

# FIRST-TIME HOMEBUYER

## WHAT TO EXPECT



QUALITY

Motto Mortgage Quality

# GETTING READY TO PURCHASE A HOME

## CREDIT SCORE AND HISTORY

- Monitoring credit
  - Visit [annualcreditreport.com](https://annualcreditreport.com) to request your free annual credit report from all three major credit bureaus
  - Review the report for accuracy and dispute any inaccuracies (such as incorrect personal information or unfamiliar credit lines)
- What credit score is used for qualification?
  - Generally, a homebuyer will have three scores — one from each credit bureau (Equifax, Experian and TransUnion). Lenders usually consider the “median” score for qualification purposes.
  - If there are multiple borrowers on the loan, the lowest median score is typically used

## DOWN PAYMENT AND CLOSING COSTS

- The down payment refers to the portion of the home’s purchase price that is not financed. Some loan options allow for down payments as low as 3%.
  - Various grants and down payment assistance programs may be available to help with the down payment
- Closing costs can include title fees, property taxes, insurance and other fees; consult a mortgage professional for specifics

## WHAT PAYMENT CAN YOU AFFORD?

- The debt-to-income (DTI) ratio is calculated by considering the estimated mortgage payment alongside other monthly financial obligations (debts reported on your credit report or disclosed otherwise)
  - This calculation does not account for utilities, groceries, childcare, medical bills or similar expenses
- To establish your household budget, include all monthly bills and expenses

**NOTE:** *Avoid large purchases, new debt or job changes while preparing to buy a home, as these can impact mortgage qualification.*

## PRE-APPROVAL

- Many real estate agents and sellers prefer that homebuyers obtain a pre-approval letter prior to house hunting
  - This letter, provided by the lender, offers an estimate of how much home a buyer can afford, but it does not guarantee final approval



## OFFER ACCEPTED

### SUBMITTING AN APPLICATION

- Complete the Uniform Residential Loan Application (URLA) with assistance from a mortgage professional. This form requires information such as:
  - Loan type and term
  - Property details
  - Personal and demographic information
  - Employment history for up to 2 years
  - Income
  - Assets, liabilities and declarations

### DOCUMENTS TO SUBMIT

- Required documents may include:
  - Income
    - Most recent pay stubs
    - Tax documents from the last 2 years
      - W-2 statements
      - 1099 statements
      - Federal tax return (necessary if self-employed or using passive income such as child support or Social Security benefits)
  - Assets
    - Recent statements (covering the last 60–90 days) for:
      - Checking and savings accounts
      - Retirement accounts
      - Money market accounts
      - Gift funds (if applicable, accompanied by a gift letter)

## THE LOAN PROCESS

### WHAT TO EXPECT

- Appraisal
  - Generally paid for by the homebuyer at the time of ordering
  - A mortgage professional can assist in obtaining appraisal waivers if eligible
- Underwriting
  - All submitted documentation is reviewed in accordance with applicable guidelines for the loan product
  - The loan receives conditional approval at this stage, and additional information may be requested
  - Timely submission of any requested information is essential to avoid delays
  - Once the review is complete, the loan is cleared to close, and the closing process can commence

## CLOSING DAY

### CLOSING ON THE HOME

- The closing disclosure will be provided 3 days before the closing date
- Carefully review all documents, paying special attention to the due date of the first payment and the payment address

## POST-CLOSING

### THINGS TO CONSIDER

- Home repairs and lawn maintenance are typically the responsibility of the homeowner, unless managed by a Homeowners Association (HOA).
- Monthly payments may fluctuate if property taxes or insurance amounts change, or if you have an adjustable-rate mortgage (ARM).
  - After the first year, the city will reassess your home's value, which may lead to increased property taxes; consult a mortgage professional for guidance.

### LOAN SERVICING TRANSFER

- Loans may be transferred to a different servicer after a certain period. Borrowers will be notified if this occurs.
- Follow all instructions provided in the transfer letter
- The payment amount and loan terms remain unchanged upon transfer to another lender
- If you are unable to make your payment in full, contact your lender immediately to discuss available options, which may include refinancing, loan modifications, repayment plans or forbearance



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