additional documentation. Ask your loan officer for a detailed list of requirements for your situation.





### 3 Home Search

Take some home tours and remember to ask plenty of questions. Take notes and have fun!

### 4 Negotiation & Contract

*Make an Offer*

Did you find your dream home? Congrats! Time for paperwork.

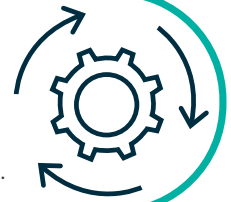


### 6 Underwriting

The underwriter will review every aspect of the loan transaction and will grant you loan approval.

### 5 Processing

Our team will prepare your paperwork and transaction to move it forward to underwriting.



### 9 Closing Time!

Your Loan Officer will continue to keep you updated. The numbers will be confirmed and your new home will be ready for you!

### 10 Signing Day

The official transfer of ownership and funds will happen today! Congrats!



### 12 Moving Day

*Congratulations!*

Your dream home is yours! Make it your own and enjoy!



# Home Expenses

## Homebuyers May Encounter

Though homeownership has many upsides, there are some extra and unexpected home expenses to be aware of as a homebuyer.



### CLOSING COSTS & FEES

Anytime you buy a home, if you get a mortgage, you'll have to pay closing costs and fees. Closing costs are commonly between 3-5% of your loan amount.



### PROPERTY TAXES & HOMEOWNERS INSURANCE

Most buyers create escrow accounts when buying a home. These accounts accumulate money each month, aiding the process of paying taxes and insurance costs. All lenders require buyers to pay up to a year of homeowner's insurance at closing.



### PRIVATE MORTGAGE INSURANCE (PMI)

If you're financing with a conventional loan and your equity is less than 20 percent of the value of your home, you will likely pay this monthly fee. This protects the lender in case you default on your loan.



### INSPECTIONS

Buying a home inspection should be at the top of your list. This will help you understand the ins and outs of your home's structure, appliance, plumbing, roof, and all sorts of other components.



### HOA FEES

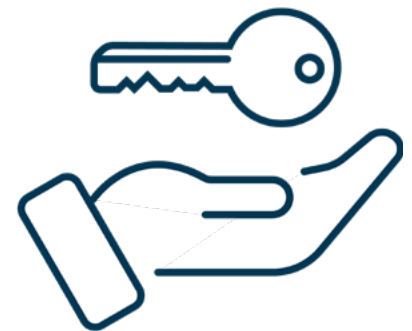
HOA fees are paid to upkeep and maintain properties and common areas within a community. It's important to find out if the community you are moving to is part of a subdivision or an HOA community. Find out how much you'll have to pay in monthly or yearly fees.





# Closing Tips

Closing on a new home or a refinance may seem daunting, but don't worry, we're here to help. A lot of the stress and worry that comes with the closing process can be avoided with the right preparation! Here are some great tips to make sure your closing process is as smooth as possible.



- ✓ Keep the lines of communication open with your loan officer. Let them know of any changes and ask questions.
- ✓ Understand your credit. Check your credit and continue to use it as normal.
- ✓ Continue to make your current mortgage or rent payments.
- ✓ Maintain your current employment and income.
- ✓ Notify your loan originator if you plan to receive gift funds.
- ✓ Lower your debt-to-income ratio.
- ✓ Save money!
- ✓ Don't quit your job. It's unlikely you'll qualify without a steady income.
- ✓ Don't change your job. It might have an impact on your approval or delay your loan closing.
- ✓ Restrain from buying a car or other large purchase. It can change your whole financial picture.
- ✓ Avoid getting a new credit card. It's an additional liability that can impact your status negatively.
- ✓ Don't move money between accounts. Consult your loan officer first before moving large amounts of money between your accounts.

# Documents Needed To Buy A Home



## INITIAL DOCUMENTS

- Photo ID: Valid Driver's License, state ID, social security card, passport, or permanent resident visa/green card (2 forms of ID required)
- Personal Federal Tax Returns (all pages of Forms 1040): Last two years



## CURRENT ASSET STATEMENTS

- Checking/Savings/CD
- Stocks/Bonds/Money Market
- IRA/401k\*



## INCOME & EMPLOYMENT

- Complete 2 years employment history
- Paystubs for most recent 30 days
- W-2s, 1099, K-1s: Last 2 years
- Federal Tax Returns with all schedules (2 years)
- Your Employer's Human Resources contact information
- Award Letters/Decrees: Most recent Social Security, pension/retirement, disability, divorce decree (if applicable)



## MORE

- VA Only: DD-214: Member 4 copy, all pages (Former Military) or Statement of Service (Active Military)
- Child Support Order: Last 6 months (include amount per month and children's ages)
- Alimony (include amount per month and how long left to pay)
- If you're renting /leasing, include your landlord's contact information



## GIFT LETTERS

Acceptable gifts may come from relatives, non-profit organizations, and government entities. Gift letters must be filled out and signed by all parties.



## CURRENTLY OWN PROPERTY

- Mortgage Statement: Most recent statement(s) for all liens against all properties owned - all pages
- Homeowner's Insurance Declarations Page: Most recent for all properties owned (if applicable)
- HOA Dues Statement



## SELF EMPLOYED

- Business Federal Tax Returns for the last 2 years (all pages of Forms 1120, 1120S, or 1065 depending on self-employed business structure if applicable)
- A year-to-date profit and loss statement
- A complete list of all business debts



## UNDER CONTRACT

- Fully Executed Sales Contract
- Homeowner's Insurance Quote for New Home
- Earnest Money Deposit: If included in contract, please provide a copy of the canceled check used as well as a transaction history showing the funds have been withdrawn if a bank statement provided does not include it."

\*Source of funds documentation for any large deposits on asset or bank statements



## CREDIT INFORMATION

- A letter of explanation for any late payments, judgments, collections or other derogatory credit history items
- Source of funds documentation for any large deposits on asset or bank statements
- The judicial decree or court order of each obligation due to legal action
- Bankruptcy/discharge papers for all bankruptcies in your credit history



NMLS 66247



*A home should be  
a stockage, a refuge  
from the flaming arrows  
of anxiety, tension, and worry.*

— Wilfred Peterson



# Tips To Help Save On A Down Payment

## **Transfer a fixed amount into a special savings account every month.**

Set up automatic direct deposit into a savings account. Be sure that you use this account for only this purpose.

## **Skip vacations for a year.**

Try saving the money you would have spent vacationing and put it toward your dream home.

## **Lower your expenses.**

Look for expenses you can reduce or eliminate from your current routine, and put that money in your down payment savings account instead.

## **Reduce your high interest rate debt.**

High interest rates on credit cards can limit your ability to save. Pay off your high interest rate credit cards. To do so, you'll need to start with your highest interest rate cards and stop using those cards when you've paid the entire balance. Proceed to the next highest and do the same.

## **Borrow from your retirement plan.**

Look for penalty free withdrawals for home buyers in your 401k plan. Many plans allow for employees to borrow against their savings to purchase a home.

## **Look into down payment assistance.**

Some organizations may help you with your down payment. See if you qualify with the Federal Housing Administration (FHA), and the Veterans Administration (VA).



## 6-8 Weeks Before Moving

### **SORT & PURGE**

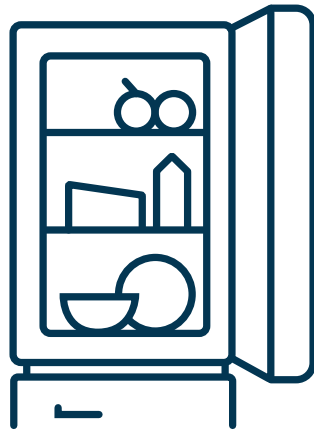
Go through your belongings and get rid of the items you do not need or want.



## 2-3 Weeks Before Moving

### **MEAL PLAN**

Start planning your meals to use up your food before the big day.



## Moving Day!

### **MOVE & CHECK**

Move all boxes and double check that all appliances and rooms are empty.



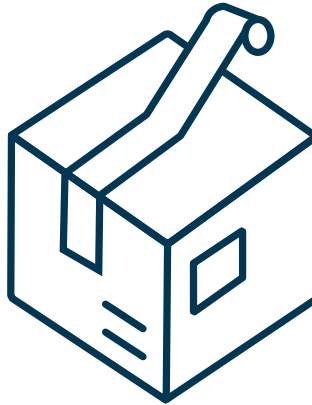
# Moving Checklist

Fill out the [Moving Checklist!](#)

## 4-6 Weeks Before Moving

### **GET PACKING**

Get packing supplies and start packing items you don't use everyday.



## 1-5 Days Before Moving

### **CLEAN THE HOUSE**

Start deep cleaning major appliances and bathrooms.



## Within 30 Days of Move

### **CHANGE YOUR ADDRESS**

Change your address and have your mail forwarded to your new home.



Seek home for rest,  
for *home is best.*

— Thomas Tusser



# Documents To Keep After Purchasing



## KEEP FOR LESS THAN A YEAR

- ATM, bank-deposit and credit card receipts - Until you reconcile with your monthly statements
- Insurance policies and investment statements - Until new ones arrive
- Utility Bills - Until confirmed on your bank statements



## KEEP FOR A YEAR OR LONGER

- Loan Documents - Until updated or loan is paid off
- Vehicle Titles - Until you sell or give away the vehicle
- Investments in stocks, bonds, mutual funds, or anything else - Keep the investment purchase confirmations until you sell the investment
- Pay stubs and bank statements - Keep for around a year
- Buyer's Agreement, Purchase Agreement, Seller Disclosure, Closing Disclosure, Title Insurance Policy, Home Inspection Report - Keep for as long as you own the property
- Warranty documents and receipts for large purchases - Keep as long as you own them
- Will - Until updated



## KEEP FOR 7 YEARS

- Tax Records - electronic and paper for 7 years



## KEEP FOREVER

- Buyer's Agreement - Keep for as long as you own the property
- Purchase Agreement - Keep for as long as you own the property
- Seller Disclosure - Keep for as long as you own the property
- Closing Disclosure - Keep for as long as you own the property
- Title Insurance Policy - Keep for as long as you own the property
- Home Inspection Report - Keep for as long as you own the property
- Birth and Death Certificates
- Marriage Licenses
- Divorce Decrees
- Social Security Cards
- Military Discharge Papers
- Defined- benefit plan documents
- Estate- planning documents
- Life Insurance policies
- Inventory of your bank safe-deposit box or where you keep your valuables





# THANK YOU!

*We look forward to working with you.*



## CARDINAL

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