

THINKING ABOUT BUYING A HOME

Fabulous – you're in the right place

CROSSCOUNTRY MORTGAGE

Your home purchase expert



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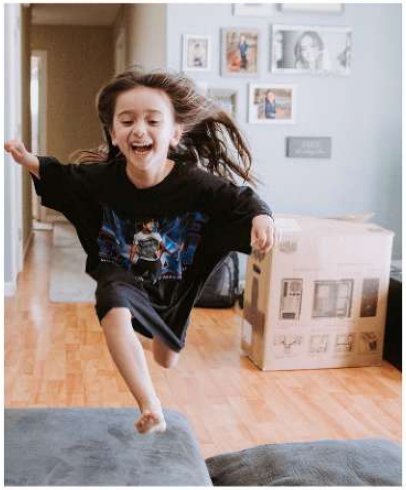
NMLS# 162273

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Setting the tone

Ask questions.
Have fun.



Agenda

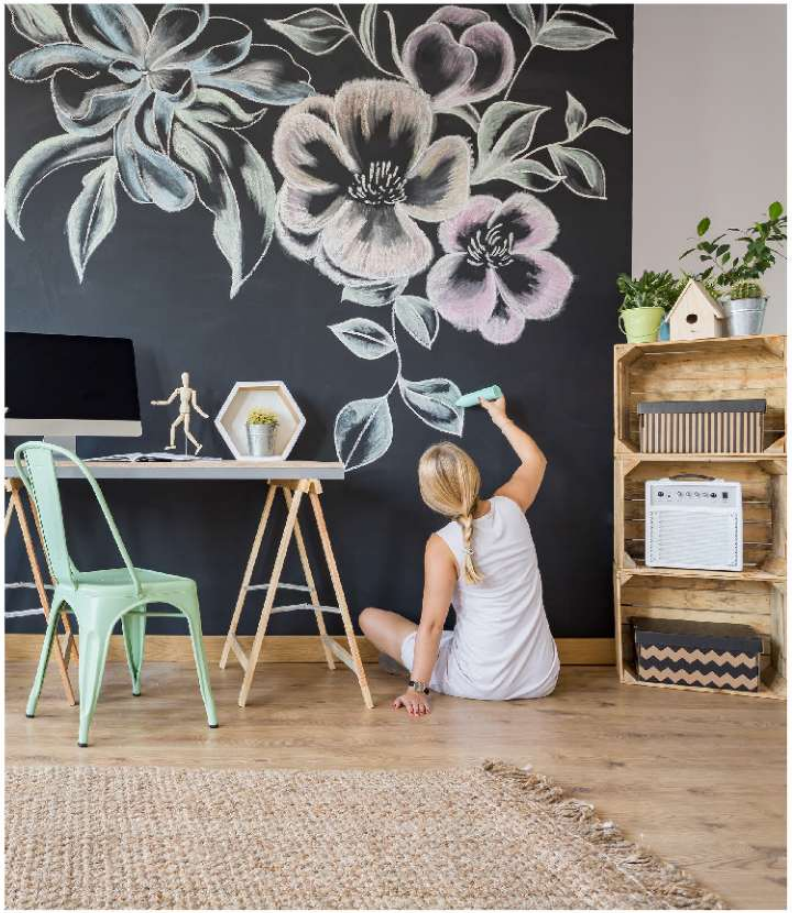
- Rent vs. own
- Bonus to buying
- Assess & plan
- Mentally & emotionally
- Financially
- The homebuyer roadmap
- Q&A

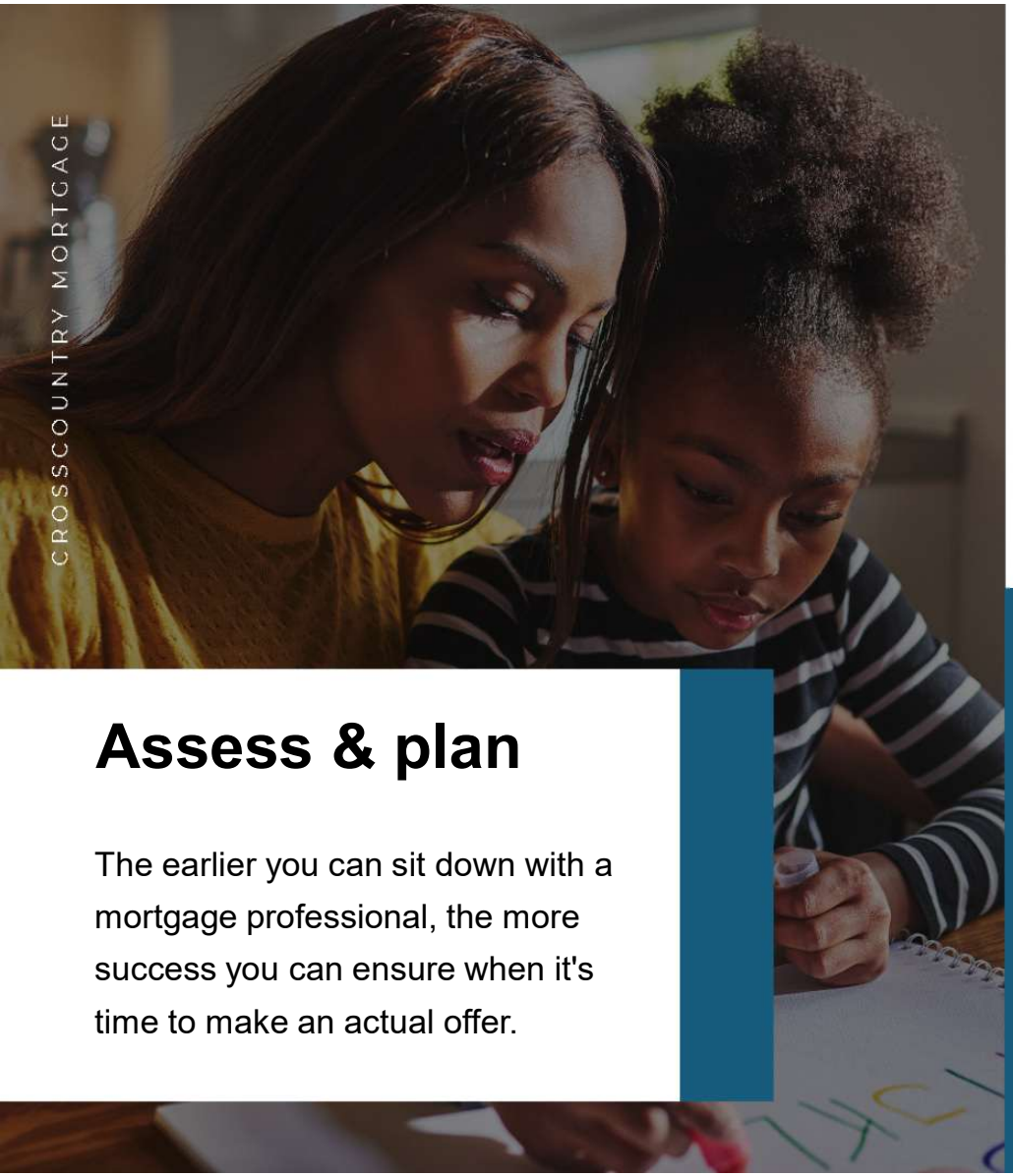
Rent vs buy

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Bonus to buying

- Tax benefits
- Build equity/wealth
- Pride of ownership
- Family and stability
- It's yours - pets, neon yellow walls, your rules





Assess & plan

The earlier you can sit down with a mortgage professional, the more success you can ensure when it's time to make an actual offer.

Mentally & emotionally

Financially

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Mentally & emotionally

- **What's your "why"? Is renting on the rise? Are you growing** your family? Building equity? Moving for work?
- Do you plan on staying in the home for a few years?
- Are you purchasing with a partner or someone you are confident in sharing this commitment with?
- How much work would you be willing to put into a home?



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Financially

Think like a lender



Credit

The higher your credit score, the better the rates and greater the options you'll **have.**



Monthly Survival Number (MSN)

How much does it cost to be you each month?



Cash

After putting aside 6-12 months of your MSN, how much can you put toward the down payment?



Income

Do you have a consistent earning history?



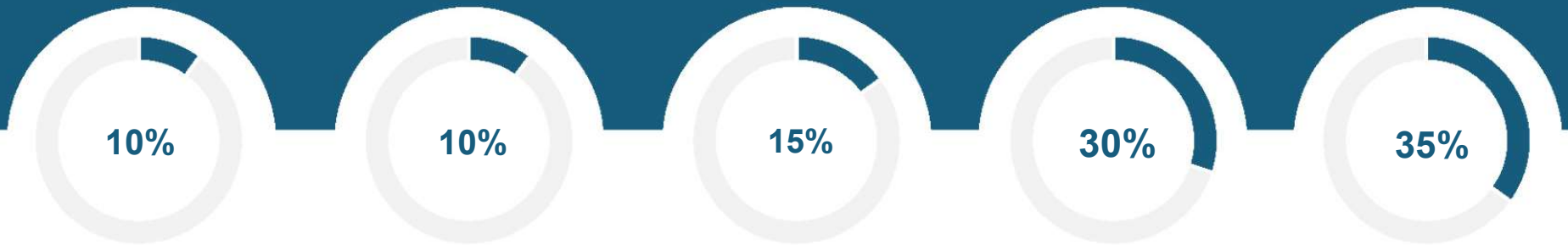
Debt-to-Income (DTI)

The ratio of your monthly debt against your **income.**

Typically, the lower your DTI, the more financing options you have.

WHAT MAKES UP YOUR
credit score?

A credit score or FICO (Fair, Isaac and Company) is a 3-digit numerical evaluation, ranging from 350-850, assessing your credit worthiness based on credit history and current credit accounts. The score, along with your existing debt, income, and employment status, is a factor of your mortgage approval.



New Credit

Types of credit used

Length of credit history

Amounts owed

Payment history

SOURCE: What's in my FICO® Scores. Retrieved from https://www.myfico.com/

740+

Excellent. Leads to premium rates and loan programs.

680-739

Very good. Creates ease in obtaining new credit.

640-679

Can suggest a second look from some lenders and may require added documentation.

639 & lower

Fair/challenging. May be difficult to obtain financing.
(VA and FHA offer more flexible credit requirements.)

Credit score quick guide

BONUS CREDIT TIPS:

Ways to improve your credit score

- Pay all bills on time
- Don't apply for too many new credit lines
- Don't max out credit cards
- Keep older credit lines open

SOURCE: What's in my FICO® Scores. Retrieved from https://www.myfico.com/



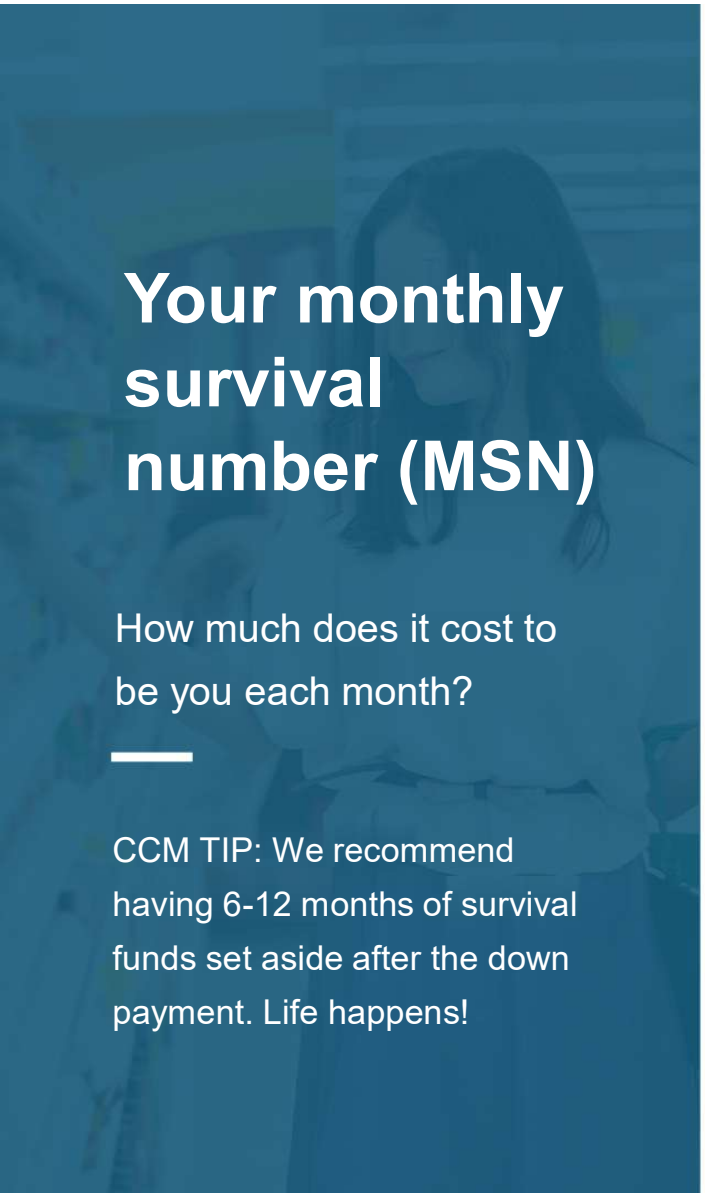
CCM TIP

1 in 5 Americans find errors on their credit reports

Credit report mistakes can lead to disqualifications. Monitor your own credit score as this could influence your ability to get a loan.

Rombach, A. (2017, January 5) CFPB Credit Reporting Complaints - Data & Report.
Retrieved from https://lendedu.com/blog/credit-reporting-complaints





Your monthly survival number (MSN)

How much does it cost to be you each month?

CCM TIP: We recommend having 6-12 months of survival funds set aside after the down payment. Life happens!

Rent/mortgage	
Auto	
Student loans	
Credit cards	
Home utilities	
Phone	
Cable/internet	
Dry cleaning	
Yard maintenance	
Day care	
Cell phone	
Insurance	
Trash pickup	
Groceries	
Doctor	
Giving/charity	
IRA	
Money market	
401(k)	
Other:	
Other:	
Other:	
Other:	
MSN total:	

$ _____ (MSN) x 6 = _____ (6 MONTHS OF SURVIVAL FUNDS)

$ _____ (MSN) x 12 = _____ (12 MONTHS OF SURVIVAL FUNDS)

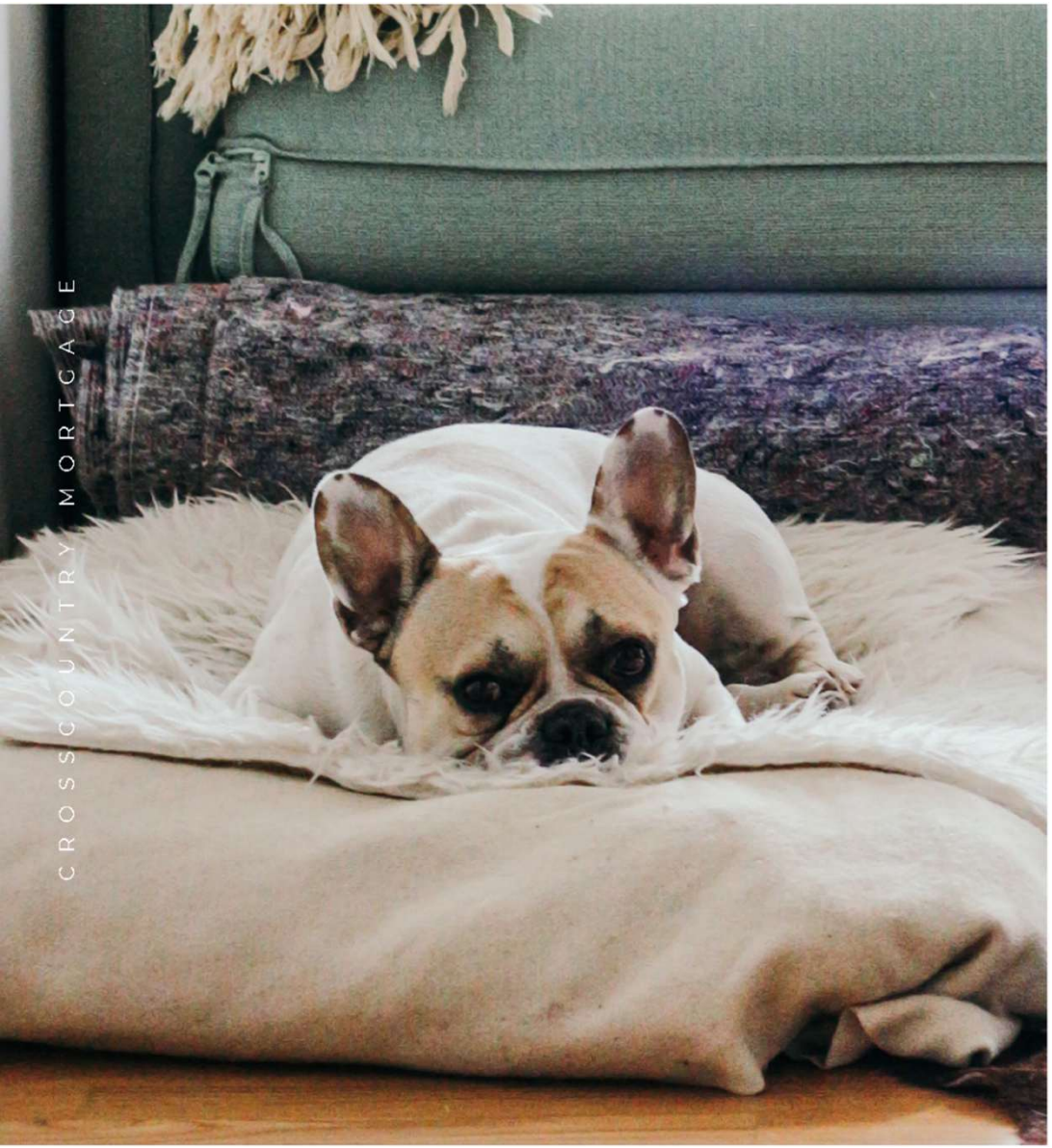
Your cash

After putting aside 6-12 months of your MSN, how much can you put toward the down payment?

	CONVENTIONAL	GOVERNMENT FHA, VA, & USDA	JUMBO
MINIMUM % DOWN PAYMENT	**3%**	**0%-3.5%**	**5%**
MAXIMUM LOAN AMOUNT	**$766,550** Standard Conventional for single family	**$498,257** Standard FHA for single family	**$5M****
GIFT FUNDS	100% of funds needed for down payment and closing can be gift funds.	100% of funds needed for down payment and closing can be gift funds.	100% of funds needed for down payment and closing can be gift funds.

*Higher in some counties.

**Max loan amount not available at minimum down payment.



CCM TIP

While calculating your down payment, remember to include closing costs. They can add up to thousands of dollars, typically 2%-5% of the purchase price of your home.

You may want to also budget for moving expenses, repairs, and renovations.

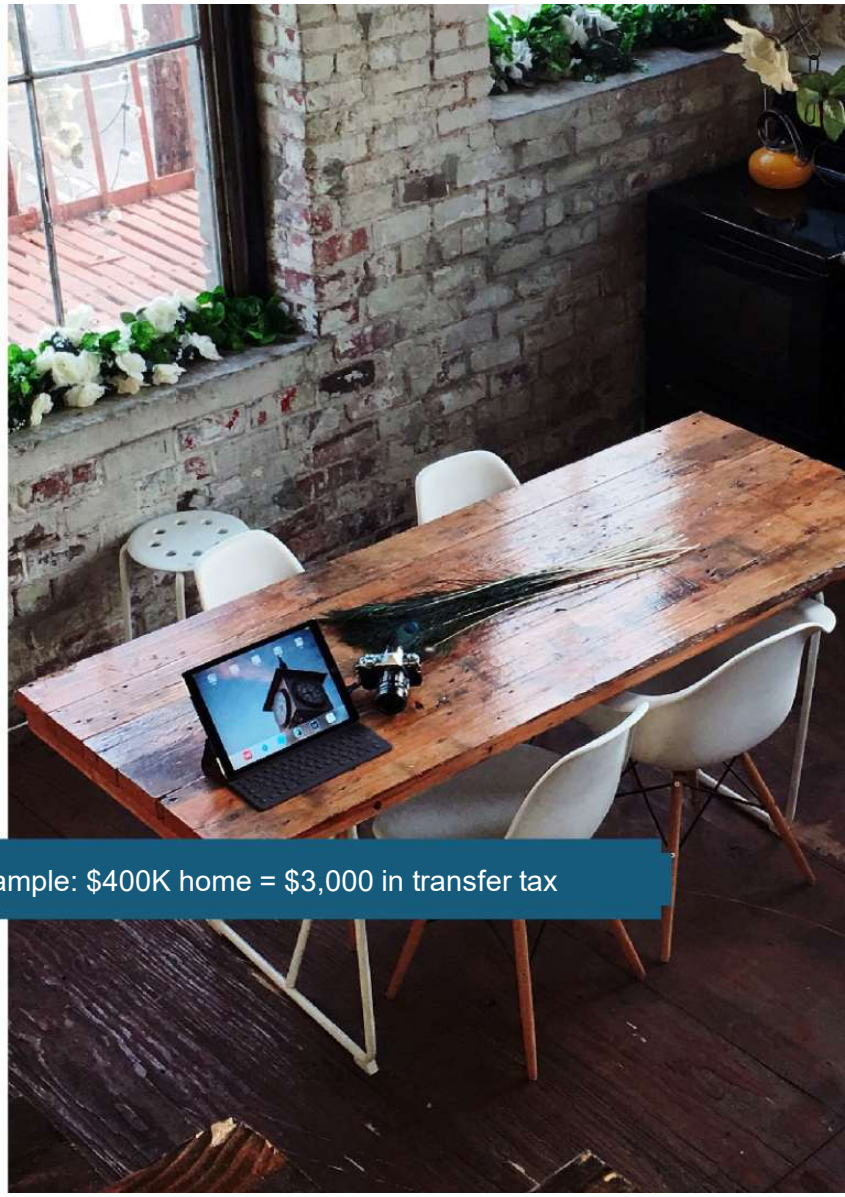


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Closing expenses

~2% - 5% of your purchase price

Home inspection	**$300-$1,000**
Appraisal	**$350-$550**
Homeowners insurance	**$600-$1,800**
Lender	**$1,000-$1,500**
Title	**$2,500-$3,750**
Transfer tax	**$7.50/every $1K**



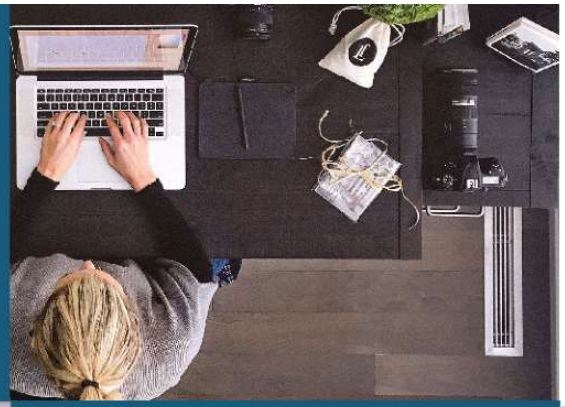
Example: $400K home = $3,000 in transfer tax

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Your income

To assess your ability to make payments in the future, we will review your paystubs and tax returns for the last 2 years to ensure your income has been consistent and stable. If your income is variable because your self-employed or paid on commission, that's okay too! We'll likely request additional documentation.

Do you have a consistent earning history?





CCM TIP: If you're in the loan process, don't change jobs if you can avoid it. Lenders are required to ask about gaps in your employment history.

If a job change is inevitable, tell us as soon as possible.



Debt to income (DTI)

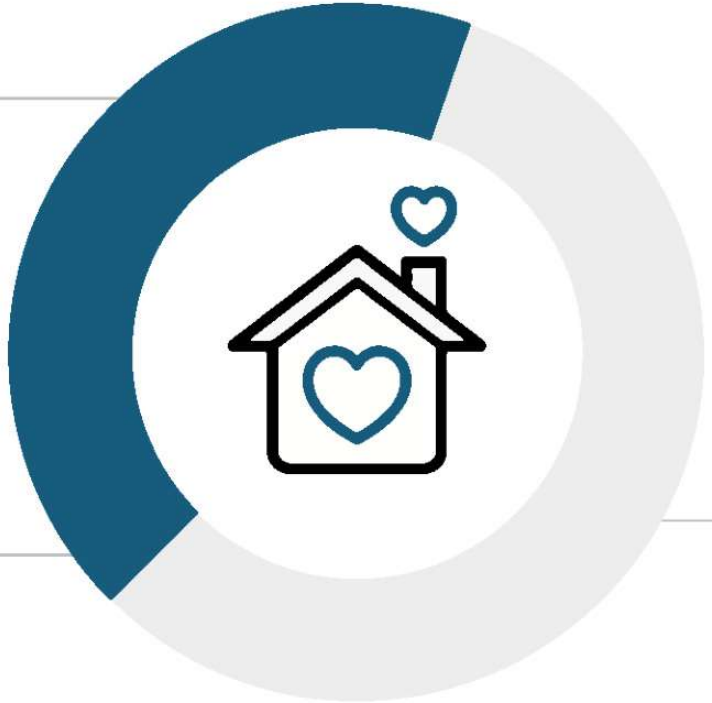
This is the ratio of your monthly debt against your income. Typically, the lower your DTI, the more financing options you have.

monthly
Recurring payments
Student loans, car payments, credit card payments, etc.

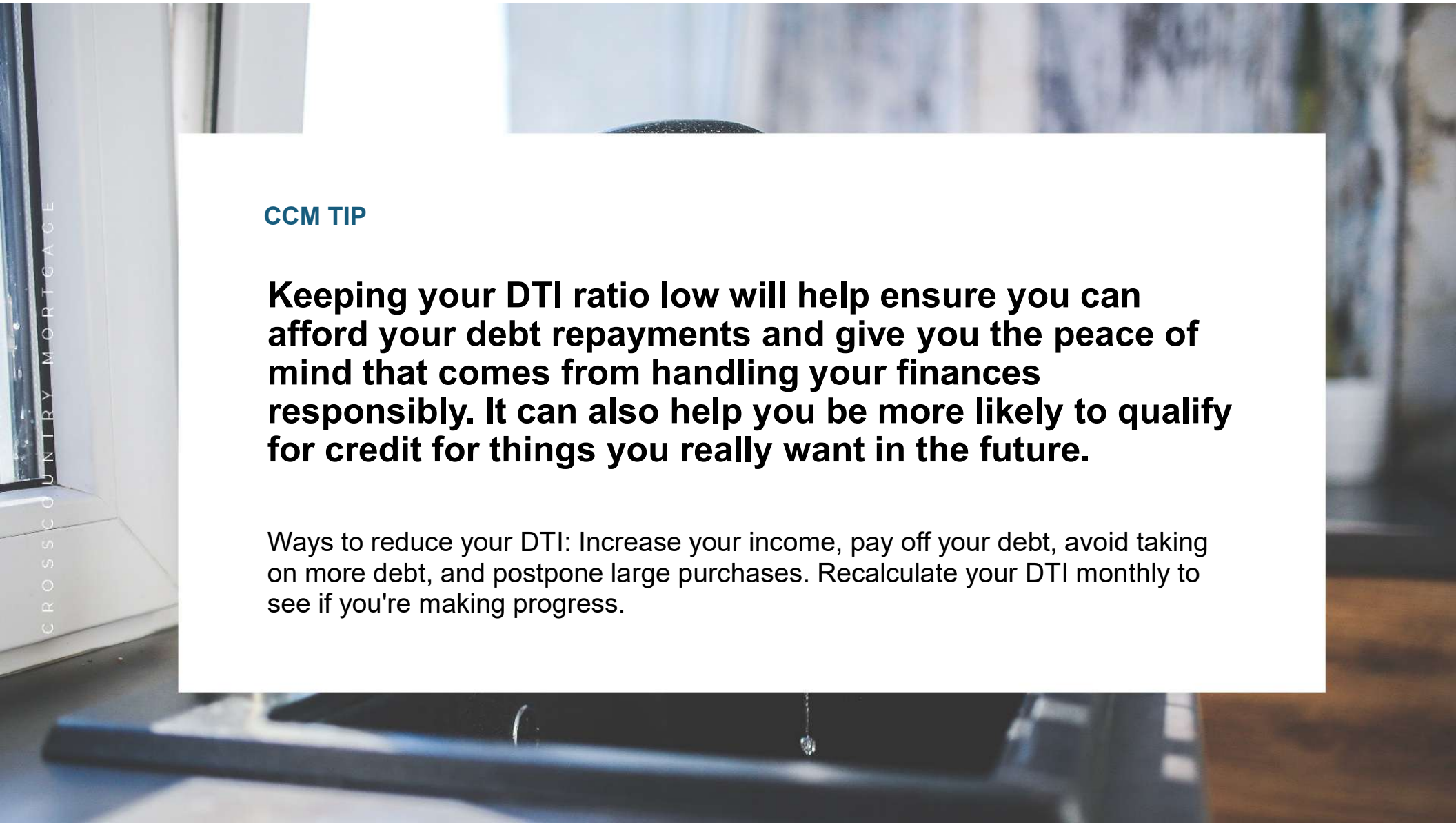
43%
or less

+

monthly
Housing payment



57%
Everything else
Taxes, savings, entertainment, groceries, shopping, etc.



CCM TIP

Keeping your DTI ratio low will help ensure you can afford your debt repayments and give you the peace of mind that comes from handling your finances responsibly. It can also help you be more likely to qualify for credit for things you really want in the future.

Ways to reduce your DTI: Increase your income, pay off your debt, avoid taking on more debt, and postpone large purchases. Recalculate your DTI monthly to see if you're making progress.

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What makes up your monthly payment?

- Principal - a portion of the amount borrowed or remaining unpaid
- Interest - the amount charged by the lender for borrowing money
- Taxes - the amount charged by the municipality based on the value of the property
- **Homeowners insurance - a policy that protects** you against financial loss in the event of property damage

Additional costs (if applicable)

Mortgage insurance:

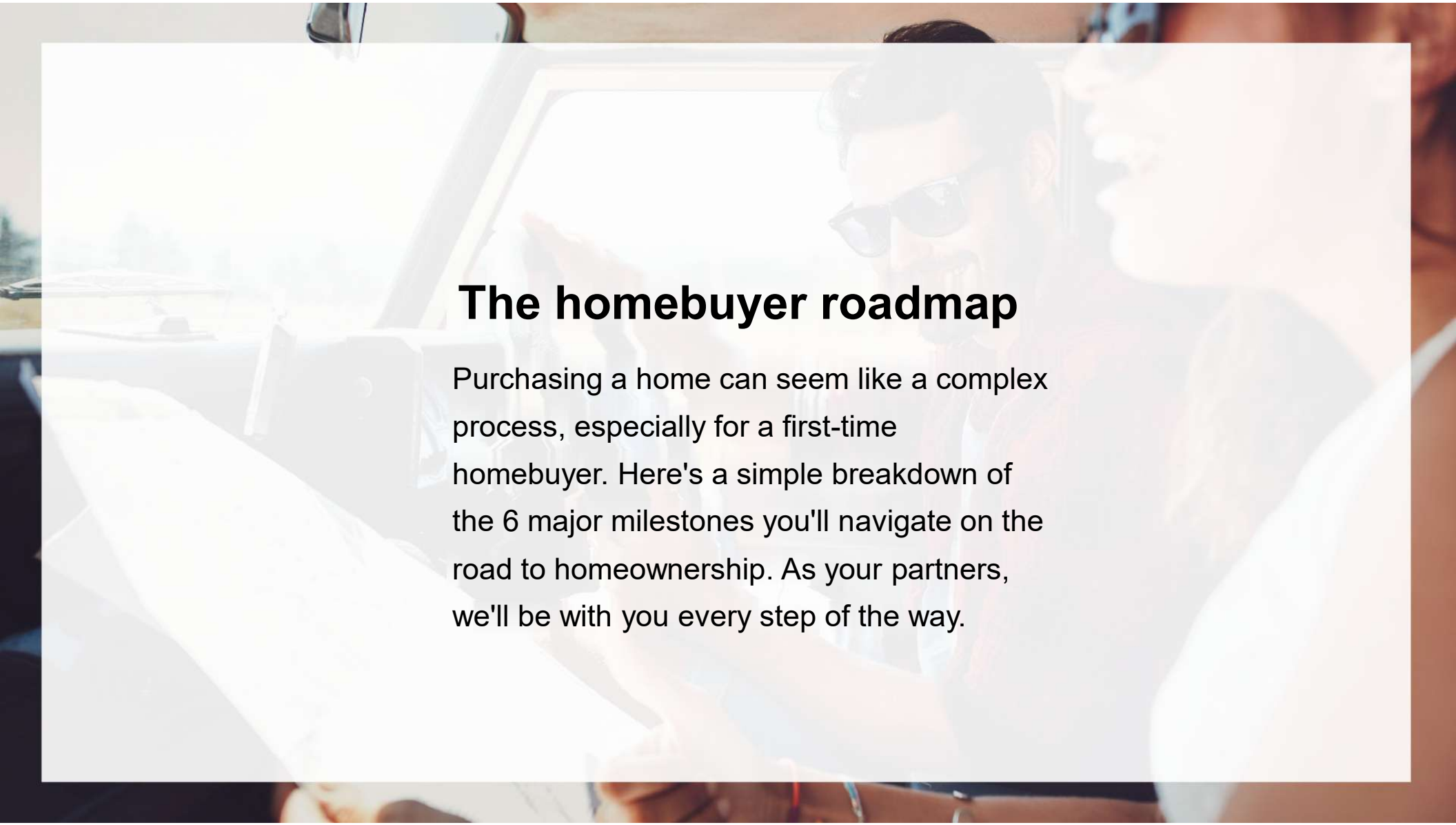
A contract that protects the lender against loss caused by a borrower's default on a government or conventional home loan.

Mortgage Insurance Premium (MIP):
The amount paid by a borrower for mortgage insurance until a certain equity level is reached.

Private Mortgage Insurance (PMI):
Mortgage insurance provided by a private company to protect lenders against loss if a borrower defaults.

Homeowners association dues:

Depending on the type of property you buy, you may have to pay these additional fees.



The homebuyer roadmap

Purchasing a home can seem like a complex process, especially for a first-time homebuyer. Here's a simple breakdown of the 6 major milestones you'll navigate on the road to homeownership. As your partners, we'll be with you every step of the way.

The homebuying who's who



These are your team members on the road to homeownership!

- Loan Officer
- Real Estate Agent
- Appraiser
- Attorney
- Title Company
- Home Inspector
- Home Insurance Agent

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Meet with your lender



Meet 6-12 months before you intend to purchase.

Now is the time to determine your budget and financial preparedness before looking for a home.



Pre-qualify vs Pre-approve?

A pre-qualification is a simple calculation of the amount of home you can afford. It's based on information you provide with little or no supporting documentation to fully assess your financial ability.

A pre-approval is a document generated by your lender supporting your ability, as a buyer, to repay your forthcoming mortgage. It often involves a complete loan application. It provides a summary of valuable information to your real estate agent, including the amount you can afford, and other applicable conditions.

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Pre-approval positives

Determine your budget
With a pre-approval, you get an estimate of your qualified loan amount- you can then shop for homes within your budget.

Gain greater buying power
You'll stand out as a qualified buyer who can make a strong offer which gives you an advantage over other home shoppers who are not pre-approved.

Avoid setbacks
You can find out which of your qualifications you can improve to ensure a smooth closing.

Save time
When you find the home of your dreams, you can lock your loan terms earlier and get to closing more quickly.





Your lender will ask for the following documents:



- ☐ **Payroll check stubs - 30 days**
  If paid monthly, provide 2 consecutive months
- ☐ **Tax returns - 2 years: 1040, W-2, 1099**
  If applicable, provide corporate returns
- ☐ **Assets - 2 months' most recent bank statements**
- ☐ **Copy of photo ID**
- ☐ **Credit check**
  Your lender will need your name, home address, date of birth, and social security number

*Self-employed borrowers may need to provide additional documentation

Find a home

Meet with your agent to determine your wants vs. needs. Go in search of your perfect home 3-6 months before you intend to buy.

Your agent can help you be realistic about "perfect":

- Cosmetic fixes vs. structural issues
- Property taxes
- Neighborhood crime rates
- Quality of the schools
- Proximity to major interstates and public transportation

Make an offer

Once you've found your dream home, work with your agent to negotiate a price and schedule a home inspection.

- Your agent will know how much other homes are selling for in the neighborhood and will fight for the fairest price.
- The inspection will confirm there aren't any hidden problems with the foundation, plumbing, heating, cooling, and electrical systems.
- If you want anything that's not nailed down to be included in the sale, especially the appliances, it must be stated in the contract.

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Apply for a mortgage

Your application will provide us with any remaining financial information we'll need and lock your interest rate until the closing date.

Homebuying do's & don'ts

Here are a few tips to help avoid problems while purchasing a home

Do

- Inform us of any changes in employment or compensation
- Continue to pay your rent, mortgage, and credit cards on time
- Keep a paper trail of funds moving from accounts
- Notify us of any changes in your finances
- Notify us of any travel plans during the application process



Don't

- Change or quit your job
- Co-sign for anyone
- Transition from your current employer to self-employed
- Apply for or close out any credit cards
- Max out any credit cards - do maintain a low balance and avoid large purchases
- Move funds from account to account (all transfers will require a paper trail)

Underwriting & appraisal

We'll verify your application information, assess your credit and collateral, and order an appraisal to ensure you're not overpaying.

The underwriting process:

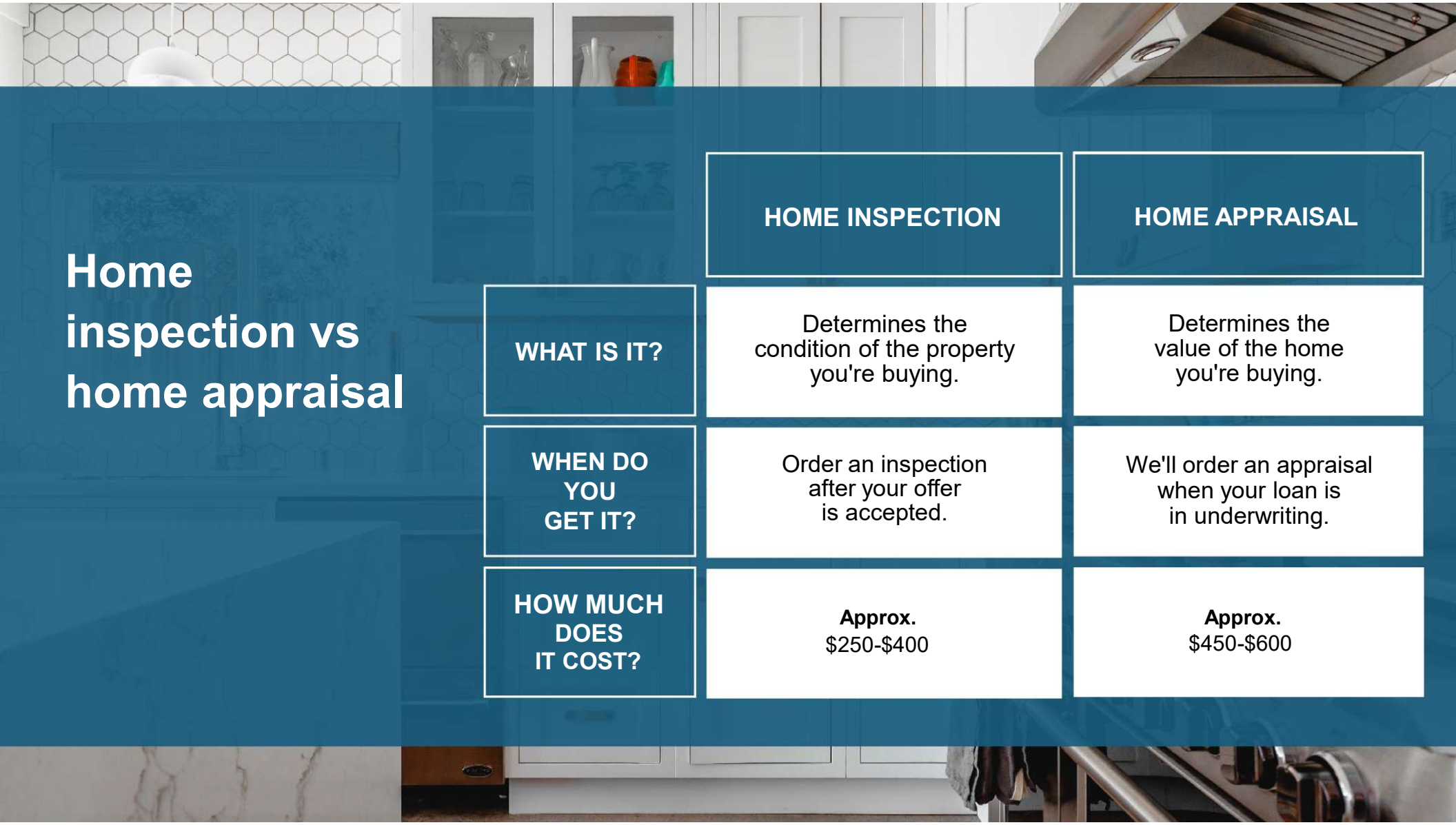
- An underwriter will complete an initial review within 48 hours
- If any conditions are required, we will work with you to clear conditions within 2 days
- Your loan will return to an underwriter for final review and a clear to close (CTC)
- The processor will inform all parties of the CTC and verify the closing date and time

Closing

Time to celebrate! After all the paperwork is signed, you'll receive the keys to your new home.

Arrive prepared:

- Plan to review the final documents to confirm the rate and loan amount
- Bring a cashier's check or prearrange a wire transfer to cover the closing costs and down payment
- Bring your photo ID and possibly a Social Security card to confirm your identity



Home inspection vs home appraisal

	HOME INSPECTION	HOME APPRAISAL
WHAT IS IT?	Determines the condition of the property you're buying.	Determines the value of the home you're buying.
WHEN DO YOU GET IT?	Order an inspection after your offer is accepted.	We'll order an appraisal when your loan is in underwriting.
HOW MUCH DOES IT COST?	**Approx.** $250-$400	**Approx.** $450-$600

your closing cost breakdown

Closing costs vary according to the specifics of your transaction but can typically include the following:

- Origination fee: A fee paid to a lender for processing a loan application (generally between 0.0% to 1.0% of the loan amount).
- **Title insurance and fees: Ensures transfer of** ownership and protects against financial loss in the event of a future claim on the property.
- Pre-paids: Covers mortgage interest due between **your closing date and your first mortgage** payment. May also include your first year of homeowners insurance.
- Escrow costs: Fee to set up an account where a two-month reserve for property taxes and homeowners insurance is collected and held for payment when due.
- Appraisal fees: The cost of an independent appraisal of the property.
- Transfer taxes: The city, county or state's fee for the change of ownership in a property.
- Recording fee: Paid to the county clerk for recording the deed and mortgage and changing the property tax billing.
- Points: Fees paid to the lender for a reduced interest rate.
- Other fees: Anything else you may have to pay at closing. Speak with us to understand any additional costs.

Q&A



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Equal Housing Opportunity. All loans subject to underwriting approval. Certain restrictions apply. Call for details. All borrowers must meet minimum credit score, loan-to-value, debt-to-income, and other requirements to qualify for any mortgage program. CrossCountry Mortgage, LLC NMLS3029 (www.nmlsconsumeraccess.org). See https://crosscountrymortgage.com/licensing-and-disclosures/state-disclosures/ for a complete list of state licenses. 2806310 86ayq9hek