



STANDARD MORTGAGE
C O R P O R A T I O N

FIRST-TIME HOMEBUYER GUIDE

NINE STEPS TO TAKE YOU THERE



NMLS#44912
STANMOR.COM

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FIRST-TIME HOMEBUYER GUIDE



FIRST-TIME HOMEBUYER GUIDE: NINE STEPS TO TAKE YOU THERE

Buying a home may seem like a complicated financial process, especially if **you've never done it before**. Sure, becoming a homeowner is a huge decision with a lot of paperwork involved, but there is no reason for you to do all the work without help.

Standard Mortgage is here to help you navigate through the homebuying **process**. In this eBook, we'll walk you through the nine steps you'll have to take before you hold the keys to your new home.

And remember: **This is just a basic outline of the mortgage application process. Be sure to call 1-800-826-5801 to speak with an experienced Standard Mortgage representative about your needs and your unique situation.**

**STANDARD MORTGAGE IS HERE TO ANSWER YOUR QUESTIONS.
WE PROMISE: YOU DON'T HAVE TO TAKE THESE STEPS ALONE!**



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STEP 1

DECIDE IF NOW IS RIGHT FOR YOU

When deciding if now is the right time to buy a home, **make sure you have the following items: a strong credit score, money saved for a down payment/closing costs and personal documents (see list below).** You should also leave extra money for emergencies, vacations and savings.

You need to know how much home you can afford before you begin your home search. Does a mortgage payment fit with your current (and forecasted) income level? Fannie Mae recommends that you **spend no more than 28 percent of your income on housing.**

If you decide you're ready to make the leap, start getting your paperwork in order.

- ☐ Proof of income (pay stubs, W2s, tax returns)
- ☐ Proof of rental history
- ☐ List of monthly debts
- ☐ Proof of assets (bank statements for any checking, savings or investment accounts)
- ☐ Get your credit report: check it for errors and unresolved issues
- ☐ Contact the credit reporting bureau if you find a mistake on your credit report

STANDARD MORTGAGE TIP: STOP PAYING SOMEBODY ELSE'S MORTGAGE!

A recent Trulia study shows buying is less expensive than renting in all of America's most populous metropolitan areas. **On average, buying a home is 38 percent cheaper than renting** (using a traditional 30-year mortgage).



** Federal Reserve Economic Data*



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STEP 2

CALCULATE THE TRUE COST OF THE HOME YOU WANT

In addition to the price of the house itself, interest, closing costs, and taxes will make the “true cost” go up, so make sure you’re taking all of these into account.

WHAT ABOUT YOUR DOWN PAYMENT?

Your down payment will demonstrate the seriousness of your offer, and **a larger down payment can help you secure a better interest rate** (meaning you’ll have lower monthly mortgage payments).

STANDARD MORTGAGE TIP:

Use Standard Mortgage’s **loan calculator** to figure out what your monthly mortgage payments would be if you bought today.



WHAT ABOUT CLOSING COSTS?*

Closing costs include:

- Origination fees charged by the lender
- Title and settlement fees
- Taxes and prepaid items (homeowners insurance or HOA fees)

**Generally, closing costs range from 3–6% of the purchase price.*

When you purchase a home, you have to pay yearly property taxes. **To estimate what you’ll pay in taxes on a particular home, check your property accessors’ website.** Keep in mind that the current owners may have exemptions that you may or may not qualify for.



STEP 3

GET PRE-APPROVED FOR A MORTGAGE

Getting pre-approved will help you bargain from a position of strength when you are house hunting.

Meet with your local Standard Mortgage representative to discuss the options you have to finance your home purchase. One thing he or she will help you with is choosing which loan product best suits your needs. Fixed-rate loans, ARMs, FHA loans, VA loans, jumbo loans – it's easy to get overwhelmed with the lingo. **Your Standard Mortgage loan officer can help you explore all your options!**

STANDARD MORTGAGE TIP: VA LOANS SAVE VETS MONEY

Veterans Administration loans ("VA loans") are for military personnel, veterans and military families. Spouses of military members who died while on active duty or as a result of a service-connected disability may also apply.



You may qualify for a home loan with little to no down payment. Here are a few "no down payment" options and "low down payment" options:

VETERANS AFFAIRS (VA LOANS):

Private lenders originate VA loans, which the VA guarantees. VA loans require no down payment. You must hold a Certificate of Eligibility to qualify for a VA loan. There is no mortgage insurance. The veteran/borrower pays a funding fee, which can be rolled into the loan amount.

USDA LOANS:

The U.S. Department of Agriculture's Rural Development program offers 100% financing with no down payment required. The property you are purchasing must be located in an eligible area and there are income requirements as well.

FHA LOANS:

FHA loans require a minimum down payment of 3.5%. This type of loan can help assist people with imperfect credit histories.



STEP 4

BUDDY UP WITH REAL ESTATE AGENTS

Now that you've taken a long, hard look at your personal financial situation and determined that there's room for a mortgage, **it's time to ask a lot of questions.**

Start by talking to reputable real estate professionals in your area about trends in the local market.

Working with an experienced agent can help you narrow your priorities and make informed decisions.

The real estate agent you pick will represent you through your home buying process.

Keep notes on who is the most helpful—you'll eventually need to pick an agent to help you with touring houses, filling out forms, getting inspections, and negotiating prices. Consider this phase their "job interview."

And here's the best part: it doesn't cost you anything to use an agent. They make their money from the commission paid by the seller of the house.

QUESTIONS TO ASK:

How long have you been a real estate agent?

Are you familiar with the areas I am interested in?

What do they think home prices will do in the months and years to come?

Are there any neighborhoods I might not have considered?

STANDARD MORTGAGE TIP:

According to National Association of Realtors, **88% of homebuyers rely on a mortgage to finance the purchase of their home.** In fact, most buyers finance 90% of the cost of the home, meaning they're only putting 10% down.



STEP 5

DO YOUR HOMEWORK!

There was a time when the only way to find homes for sale was to ask your agent for listings or to drive around looking for “for sale” signs. These days, there are several websites and services that can help you find a house. You can set up alerts that notify you when a new property goes on the market, and many of them use multiple listing service, or MLS data, which means the listings are always up to date.

Be sure to look at homes in your price range. Take notes and photos as you go. Once you’ve seen a half-dozen homes or so they’ll start to blend together in your memory!

HOME

- Is this the size I need?
- Does it have enough bedrooms and bathrooms to fit my family’s needs?
- Do I like the style?
- What’s the condition of the home?

THINK ABOUT THE STREET AND THE NEIGHBORHOOD

- What’s the traffic like on the street?
- Do the neighbors seem to keep their property well-maintained?
- Is the house near your job, restaurants, public transportation?

STANDARD MORTGAGE TIP:

When you first saw the house with your Realtor, you were super excited because you knew “this was the one.” **Now go back and take another look after you’ve caught your breath and slowed down the excitement.**

Take your time. Bring a tape measure and try to visualize your furniture and other things inside the house. Draw maps and sketch out the way the home works for you.



STEP 6

MAKING AN OFFER THEY CAN'T REFUSE



Making an offer on a house is a formal process, and by this stage you should have an experienced real estate agent working with you. Negotiate a fair offer based on the value of comparable homes in the area. Your “proposal to buy” includes both the price and terms. The terms can represent additional value or additional cost for you, so make sure they are crystal-clear!

Once you and the seller have reached agreement on a price, the house will go into escrow. **Escrow is the period of time it takes to complete all of the remaining steps in the home-buying process.**



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STEP 7

LINE UP YOUR HOME INSPECTION AND APPRAISAL



Your real estate agent can help you hire an inspection company to perform a home inspection on the property. The home inspector will provide a thorough inspection of the interior and exterior of the home.

Once you have finished your home inspection and you are satisfied with the results, **you then need to notify the lender that you are ready for the appraisal.** The home appraisal will give your lender and yourself an estimate on how much the home is worth. Your lender will only lend money to cover the appraisal value.



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STEP 8

GET INSURANCE



Your mortgage lender will require you to have **homeowners insurance and may require additional insurance like flood insurance** if the property is located in a flood zone. Homeowners Insurance covers damage to your home and any other structures that came with the purchase of the home. The policy can also cover personal property in the event it is damaged or stolen.

Depending on your loan type, you may also be required to get mortgage insurance or other insurance. Make sure you **shop different companies** to see who will give you the best coverage at the most affordable premium.



STEP 9

TIME TO CLOSE!

The closing process brings together all the parties who make up the real estate transaction. **At closing, you will sign all of the loan documents and other paperwork to complete the purchase.** Make sure to review all your closing documents prior to signing. **Typically, a title attorney at a title company will handle your closing and can assist you with any questions you may have.** At the closing, the property title will pass from the seller to you and you will be the proud owner of a new home. **Congratulations!**

STANDARD MORTGAGE TIP:

There are some tricks to shaving years off your mortgage that are relatively easy and painless to implement:

1. ROUND UP YOUR PAYMENTS:

Get into the habit of rounding up your mortgage payment. It may add only a few dollars, but if you do it on a regular basis, you'll shave months or even years off your mortgage while feeling little pain.

2. MAKE ONE EXTRA PAYMENT A YEAR:

Determine what 1/12 of your monthly payment is and add it to your budget. Deposit these funds into a special savings account and at the end of year, make a principal reduction in that amount. This will shorten the term of the loan and pay your mortgage off early.

3. REFINANCE INTO A SHORTER LOAN:

Monthly payments are lower on longer-term loans than on shorter-term loans. But shorter-term loans let you save a lot of money over the long haul. So if your salary improves and you can afford a higher payment, refinancing may be a smart option for your family.





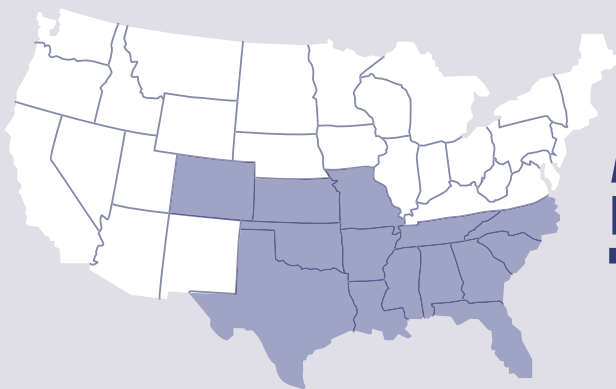
Standard Mortgage has **more than a century of real estate experience.**

We originate and service residential loans for homeowners purchasing and refinancing houses in Alabama, Arkansas, Colorado, Florida, Georgia, Kansas, Mississippi, Missouri, North Carolina, South Carolina, Oklahoma, Tennessee and Texas.

With a variety of loan programs and an established network of investors behind us, **we will find the loan that best suits your needs at a very competitive rate with a local, personal service.**

By taking a close look at your current and near-future mortgage needs and discussing them with a Standard Mortgage loan officer, you can best prepare for what's next.

Call **1-800-826-5801** to speak with one of our experienced team members today.



MORTGAGE EXPERTS
LICENSED ACROSS
14 STATES

#RaisingTheStandard



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