



HOME BUYING GUIDE

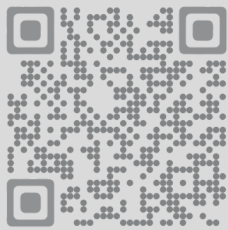
Let's find your dream home!



I've put together this packet as a service to you and is confident that you'll find it useful. Despite the fact that I've laid out the full procedure for you here, you can rest assured that I'll be in touch with you at every step of the way. I'll tailor my service to your specific preferences and requirements so that you have a truly unique experience with me. My primary goal is to make sure you're satisfied.

Thank You

- TIFFANY HSIAO



List of reasons why hire a real estate agent

Selling or purchasing a home is likely to be the most significant financial transaction you will ever make. It can also be a long, boring, complicated, and irritating process. There are a number of advantages to hiring a real estate agent to guide you through the process. Here are a few examples:

EXPERIENCE AND KNOWLEDGE.

1

If you employ a real estate professional who knows everything about buying and selling real estate, you won't need to know everything yourself. Agents are constantly up to date on the Real Estate Market and know what is going on. We are all busy in our daily lives and hiring professionals will help us save you more time and stress.

SAVE BOTH TIME AND ENERGY.

2

Your real estate agent will manage everything and make the procedure as easy as possible for you. If you're trying to sell a home, the agent will handle showings so you don't have to make all those time-consuming appointments yourself. The agent will also filter all those annoying phone calls that go nowhere, assisting you in identifying serious purchasers. If you are a buyer, your agent will shield you from being bombarded with calls and seller marketing tactics.

NEIGHBOR KNOWLEDGE

3

Real estate agents are intimately familiar with the market on a street-by-street and even house-by-house basis, including buyer's and seller's markets. As a result, they have firsthand knowledge of the market and are knowledgeable about the various homes on the market. They can locate comparable home sales and provide you with this information so you can make an informed selection.

GIVE DETAILS ABOUT THE PRESENT STATE OF THE MARKET

4

Real estate specialists are the best people to ask about current market circumstances. They are knowledgeable with all areas of the real estate industry, particularly how various factors such as interest rates and unemployment affect the market. They can advise you on your options by weighing all of the facts, including list-to-sold price ratios, median and average sales prices, average per square foot cost of similar homes, and average sales prices.

ADVICE ON COSTS

5

Real estate agents are relentless analyzers who can successfully assist you in selling or purchasing at the best price. Your real estate agent will assess all of the information and assist you in making the best decision for yourself, without pressuring you to accept a specific price.

List of reasons why hire a real estate agent

PROFESSIONAL NETWORKING/CONNECTIONS

6

Real estate agents network with other professionals, many of whom offer services that you will require while buying or selling a home. Many agents are hesitant to endorse one individual or organization over another due to legal liability, but they do know which vendors have a reputation for timeliness, expertise, and competitive price. Agents, on the other hand, can supply you with a list of references with whom they have worked and background information to assist you make a decision.

CONFIDENTIALITY ON NEGOTIATION SKILLS

7

Top producing agents are effectively no negotiators because, unlike most buyers and sellers, they can distance themselves from the emotional components of the transaction. It's a requirement of their employment. They are professionals who have been taught to present their clients' cases in the best possible light and have agreed to keep client information confidential from competing parties.

HELP WITH THE PAPERWORK/LEGAL DOCUMENTS TO PROTECT CLIENTS

8

Extensive documentation is generally involved in real estate transactions, including complicated contract forms, requests, offers and repeated counter offers, federal- and state-mandated disclosures, and more. An agent can make the process easier for you by managing all of the paperwork.

PROVIDE COMPETENT ADVICE ON THE CLOSING PROCESS

9

Closing a real estate transaction is often a complex and time-consuming procedure. There are also a variety of issues that may develop after closing, such as house inspections, repair costs, real estate taxes, and others, which can derail the process or even cost you afterwards. Your real estate agent can foresee potential issues and clear up any confusion.

CREATE PROFESSIONAL RELATIONSHIPS FOR THE FUTURE

10

The agent you pick will be there for you in the long term if you need to buy or sell a home. Real estate agents rely on recommendations to develop their business, and they will go to great lengths to ensure you are pleased and content so that you would recommend them to your friends and family.

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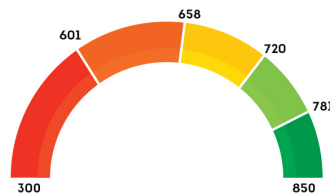


The steps in home buying process.



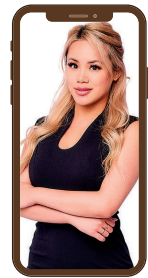
SAVE FOR YOUR DOWN PAYMENT

Make a budget and conduct research. There are numerous low-down-payment options.



KNOW YOUR CREDIT LIMIT

Learn your credit score and pay off any outstanding debts, such as student loans and credit cards.



FIND A REAL ESTATE AGENT

Contact a local expert to help you through the process.



MAKE AN OFFER

Decide on a price and then negotiate the contract.



FIND A HOME

Work with your agent to find a home that meets your needs within your budget.



GET PRE-APPROVED

Make a name for yourself as a serious buyer, and you'll have a better idea of what you can afford.



HAVE A HOME INSPECTION

Discuss any hidden flaws in the house with the seller.



GET A HOME APPRAISAL

Check to see if the property is worth the price you're willing to pay.



FINAL LOAN APPROVAL



CLOSE THE SALE

Once the loan has been approved, set a closing date so you can sign the final paperwork.



MOVE IN!

Congrats! You're a homeowner.



GET PRE-APPROVED **BEFORE** YOU START HOUSE SHOPPING!

WHY BEFORE? Getting PRE-APPROVED before you start house hunting has numerous benefits!

- ✔ A pre-approval can help you determine your price range and budget.
- ✔ It can expedite the homebuying process once you've found your dream home.
- ✔ Gives you a competitive edge if there are multiple offers.
- ✔ Some Realtors won't even show you a home without one!



PRE-QUALIFIED

vs



PRE-APPROVED



A general idea of how much you qualify for



A specific amount for which you have been approved



Provide basic info to your lender



Provide employment and financial info and history to lender



Gives the impression you are just window shopping



Lets realtors know you're a serious buyer



Cannot write offers



Pre-Approval required before signing contract



Can be done online or by phone



Can be done online or by phone

Pre-qualification Requirements

To get pre-approved for a mortgage, you'll need five things—proof of assets and income, good credit, employment verification, and other types of documentation your lender may require. Here is a detailed look at what you need to know to assemble the information below and be ready for the pre-approval process:

1



PROOF OF INCOME

Buyers generally must produce W2 wage statements from the past two years, recent pay stubs that show income as well as year-to-date income, proof of any additional income such as alimony or bonuses, and the two most recent years' tax returns.

2



PROOF OF ASSETS

The borrower needs bank statements and investment account statements to prove that they have funds for the down payment and closing costs, as well as cash reserves.

3



GOOD CREDIT

Most lenders require a FICO score of 620 or higher to approve a conventional loan, and some even require that score for a Federal Housing Administration loan.⁷ Lenders typically reserve the lowest interest rates for customers with a credit score of 760 or higher. FHA guidelines allow approved borrowers with a score of 580 or higher to pay as little as 3.5% down.

4



EMPLOYMENT VERIFICATION

Lenders want to make sure they lend only to borrowers with stable employment. A lender will not only want to see a buyer's pay stubs but also will likely call the employer to verify employment and salary. A lender may want to contact the previous employer if a buyer recently changed jobs.

5



OTHER DOCUMENTATION

The lender will need to copy the borrower's driver's license and will need the borrower's Social Security number and signature, allowing the lender to pull a credit report. Be prepared at the pre-approval session and later to provide (as quickly as possible) any additional paperwork requested by the lender.

Which loan is right for you?

With any home purchase, there are a lot of things to learn including the differences between your mortgage loan options. Knowing how these different loans work in general will help you understand the mortgage process more fully and help you decide on a loan that's right for you and your unique financial situation.

✔ CONVENTIONAL MORTGAGE

Conventional loans are the go-to choice for many home buyers today. They offer great rates, many down payment options, and flexible terms.

Many conventional loans are known as "conforming loans" because they conform to standards set by Fannie Mae and Freddie Mac.

What this means for you is that most lenders across the country offer these loans. Banks, credit unions, and mortgage companies in nearly every U.S. city are able to offer conforming mortgages at competitive rates.

Most mortgage lenders require a credit score of 620 or higher for a conventional/conforming loan.

And these mortgages come with a feature that many others don't: Your mortgage rate is directly tied to your credit score and down payment. So the stronger your finances are, the better deal you'll get.

✔ FHA HOME LOANS

FHA loans are the favorite for many of today's first-time home buyers. Their popularity is understandable.

With small down payment requirements, ultra-lenient credit score standards, and flexible income guidelines, the FHA mortgage is making homeownership available to a wide swath of renters.

Thanks to their backing from the Federal Housing Administration, FHA loans can be lenient with credit and income guidelines and still offer low interest rates.

✔ VA LOANS

Home buyers with eligible military service history can qualify for a 100% (zero-down) loan backed by the U.S. Department of Veterans Affairs.

VA loans are often considered the best mortgages on the market, and for good reason: they offer lower rates than 'standard' loans, and there is never any monthly mortgage insurance required.

Buyers with any type of U.S. military service history – including veterans, active-duty service members, and surviving spouses – should consider this loan first.



✔ USDA MORTGAGE

The U.S. Department of Agriculture backs a home loan program that goes by many names: the Rural Development (RD) loan, the Single-Family Housing Guaranteed program, or most commonly, the 'USDA loan.'

The USDA loan targets low-income to moderate-income home buyers who plan to live in rural and suburban areas.

The program is meant to make homeownership more affordable by eliminating the down payment requirement. It also offers reduced interest rates and mortgage insurance costs.

✔ ADJUSTABLE-RATE MORTGAGES

The majority of home buyers choose a 30-year fixed-rate mortgage for its stability and low monthly mortgage payments.

But if you plan to live in your home less than 10 years, an adjustable-rate mortgage (ARM) might be right for you.

ARM mortgages come with an initial fixed interest rate that lasts a set number of years. After that, your rate can rise with the market. But if you plan to move or refinance before the fixed-rate period is up, you don't have to worry about your rate increasing.

The introductory rates on ARM loans are typically lower than the 30-year fixed option. Yet, the rate is still fixed for a certain amount of time – usually 5, 7, or even 10 years. The buyer can save a considerable amount over that time.

✔ JUMBO LOANS ('NON-CONFORMING LOANS')

What if you live in a city or neighborhood with high home prices?

Conventional loans by Fannie Mae and Freddie Mac allow generous loan limits up to \$647,200, and higher in many areas. But even that amount is not enough in some high-cost areas where real estate values have soared in recent years.

A non-conforming loan, more commonly known as a 'jumbo loan,' falls outside of Fannie Mae and Freddie Mac's stated loan limits. Many banks offer jumbo financing up to \$2 million, \$3 million, or more.

While you might think higher loan amounts would come with higher interest rates, jumbo loan rates can actually be close to or even lower than those for conventional loans. But you should expect to need a strong credit score to get approved and qualify for the lowest rate possible.

✔ FHA 203K REHABILITATION LOAN

Buying an older or 'fixer-upper' home can be a great way to save money on your home purchase. But you'll need a way to pay for renovations. A 203k mortgage can help.

The 203k loan is a type of FHA mortgage that allows you to buy a fixer-upper and borrow money for repairs at the same time.

Many homes today – foreclosures, short sales, or homes on the open market – are in disrepair. Often, they don't qualify for financing without significant work. Normally, you can't fix up a house before you own it. It's a catch 22.

The FHA 203k loan solves that problem by allowing you to buy the home as-is and borrow enough for rehab. Buyers often gain significant equity in the process.

Which loan is right for you?

The good news is, you're not alone when it comes to choosing the right type of mortgage. Your loan officer or mortgage broker will provide expertise and guidance to help you make the best choice. However, you should keep in mind that not every mortgage lender or broker offers every type of loan.

For instance, you might be qualified for a zero-down USDA loan – but if the lender you're applying with doesn't offer USDA mortgages, they might not bring this up.

That's why it's important to understand your options and come to the table prepared to discuss them.

Pick a few of the loan types from the list above that seem like they might be best for you. Then your loan adviser can help you compare rates, requirements, upfront fees, and long-term costs to find the absolute best fit.

Home loan application checklist to get approved

If you're thinking of buying a home, paperwork is going to play a big role in securing your mortgage. This information is critical to helping your lender verify your income and assets. Underwriters have strict requirements they must follow that may require verification at several points during the application process.

EMPLOYMENT/INCOME

- ✓ Provide most recent paystubs for 1 month.
- ✓ Provide W-2's / 1099s for the past two years.
- ✓ If VA, provide DD214 & certificate of eligibility.
- ✓ Provide all pages and schedules of last two years personal Federal tax returns.
- ✓ If self employed, provide last two years business tax returns & corporate K-1's.
- ✓ If any rental income is received, provide copy of current lease agreement.

CREDIT

- ✓ Copy of divorce decree.
- ✓ Letter of explanation for all recent credit inquiries.
- ✓ Copy of enlarged driver's license and social security card.
- ✓ Copy of bankruptcy papers, including all schedules and discharge, and credit explanation letter for reason of bankruptcy.
- ✓ Letter of explanation of any late payments, collections, charge off's or derogatory credit.

ASSETS

- ✓ Provide ALL pages of most recent 2 months statements for all accounts.
- ✓ If funds to close will come from a gift, employ gift letter from loan officer.
- ✓ If funds to close will come from sale of home, provide copy of closing disclosure.
- ✓ Homeowners Insurance Agent's Contact Information.

Even with these documents ready, your lender may ask for other supporting information. It's common for loan officers to need additional documentation as they work through your loan application. To keep things moving on your loan, it's important to respond to your lender as quickly as possible.

House wants and needs list

(Circle must-haves, check nice-to-haves, and cross off unimportant features)

STRUCTURAL

- Garage Attached / Detached
- Single Story
- Multiple Storys
- Basement
- Attic

INTERIOR FEATURES

- Hardwood Floors
- Laundry Room
- Light Fixtures
- Bath Tub
- Handicap Accessible
- Countertop Space
- Kitchen Island
- Cabinet Space
- Pantry
- Closet Space
- Family Room
- Formal Dining Room
- Fireplace

LOCATION

- Quiet Street
- Cul-De-Sac
- Strong Schools
- Walking Neighborhood
- Privacy
- Public Transportation
- Parks / Playground
- City Services
- Street Lights
- Parking
- Proximity to Work
- Pool

EXTERIOR FEATURES

- Deck / Porch / Patio
- Fenced-In Yard
- Mature Trees, Shrubs
- Paint Color
- Garage Attached / Detached
- Brick
- Fence

HEATING & AIR CONDITIONING

- Energy Efficient
- Central Air-Conditioning
- Gas Fireplace
- Wood Fireplace
- Forced Air Heat

OTHERS

- _____
- _____
- _____
- _____
- _____

Calculating your debts to income ratio

debts

Monthly Minimum Credit Card Payments

\$

Monthly Car Payments

\$

Monthly Personal Loan Payments

\$

Monthly Student Loan Payments

\$

Monthly Child Support / Alimony

\$

GROSS MONTHLY DEBT

\$

gross income

Monthly Gross Salary

\$

Monthly Bonus and Overtime

\$

Other Monthly Income

\$

GROSS MONTHLY INCOME

\$

Affordability is critical when buying a house and calculating your debt-to-income ratio is one way to assess how much you can realistically spend on a property. Typically, your mortgage payment should not exceed about a third of your gross monthly income.

As a general rule of thumb, your overall debt-to-income ratio, including your future mortgage payment, shouldn't exceed 36% to 43% of your gross monthly income.

To calculate your DTI, simply add up all your minimum monthly debt payments and then divide the total by the total on your monthly gross income. If you have a monthly gross income of \$6,000 and monthly debt payments of \$1,500, your debt-to-income ratio is 25%. In which case, you shouldn't have a problem qualifying for a mortgage.

Understanding Private Mortgage Insurance

Private mortgage insurance, or PMI, is a type of insurance that's often required when buying a home with less than a 20% down payment. As the homeowner, you'll pay PMI monthly premiums with your home loan payment. This type of insurance protects your mortgage lender in the event of default.

Private mortgage insurance is specific to conventional home loans, which typically require a minimum down payment between 3% and 5%. But this isn't the only type of mortgage program that requires mortgage insurance. USDA and FHA home loans also require mortgage insurance when a borrower puts down less than 20%.

How to get rid of Private Mortgage Insurance?

If you decide to purchase a home with a lower down payment and pay the PMI, you may be possible to eliminate this expense in the future.

If you have a conventional mortgage, the good news is that mortgage lenders waive mortgage insurance once the property has at least 22% equity, although you can request its removal once the property has 20% equity.

To get rid of mortgage insurance with an FHA home loan, you would have to refinance the mortgage once the property has 20% equity, getting either another FHA home loan or another type of mortgage. This also applies when getting rid of mortgage insurance with a USDA home loan.



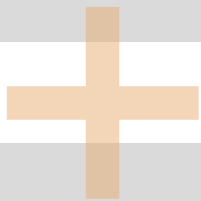
Understanding your mortgage statement

Your monthly mortgage payment is likely to include four elements: **Principal, Interest, Taxes, and Insurance** -- referred to as **PITI**.

PRINCIPAL



INTEREST



TAXES



INSURANCE

The portion of your monthly payment that reduces the balance of your loan amount.

The portion of your monthly payment that is applied toward your interest.

The portion of your monthly payment that reduces the balance of your loan amount.

Property insurance is required on every home. Like taxes, they are made with each payment and held in escrow until the bill is due to be paid.

Low Down Payment Options

1 LOW TO NO DOWN PAYMENT MORTGAGES

If you're thinking about buying a home, but don't think you'll qualify due to limited resources, you'll be happy to know that many programs allow purchases with as little as 3% to 5% down.

You can get an FHA home loan with as little as 3.5%, and you can qualify for conventional home loans with only 3% to 5% down. Also, if you're active duty, a veteran or the eligible spouse of a qualifying veteran, you can purchase a home using a zero-money-down VA home loan.

Are you thinking about buying a property in a rural area? If so, a zero-down USDA home loan might be an option. And the good thing about USDA loans is that you don't have to live in the middle of nowhere! Many small suburbs and towns on the outskirts of metropolitan cities qualify as rural and may be eligible for these loans.



2 HOME BUYERS ASSISTANCE PROGRAM

In addition to a low down payment mortgage, you may be eligible for a homebuyer's down payment assistance program offered by your state. These programs are designed to make homeownership more affordable and accessible to borrowers. If eligible, you can receive help with your down payment and/or closing costs.

The type of help varies by location. Some eligible homebuyers receive a second mortgage to cover their down payment or a no-interest loan, whereas others might receive a homebuying grant. To learn about state homebuying assistance programs in your area, visit the online website for the U.S. Department of Housing and Urban Development (HUD).



3 MORTGAGE TAX CREDIT

In addition to a low down payment mortgage, you may be eligible for a homebuyer's down payment assistance program offered by your state. These programs are designed to make homeownership more affordable and accessible to borrowers. If eligible, you can receive help with your down payment and/or closing costs.

The type of help varies by location. Some eligible homebuyers receive a second mortgage to cover their down payment or a no-interest loan, whereas others might receive a homebuying grant. To learn about state homebuying assistance programs in your area, visit the online website for the U.S. Department of Housing and Urban Development (HUD).



Making an offer

To make an offer we need to know a couple of things first. Here are some of the important things we need to know.

**OFFER
AMOUNT
+
PERSONAL
LETTER**

**ESCROW
DEPOSIT
AMOUNT**

**TARGET
CLOSING
DATE**

**TARGET
MORTGAGE
COMMITMENT
DATE**

**INSPECTION
PERIOD**

**CONFIRMED
PRE-APPROVED
LETTER FROM
YOUR LENDER**

**TYPE OF
FINANCING**

**WHAT
APPLIANCES
& FIXTURES
WILL STAY?**

**CLOSING
COST
ESTIMATES**

Under Contract and in Escrow

OPEN ESCROW



Money goes to an objective third party until all terms are agreed upon and finances are cleared.

ADDRESS LEGAL ISSUES



Get title insurance and consider hiring a real estate attorney.

NEGOTIATE CLOSING COSTS



First, make sure you are not paying any unnecessary fees. Then, of the remaining fees, decide which party pays what.

HOME INSPECTION



Hire an inspector (usually by Realtor recommendation) to check property.

PEST INSPECTION



Checking for termites, rodents, etc is separate from the home inspection.

LOCK INTEREST RATE



With the help of a lender, lock in the lowest rate you can get before signing the papers.

ADDRESS CONTINGENCIES



Make sure all terms in the original offer have been met to satisfaction.

FINAL WALK-THRU



Walk the property one last time to ensure there's nothing that could violate terms.

DOWN PAYMENT



this cash payment will be made to escrow, and later distributed to the appropriate party.

SIGN PAPERS



Officially claim the title and take the keys to your new home!

What not to do during the homebuying process

(X) DO NOT QUIT YOUR JOB, CHANGE JOBS, OR BECOME SELF-EMPLOYED DURING THE CLOSING PROCESS

(X) DO NOT BUY A CAR

(X) DO NOT CHANGE BANKS

(X) DO NOT SPEND ALL YOUR SAVINGS

(X) DO NOT MAKE BIG CREDIT CARD PURCHASES

(X) DO NOT GET BEHIND ON YOUR BILLS



(X) DO NOT CONSIGN ON A LOAN FOR ANYONE

(X) DO NOT IGNORE THE LENDERS REQUIREMENTS

(X) DO NOT APPLY FOR NEW CREDIT CARDS

(X) DO NOT LEASE A NEW CAR

(X) DO NOT BUY FURNITURES BEFORE CLOSING

(X) DO NOT MAKE USUALLY LARGE DEPOSITS TO YOUR ACCOUNT OUTSIDE OF YOUR PAYCHECK



Closing Day

HOME INSURANCE

Most mortgage companies will require proof you have obtained homeowners insurance before you can close on your new home.

This is also known as an insurance binder shot for your insurance early in the buying stage. This step alone can help put you in a better position to close on time.



REVIEW THE CLOSING DISCLOSURE

You have 3 business days to review your closing disclosure. Use your 3 days wisely. Now is the time to review your documents, ask questions, and ensure you understand what you are signing up for.



TRANSFER UTILITIES

Call your local utility provider ahead of time and let them know you will be purchasing the home. This will help you avoid any temporary shut offs.

