

# Homebuying Handbook

A Survival Guide for  
First-Time Homebuyers

**Shelter**  
HOME MORTGAGE

*With expert  
notes!*





# Why Not Buy?

Renting is great, but buying provides advantages that can boost your financial situation and give you the freedom to personalize your property. Not only that, you can benefit from the smaller perks of feeling a stronger tie to your community and taking pride in ownership.



## Big Investment

Buying a home allows you to invest in your future.



## Build Equity

A home typically increases in value over time, building equity and providing a nest egg for the future.



## Tax Benefits

Owning a home may come with tax benefits that you can take advantage of.



## Inflation Proof Payments

With a fixed mortgage, individuals can lock in a rate and monthly payment that won't increase.



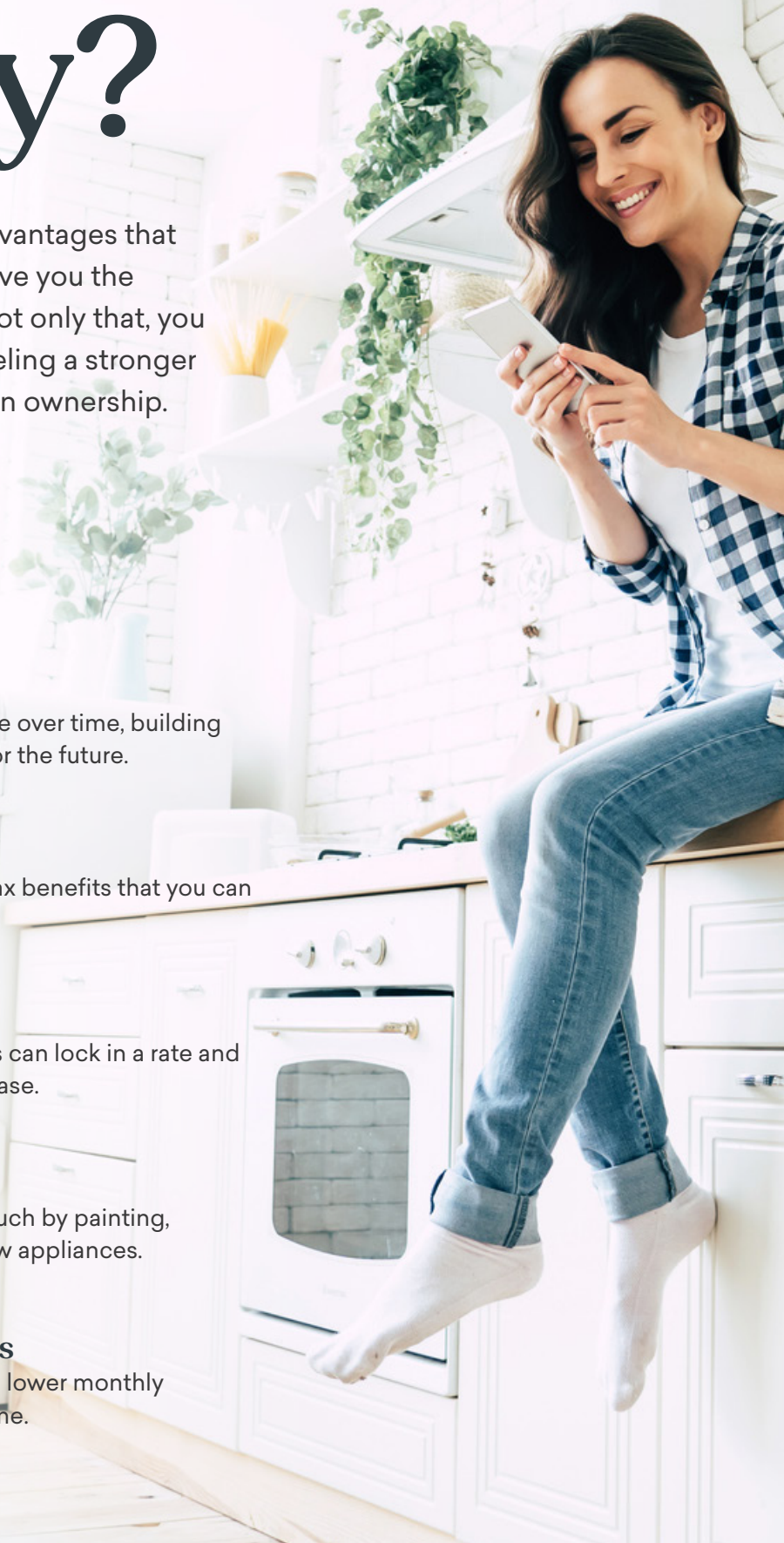
## Customization

Give your home a personalized touch by painting, making renovations, or adding new appliances.



## Refinancing Opportunities

By refinancing your mortgage to a lower monthly payment, you can pay less over time.



# Are You Ready?

(Financially)



When it comes to assessing your mental homebuying readiness, we'll leave the soul searching up to you! But when it comes to understanding your finances, we have you covered.

## Figure Out **Your Credit Score**

A credit score is a number that considers an individual's credit history, spending habits, and calculates a person's ability to repay debts. Credit scores are boosted for homebuyers with less debt and credit lines who have a history of timely payments and fewer credit inquiries.

### **A credit score is typically calculated based on 4 main factors:**

- Timely repayment on credit accounts
- Amount of debt owed
- Number of open credit accounts
- Number of hard inquiries – from applying for a new credit card or loan

**A higher credit score can boost your loan options and lower your interest rate! That's a pretty big deal!**

## **Things to Avoid** When Purchasing a Home

*Consult your Loan officer before doing any of these things.*



**Change**  
jobs



**Buy**  
a car



**Change**  
banks



**Cosign**  
on a loan



**Make**  
large deposits



**Charge**  
excessively  
to credit cards



**Omit debts**  
or liabilities  
from your loan  
application



**Buy furniture,**  
appliances or  
anything major  
for the home



**Spend large**  
amounts of  
money set aside  
for closing



**Pull your**  
credit or let  
anyone else make  
inquiries on it





# Navigating the Mortgage Process

1

## Consultation

Sit down with your Loan Officer to discuss the mortgage process and your budget for the monthly payment and down payment.

2

## Pre-Approval

Income and asset documentation should be provided in order to receive a pre-approval letter with a conditional approval for a specific loan amount.

3

## Find Your Home & Put In an Offer

Work with your real estate agent to find a home and place an offer. Your pre-approval letter will give you the negotiating power you need, and let the seller know that your financing is certain.

4

## Home Inspection

You have the option of hiring a home inspector to evaluate the condition of the home before finalizing the purchase.

5

## Apply for Your Loan

Gather all required documents and upload them securely via email, our online portal, or our mobile app. Then you'll receive the Loan Estimate, in which you'll need to communicate your Intent to Proceed.

6

## Review the Disclosure Package

We suggest reviewing all aspects of the disclosure package including the payments, loan program and closing costs. Your Loan Officer will review this with you and make sure you're prepared for closing.

7

## Appraisal & Title Search

Then a preliminary title will be ordered, as well as an appraisal on the home.

8

## Underwriting Review

While your loan is being reviewed by an underwriter, you may be asked to provide additional documents. Try to respond promptly to inquiries and maintain status quo around your finances.

9

## The Closing Disclosure

This five-page document contains the locked-in costs of your loan. You'll review, sign, and return the Closing Disclosure to your Loan Officer within 3 days of receipt.

10

## Closing

Signing of the closing documents will take place at a lender's or agent's office, where you'll be asked to review and sign several documents with both parties present. Once everything has been signed, you'll receive the keys!

# Your Homebuying Team Has Your Back

## Appraiser

Mortgage lenders often require a home appraisal, as well, to ensure that a home is worth what is being paid for it. A certified appraiser is almost always chosen by the lender to appraise the home, offering their unbiased and trained opinion as to its value.

If the appraiser finds a large discrepancy between your home's worth and the mortgage you're requesting, you may be denied or asked to provide a larger down payment.

## Escrow Officer

The escrow officer is a neutral third party, that monitors the escrow account and ensures the home sale runs smoothly. They are responsible for holding funds passing between the seller, homebuyer or lender in the escrow account.

## Home Inspector

A home inspection is required by almost all mortgage lenders, and is usually paid for by the buyer. The home inspector will thoroughly check and assess all aspects of your soon-to-be home, letting you know if there are any problems or necessary repairs. If they find any problems, you can renegotiate with the seller accordingly.

## Title Officer

The title officer will look for any issues with the title and deed, to determine that the seller actually owns the home and has the right to sell it to the buyer. If they find issues with the property - such as tax liens or inconsistencies in the property's deed history - the title officer will contact the seller and work to resolve the issues.

## Loan Officer

The first point of contact you'll have with a mortgage lender is a loan officer. This person will answer questions you may have, as well as let you know what you'll need to provide in order to apply for a home mortgage. They will collect documents, check financials, explain available loan options, and calculate your amortization schedule once the loan is approved.

## Real Estate Agent

Some buyers have a real estate agent before they even begin the home-shopping process. Others will find a home they like and contact the agent for more information. Regardless of which comes first, it's important as a buyer to have a buyer's agent on your side.

The agent's job is to find available properties in a specific area that fit the buyer's budget and meet their needs. The buyer's agent will also advocate for the buyer, negotiating a fair selling price, navigating the offer process, and even handling issues that may arise.

## Insurance Agent

Finding the right homeowner's insurance policy can be tricky, but your insurance agent will help you choose the best one. This policy covers most of the replacement value for your home and its contents in the case of a fire, theft or other damage.



# You've Got Options

*Your Loan officer will analyze your personal financial situation to find which option is best for YOU!*



## Conventional Loans

Our Fannie Mae and Freddie Mac loans feature flexible mortgage options like low down payments, lower mortgage insurance coverage requirements, and relaxed reserve requirements.



## Expanded Government Loans

FHA, VA and USDA mortgages are government-assisted alternatives to conventional financing and are great options for those who want to put less money down or who have lower credit scores. With multiple solutions and flexible guidelines, they are popular for home purchases and refinancing.



## Generous Jumbo Loans

Some home purchases require maximum borrowing power. Jumbo mortgage loans give you all you need to enjoy big real estate opportunities.

## When Should You Refi?

You should refinance if interest rates have substantially decreased, to eliminate mortgage insurance, or to increase cash flow AND you plan on staying in your home long enough so that the savings surpasses the refinance cost.





# Get a Pre-Approval

Becoming pre-approved is important while house hunting. Here's why.



## Time-Saving Knowledge

You'll know how much house you can afford so that you don't waste precious time looking at properties that are not within your price range.



## Negotiating Power

Being pre-approved gives you the negotiating power you may need, plus it lets the seller know your financing is certain and you are serious about purchasing a home.

**You will need to provide numerous important documents to help verify your expenses and income.**

This allows us to give you the most accurate assessment of how much you can afford to borrow.

- W-2s from last 2 years
- Paystubs for last 30 days
- Last 2 months of any stock, mutual fund, or IRA/401k accounts
- Copy of your divorce decree (if applicable)
- Last 2 months of bank statements (all banks and all pages)



# The Anatomy of a Mortgage Payment

Wondering what exactly a mortgage payment involves? You're not alone! Let's dissect what each mortgage payment includes.

## What goes into a mortgage payment?

After the initial down payment, buyers will make monthly payments based on certain aspects of their mortgage. These consist of:

- **Principal Payments** that help to pay down the debt on the mortgage itself.
- **Interest Payments** to the lender.
- **Private Mortgage Insurance** for buyers that make a down payment of less than 20%.
- **Real Estate or Property Taxes** in some cases.

## Your Loan Officer gets you.

Your Loan Officer will consider several factors in order to build a plan that's right for your situation, including finances, budget, credit history, loan amount, loan term, property taxes, and homeowner's insurance and fewer credit inquiries.

*Wondering what you can afford?  
Probably more than you think!*

*Check out the Monthly Mortgage Payment  
Estimator on our website for an initial estimate.*





# What's the LE?

The Loan Estimate (LE) is only one of the many steps in the mortgage process, and it can be a little confusing if you're not prepared. Let's remove all of that confusion and help you smoothly navigate the Loan Estimate!

## The Loan Estimate Is...

A three-page government mandated document that includes the terms of your loan. You will receive it within three days of submitting your application with us.

## The Loan Estimate Includes...

Important details on the estimated interest rate, monthly payment, total closing costs for your loan, as well as the estimated costs of taxes and insurance. If the loan has special features such as a prepayment penalty or negative amortization, the Loan Estimate will specify that.

If the fees need to be changed due to changes to your loan, we will issue you a new Loan Estimate with the updates clearly stated.

## The Loan Estimate Is Not...

A final document to sign off on your loan, but instead it's what we expect your loan terms to be based on the information you provided. Once you decide to move forward with these loan terms, we'll ask you for additional information and continue the process to finalize the loan.

*Remember: You're not in this alone!  
Your Loan Officer will go over the Loan Estimate with you  
and happily answer any questions you have.*



# What's the CD?

*This step is a BIG one!  
It's extremely important that  
you immediately review, sign,  
and return this document to  
your Loan Officer within 3 days  
of receipt.*

The Closing Disclosure (CD) is one of the biggest steps between you and your new home. It's important to understand every component of it, so that there is no confusion at closing and you can enjoy a smooth process to purchase your home!

## **The Closing Disclosure Provides...**

Much of the same loan terms as the Loan Estimate, except that it is a more formal version and contains the locked-in costs of your loan. This five-page document is issued three days before your scheduled loan closing. Be sure to review the Closing Disclosure with the Loan Estimate to ensure there are no significant changes between the two. If you have any questions or concerns with the document, we are happy to clear it up in those three days before going to the closing table.

## **The Closing Disclosure Includes...**

The detailed terms of your loan. Specifically, on page three are the closing costs paid to the seller and a comparison table portraying the charges applied at closing and the costs reported by the Loan Estimate. The costs will also identify whether they changed from what was agreed upon in the Loan Estimate.





# The Closing Table



You've made it this far! The last stop on your journey is navigating the closing process.



## Final Inspection

Before heading to the final closing meeting, make sure you take a final walk through the home one last time to check that all necessary repairs noted in the initial inspection have been completed and that all appliances work. Once the closing is complete, there's no easy way to go back, so be sure to be thorough in your final inspection.



## Sign Closing Documents

Signing of the closing documents will take place at a mortgage lender's or agent's office, where you'll be asked to review and sign several documents. Be sure to double check that all terms and interest rates on final loan documents are what you agreed to and that the name and address on the documents are correct.



## Get Your Keys!

The home is officially yours!

# We're In This Together

The prospect of purchasing a new home is full of possibility and excitement – as well as a good amount of nerves about navigating the process.

As you get started on your homebuying journey, it's easy to feel overwhelmed along the way, especially when it comes to choosing a mortgage.

**The good news is, you don't have to go it alone!**

Our loan officers are experts in home financing. With many options to choose from, we can proficiently match you with the correct loan product for your situation. Whether it's a traditional loan, loan for a condo, or a larger jumbo loan, our vast product line has something for everyone.

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We want to give these folks a “high five” and all of the kudos that we possibly can. Out of all of the homes that we've bought and sold over the years, these folks have been extremely helpful, encouraging, and walked with us throughout the complete process. They have been a pure joy at all levels.







A pre-approval does not signify that all underwriting requirements have been met. Actual terms, including interest rate, are subject to change without prior notice and may vary based on eligibility criteria. All products are subject to credit and property approval. Not all products are available in all states or for all dollar amounts. Other restrictions and limitations apply. © 2024 Shelter Home Mortgage, LLC. 3350 Northlake Parkway, Suite 21M, Atlanta, GA 30345. 800-569-0552. NMLS #1616534 ([www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org)). This is not a commitment to lend or the guarantee of a specified interest rate. All loan programs and availability of cash proceeds are subject to credit, underwriting, and property approval. Programs, rates, terms and conditions are subject to change without notice. Other restrictions apply.