



**BIG
VALLEY
MORTGAGE**

HANDBOOK BUYING YOUR FIRST HOME

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Ready to learn more about the steps that will take you along the road to homeownership?

If this is your first time going through the homebuying process, you may have some questions about where to begin and who to turn to for help.

For example, who do you contact first: a real estate agent or a loan advisor?

(The answer may surprise you.)

Follow along as we break down these steps one-by-one so you

can have a better understanding of the home buying process.



FIRST TIME HOMEBUYERS' CHECKLIST



1. BE INFORMED ABOUT YOUR CREDIT



2. UNDERSTAND YOUR FINANCIAL PICTURE



3. GET PRE-APPROVED WITH A MORTGAGE PROFESSIONAL



4. SHOP & MAKE AN OFFER ON A HOME



5. COMPLETE THE MORTGAGE PROCESS



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BE INFORMED ABOUT YOUR CREDIT

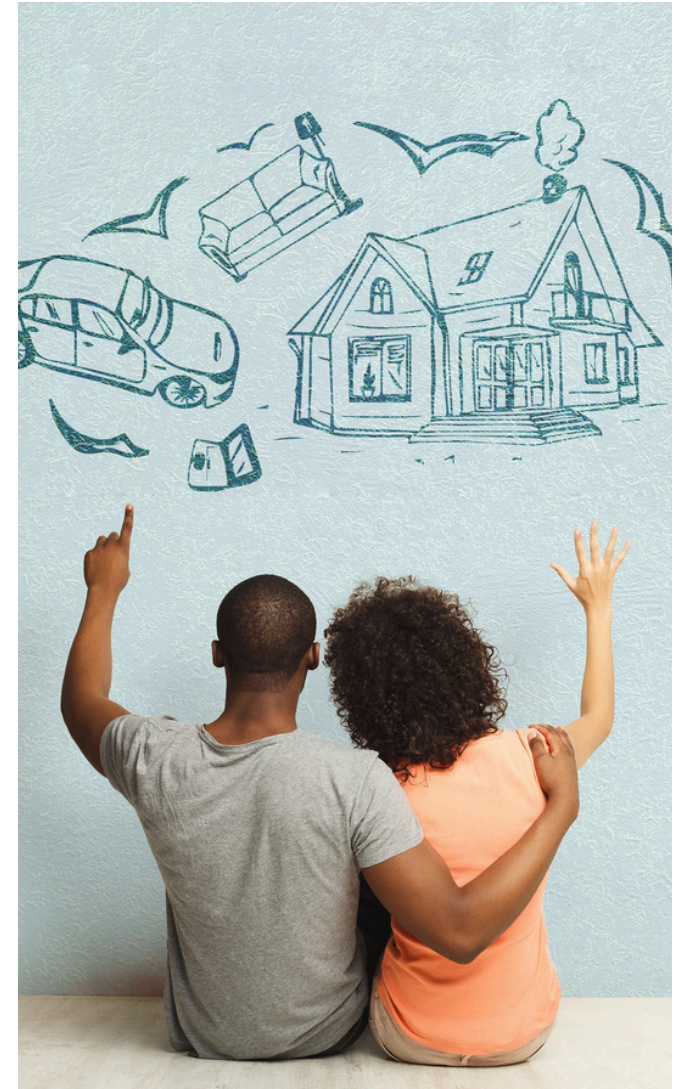
It's important to know your credit score and how it will factor into a lender's decision to qualify you for a home loan.

How much do you know about your credit? Your credit score will definitely play a large role in getting a mortgage loan and favorable interest rates. Knowing your credit score and reviewing your credit report before you consider buying a home may help you prevent unexpected surprises.

How to Request & Review Your Credit Report

You can request a free copy of your credit report once each year from all three of the major credit reporting agencies. Go to www.annualcreditreport.com to receive your free credit report.

Once you have your credit report, be sure to review it. If you see any mistakes in your report, you will want to take care of them immediately. Contact both the credit bureau and the creditor that reported the incorrect information to have it fixed.



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CREDIT REPORTING AGENCIES

Once you receive your credit report, record the balances and payment information on the worksheet below. If you notice any inaccuracies, you can reach out to the creditor or the agencies to file a dispute.

Equifax:

1-800-685-1111

www.equifax.com

Score:

● ●

TransUnion:

1-800-916-8800

www.transunion.com

Score:

● ●

Experian:

1-888-397-3742

www.experian.com

Score:

[illegible]

Outstanding debt:

[illegible]

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UNDERSTAND YOUR FINANCIAL PICTURE

When looking at buying your first home, you will first need a good understanding of your finances, and how that will play a role in qualifying for a mortgage loan. Here are 4 steps to walk you through your financial picture.

■ STEP 1

Write down all of your earnings for the year, including wages, commissions, bonuses and self-employed income. In addition, if you choose to have it considered for qualifying, you may include any child-support or separate maintenance payments, alimony payments, or income from a public assistance source.

■ STEP 2

Make a list of all your obligations. You will want to know how much you owe in total for all credit cards, retail accounts, student or auto loans, and other debts. What is the minimum monthly payments required for each?

■ STEP 3

What have you saved? Take note of how much you have in your savings accounts, as well as retirement accounts such as IRAs or 401ks.

■ STEP 4

Finally, identify your spending habits. How much are you spending on essentials, such as your living expenses, and how much is going towards non-essentials such as dining out, or entertainment? This will help you identify any trade-offs you might be willing to cut out of your non-essentials budget.



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FINANCIAL SNAPSHOT WORKSHEET

Create a financial snapshot that is up-to-date. Writing this information down will be helpful when it is time to meet with a loan advisor.

Step 1: Earnings

Income Source	Frequency	Monthly Amount
		\$
		\$
		\$
		\$
		\$
Total: \$		

Step 3: Savings

Type of Savings	Amount
	\$
	\$
	\$
	\$
Total: \$	

Step 2: Obligations

Creditor	Amount Owed	Min. Monthly Payment
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Total: \$		\$



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FINANCIAL SNAPSHOT WORKSHEET (CONT.)

Step 4: Spending

Essentials

Food, utilities, phone, insurance, etc.

Frequency	Description	Amount
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$

Total: \$ _____

Non Essentials

Entertainment, gifts, travel, dining out, etc.

Frequency	Description	Amount
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$

Total: \$ _____



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GET PRE-APPROVED WITH A MORTGAGE PROFESSIONAL

Working with a mortgage professional early in the home buying process is extremely important. *An experienced and knowledgeable mortgage loan advisor* will help you review your overall financial picture, discuss your financial goals, and work with you to determine what homeownership looks like for you. Your advisor will then help you map out a plan to get you to the finish-line and into your new home.

One of the most important reasons to team up with your mortgage professional before you begin the process of shopping

for a home is to obtain a **pre-approval**. A pre-approval is part of the official loan process where a lender provides you with a letter confirming the specific loan amount and terms for which you qualify.



MORTGAGE LOAN ADVISOR

Name: _____

Company: _____

Email: _____

Cell Number: _____



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QUALIFICATION BASICS

WHAT IS . . . DEBT TO INCOME RATIO? (DTI Ratio*)

FRONT END DTI { HOUSING EXPENSES divided by Gross Income }

Mortgage, Principal and Interest Payments; Property Tax; Homeowner's Insurance;
Other: Mortgage Insurance, HOA Fees



Housing Expenses

BACK END DTI { HOUSING + OTHER EXPENSES divided by Gross Income }



Student Loans



Car Loans



Loans



Credit Cards

CAPACITY

Capacity is all about your capacity to pay - in other words, your income and all associated expenses. This includes the new monthly mortgage payment (front-end DTI) and ALL of your monthly obligations (back end DTI). This is determined by dividing your monthly obligations by your monthly income - resulting in a debt-to-income (DTI) calculation. Typically your DTI should be under 42%, but every situation is different, so please consult with a mortgage advisor.

In addition to comparing your income with your obligations, this part of qualifying also takes into account the amount of your income - that which is verified and has continuance.

ASSETS

Assets refer to your money - the funds you will use for the down payment on your home. This includes your bank accounts, retirement accounts, gift funds, cash on hand, or other types of assets. Part of qualifying will be proving the assets are yours, as well as documenting any gift funds or other down payment assistance you may be utilizing.

CREDIT

Credit qualifications is centered around your credit history and FICO score - that which is found on your credit report from section 1. The FICO score will take into account the amount of credit you have, the total amount of credit used and/or available, how timely your payments have been, and any recent accounts opened or closed.

Every loan program has its own credit requirements, your mortgage advisor will review those with you.



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THE POWER OF A PRE-APPROVAL & KEYS ON TIME™

Now that you've got the basics, you can work with your local loan officer in getting your pre-approval in place. It's important to present a pre-approval letter along with your offer when you find the home of your dreams, as it will help you to make the strongest possible offer. Sellers see that you have begun the mortgage process, and that a lender has agreed to give you the amount you are offering, which can give you a competitive advantage over other potential buyers.

You can have an even more distinct advantage if you get pre-

approved with Big Valley Mortgage's **Keys on Time** program. It will help you to beat out other bidders, as a seller knows you have already been pre-approved for financing and can close in 20-days or less. If you don't close on time, you could receive a closing cost credit of \$895* (see footnote).



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SHOP AND MAKE AN OFFER ON A HOME

Expand your team of professionals, make your wish list, and go house hunting with a pre-approval letter in hand.

Your mortgage loan advisor was the first professional to join you on your homebuying journey, but now it's time to expand your team to include a real estate professional who can help you find the house of your dreams.

Why Work with a Real Estate Agent?

Real estate agents have access to MLS listings - all the local homes listed for sale by other agents. In addition, there are other benefits to working with a real estate professional, whose job includes:

- Arranging appointments to view homes
- Advising you on local real estate markets and property values
- Helping you to make a competitive offer
- Negotiating the purchase contract terms with Seller and Seller's agent
- Recommending inspectors to evaluate the property
- Monitoring the escrow process on your behalf

Partnering with a knowledgeable and experienced real estate agent can help make the home buying process smoother, easier, and can help you find the home that you are dreaming of.



REAL ESTATE AGENT

Name: _____

Company: _____

Email: _____

Cell Number: _____



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DREAM HOME WISH LIST

Bedroom Count: _____

Bathroom Count: _____

Square Footage: _____

Desired Neighborhood: _____

Desired School District(s): _____

Style of Home: _____

Other Features: _____

Listing out what you want in a home and its surrounding areas will be helpful for your real estate agent when he/she helps present you with homes in your price range.

MAKE A WISH LIST

When you meet with your agent, you may want to have an idea of what you are looking for in a home. While you may not be able to check off everything on your list, you can communicate to your agent which things are your top priority in a new home.

Your list may include:

- Which neighborhood or area of town do you prefer to live in?
- Do you have a preference on schools?
- Do you want a newer home, older home, or fixer upper?
- What style of housing appeals to you?
- How many bedrooms do you want?
- What size house do you prefer?
- What features (inside or out) do you want to have?



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COMPLETE THE MORTGAGE LOAN PROCESS

When your offer has been accepted, it's time to move forward with the mortgage loan process.

Now you have the information that a lender needs to move your loan forward, such as the property address of the home you want to purchase. Your mortgage advisor will help you update and complete your loan application so that it can be submitted for final underwriting review and approval and walk you through the rest of the loan process.

Please note that before your loan gets final approval, you may receive a list of closing conditions that need to be met. These conditions can include verification that your employment is still current, proof that you have obtained homeowners insurance and any other items as requested by the underwriter. Once closing conditions have been satisfied, the underwriter issues a clearance and your loan is fully approved.

Buying your first home should be an exciting experience. We can help you keep it from being an overwhelming one.



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About BVM

As a company, we embrace the concept of homeownership with enthusiasm and optimism for housing in America. Every employee at Big Valley Mortgage takes personal ownership in creating experiences that matter for our customers and consumers. Every transaction represents a family, a home, and a life decision - we understand and value that our participation is a privilege and that our job is to delight everyone involved in the loan process.



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*Not available in Oregon. The "Keys on Time" program is a limited guarantee that APMC will provide a credit to the borrower of \$895 after the close of escrow if, due to some fault on the part of APMC, its originators or other APMC staff, a purchase transaction does not close until a date after the anticipated close of escrow date. The "Keys on Time" limited guarantee does not apply if the purchase transaction fails to close on or before the anticipated close of escrow date due to events/circumstances beyond APMC's control, including but not limited to, delays caused by: an unacceptable or unvalued property, acts or omissions by the escrow or title company, second lien holder approvals, short sale approval, or loan conditions imposed by the lender that, despite reasonable diligence by APMC, are not met by any party in a timely manner. The "Keys on Time" limited guarantee applies to purchase transactions only. The complete loan package must be received in the APMC Fulfillment center a minimum of 20 days prior to the COE date. Exclusions: The limited guarantee does not apply to the HARP program, reverse mortgages, FHJ products or any loans that require prior approval from an investor. The limited guarantee applies to purchase transactions only. All programs are subject to borrower and property qualifications. Rates, terms, and conditions are subject to change without notice.

* *To qualify for this program, APM must give full credit approval to all borrowers on the loan. There are specific terms for each lock, based on which variation of the SecureLock program is used. Eligible in all states where APM is licensed. Not all programs apply, contact us for more details.



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