

The No-Nonsense Home Buying Guide

From Home Sweet Loan to, “Now I Own”



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Buying a home? It's a big deal. The kind of big that might make your heart race. But here's the thing—it could also be one of the smartest investments you'll ever make. From the thrill of calling a place your own to those sweet potential tax deductions, homeownership is packed with perks. Ready to start your journey? Grab this guide, and let's hit the road... all the way to your new front door.



A Homebuyer's Primer

To anyone buying their first home, the mortgage landscape can feel like a labyrinth of acronyms, rate tables, and banking terms. We get it—it's overwhelming. Not to worry. You're in the right place.

Mortgage Jargon, Demystified

APR (Annual Percentage Rate): Think of it as your loan's all-in number. The APR tells you what the whole thing costs – interest, fees, and all – wrapped up in one tidy percentage. Perfect for getting the big picture of what you'll really pay over the year.

ARM (Adjustable-Rate Mortgage): This mortgage loan type likes to keep things interesting. It starts off with a consistent interest rate, but after a few years, it will fluctuate regularly with market conditions. ARM loans usually include a bottom rate (the rate will not go below this) and a top rate (the rate will not go above this), despite any large swings market rates make. ARM loans might be great when rates are low, but be ready to adapt when they rise!

DTI (Debt-to-Income Ratio): How much of your paycheck is already spoken for? DTI tells lenders what percentage of your income goes toward paying recurring debt each month. The lower it is, the more breathing room a lender will perceive you'll have for that new mortgage loan.

Earnest Money: Think of it as a deposit that shows you're serious about buying a home. This "good faith" money is usually 1-2% of the purchase price and held in escrow. If you follow through with the purchase, it gets applied to your down payment or closing costs. If you back out without a good reason, it may be forfeited.

Escrow: Your built-in budgeting buddy. Part of your mortgage payment might go into an escrow account to cover property taxes and insurance. It's a way to spread out those big bills so you're not hit with them all at once. Sometimes, it can seem like your monthly mortgage payment is changing each year, but (assuming you have a fixed-rate loan) it's likely adjusting based on changes to your property taxes and insurance bill.

**Not to be confused with 'being in escrow,' which means that property, cash, and title are being held until predetermined conditions are met. (Being in escrow is a step in the process, not an account as described above)*

Fixed-Rate Mortgage: Set it and forget it. With a fixed-rate mortgage loan, your interest rate stays the same for the life of the loan – 15, 20, or 30 years – so your monthly principal and interest payment is nearly as predictable as clockwork.

Interest: The price of borrowing money. It's the percentage of your principal that you pay on top of the loan amount. The lower the interest rate, the lower your borrowing cost.

LTV (Loan-to-Value Ratio): LTV is the comparison game mortgage professionals play. It's how much you're borrowing vs. how much your home is worth. A lower LTV (read: more equity) could land you better loan terms and save you some cash in the long run – since the risk of loss if you default is perceived to be lower by the lender.

PMI (Private Mortgage Insurance): If your down payment is less than 20%, a PMI payment is like a safety net – but for your lender, not you. It protects them if you if you stop making your mortgage loan payments. The good news? You might be able to kick it to the curb once you hit 20% equity.

Principal: This is the main event – the actual amount you're borrowing to buy your home. Everything else, like interest, just tags along for the ride.

Rate Tables: These handy charts give you the lowdown on mortgage rates across the board, showing what you might pay at different interest rates and loan terms. Think of it as your guide to finding the sweet spot between what you want and what you can afford.



Mortgage Myth Busting

Myth: You Need 20% Down to Buy a Home

Fact: While a 20% down payment can help you avoid PMI, it's not a requirement. There are loan programs that allow as little as 3.5% down.

Myth: Once Your Offer Is Accepted, You're Done

Fact: Not quite. After your offer is accepted, there's still plenty to do—like securing your financing, getting the home appraised, home inspections, and finalizing the loan terms.

Myth: You Should Start Buying Furniture Once Your Offer is Accepted

Fact: It's tempting, but don't open new credit lines or make large purchases before closing. It can affect your credit score and jeopardize your loan approval.

Myth: The Lowest Interest Rate Is Always the Best Option

Fact: The rate is important, but so are the loan terms, fees, and your long-term plans. A slightly higher rate with better terms could save you money in the long run.



To Own or Not to Own?

Homeownership:

Pros: Build potential equity, potential tax benefits, stable payments (with a fixed-rate mortgage loan), and the freedom to personalize your space.

Cons: Upfront costs, maintenance responsibilities, and potential market fluctuations.

Renting:

Pros: Flexibility to move, fewer maintenance responsibilities, and lower upfront costs.

Cons: No equity build-up, rent can increase, and fewer options to personalize your space.

What to Expect When You're Inspecting

(and the Rest of the Timeline)

Here's a quick look at the typical timeline from pre-qualification to moving day:

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- Pre-Qualification/Pre-Approval (1-3 DAYS):**
Get pre-qualified or pre-approved for a mortgage loan to know your budget.
 - Home Search (1-3 MONTHS):**
Find the right home and make an offer.
 - Offer Accepted (1-2 DAYS):**
Negotiate terms and sign the purchase agreement.
 - Loan Application (1-2 WEEKS):**
Submit your full application and provide financial documentation.
 - Appraisal and Inspection (1-2 WEEKS):**
Ensure the home's value and condition.
 - Final Loan Approval (1-2 WEEKS):**
Lender reviews everything then issues the final approval and Clear to Close.
 - Closing (1-3 Days):** Sign the paperwork, pay closing costs, and get the keys.

And Again... But With the Juicy Details

Step 1: Get Pre-Qualified or Pre-Approved

Before you start dreaming about hardwood floors and open kitchens, you'll want to get pre-qualified or pre-approved for a mortgage loan. It's like getting a VIP pass before the concert—when you find the house, you'll be ready to make your offer.

Here's what to expect: **Credit Check:** Your mortgage pro will peek at your credit score, which is like your financial report card. The higher, the better—scores range from 300 to 850.

Employment History: Your job history and salary matter. Lenders want to see that you've got a steady income to cover those mortgage payments.

Assets and Debts: Be ready to show off your bank statements, tax returns, and any debts (think student loans, credit cards, and car payments). Your mortgage team wants to know your debt-to-income ratio—how much you owe versus how much you make.

Choosing Your Loan: No one-size-fits-all here. There are different loan options, and your Motto Mortgage loan originator can help you pick the one that fits your financial situation like a glove.



Step 2: Start the Home Search

Now that you're pre-qualified or pre-approved, it's time to start the hunt. Homes come in all shapes and sizes—condos, townhomes, single-family houses, you name it. The trick is to find one that fits both your lifestyle and your budget.

Here's how to narrow it down:

Know Your Budget: Stick to your budget like glue.

Location, Location, Location: Pick an area that suits your needs, whether it's close to work, schools, or that favorite coffee shop. Must-Haves vs. Nice-to-Haves: What's non-negotiable? A big backyard? A home office? Jot it down.

Outdoor Space: Don't forget to think about the yard, balcony, or patio.



Step 3: The Offer – The Contingency Countdown

You’ve found “the one,” and the offer is accepted—congrats! But now comes the contingency period, your window to do some serious due diligence before locking in the deal. Think of this as your “check under the hood” moment. You’ve got a deadline to finalize things or back out without losing your deposit.

Here’s the breakdown of what happens next:

Earnest Money: First up—earnest money. This is a good-faith deposit you put down to show you’re serious. It’s held in escrow and applied to your purchase later. But if you decide to back out for reasons not covered by contingencies, you could lose it.

Home Inspection: No one likes surprises—especially when it comes to buying a home. A home inspection gives you the lowdown on the property’s condition. If major issues pop up in the inspection (roof leaks, foundation cracks), you’ve got options: renegotiate, request repairs, or walk away.

Appraisal: Lenders want to know that the home is worth what you’re paying. An appraisal ensures the property’s value stacks up with the loan amount. If it doesn’t, you might need to adjust your offer or explore different loan options.

Homeowners Insurance: Lenders also require homeowners’ insurance. It’s protection for both you and them. Make sure your policy covers the home’s value, plus belongings inside.

Financing Approval: The clock’s ticking to get your financing officially approved. Your mortgage professional will work with the lender to confirm your loan. Be ready to supply any additional documents and avoid major purchases that might affect your credit.

Utility Check: Ensure water, electricity, and gas are squared away. Arrange for utility transfers to your name, so they’re ready to go on closing day.

Once the contingencies are cleared, you’re in the final stretch. But if something doesn’t sit right during the contingency period, you can walk away—no harm, no foul.

Step 4: Final Loan Approval

With the appraisal and inspection complete, the mortgage pros will finalize everything.

Submit Your Loan Application: This is the big one. All that prequalification or pre-approval information? Now it's official. Your mortgage team will review it to get the loan moving. This step could include providing more financial documentation and re-verification of your employment and debts (remember, no new big purchases or opening credit accounts)

Underwriting: The lender will verify all the info you've provided and make sure everything checks out.

Conditional Approval: Sometimes there are a few final conditions, like additional documents or clarifications. Once that's squared away, you'll get the final approval.

Step 5: Closing

The home stretch. Here's what happens:

Review the Closing Disclosure: This document outlines your loan terms, monthly payments, and closing costs. You'll get it at least three days before closing.

Sign the Paperwork: Get ready for a lot of signatures. You'll sign the mortgage, the note, and a bunch of other important docs.

Transfer of Ownership: After everything's signed, you'll get the keys to your new home!

Your Home Office Files

(Otherwise Known as an 'Appendix')

Getting Your Docs in a Row – Your Application Checklist

Here's what you'll need to apply for your mortgage loan:

- ☐ Personal Identification: Government-issued ID (like a driver's license or passport).
- ☐ Social Security Number: For you and any co-borrowers.
- ☐ Proof of Income: Pay stubs, W-2s, tax returns (last two years).
- ☐ Employment Verification: Your employer's contact info and your work history.
- ☐ Bank Statements: Last two to three months for all accounts.
- ☐ Credit Report: The mortgage professional will pull this, but it's good to know your score.
- ☐ Asset Documentation: Details on any savings, investments, or other assets.
- ☐ Debt Information: Statements for any outstanding loans or credit card balances.
- ☐ Purchase Agreement: This signed contract outlines the terms of the sale, including the purchase price, contingencies, and closing date. It's your official agreement with the seller, confirming you're on track to buy the home.
- ☐ Lock in Your Rate: Interest rates can fluctuate, so once you're happy with the rate, lock it in. Your rate is locked for a set period of time so this should coincide with your closing date.

From navigating rates to handling the paperwork, your local Motto Mortgage office has a home loan personal shopper ready to guide you through every step. They'll compare countless mortgage loan options from across the country and help you find the one that fits you best.

So, what do you say? Let's get you one step closer to that front door.

Dream Home Checklist:

Property Information

Address _____

of Beds _____ # of Baths _____

Square Footage _____ Asking Price _____

Rating the Home



Curb Appeal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Entryway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Living Area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Living Area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laundry Area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Primary Bedroom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Bedrooms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Primary Bathroom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Bathrooms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patio/Balcony/Deck/Porch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dream Home Checklist:

Rating the Amenities



Overall Condition of the Home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Appliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Home Security Features	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Smart Features	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot Size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Rating the Neighborhood



Convenience of Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Noise Level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintenance of Neighboring Homes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Green Spaces	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nearby Restaurants + Shops	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School District	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Conclusion

Overall Rating	1	2	3	4	5
Best Features	1	2	3	4	5
Dealbreakers	1	2	3	4	5



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