



# Homebuyer's Guide



This is an **EXCITING TIME**, and we are happy to be on this journey to Homeownership with you! Purchasing a new home is a **BIG DECISION** and something most people only do a few times. There are many steps in the homebuying experience and the details might seem overwhelming, but this guide will help you navigate the entire process with confidence.

**Let's get started!**



WE INVITE YOU TO

# Experience Gateway



As one of the largest privately held mortgage companies in the country, Gateway Mortgage delivers value through every stage of the mortgage process. Not only will you have a knowledgeable, local mortgage professional who will work with you to find a home loan solution to meet your needs, you will have access to intuitive technology that makes the loan process easy to navigate and gets you to closing faster.





Welcome Home!

kitchen

office



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# Value of Homeownership



## TAX BENEFITS

Homeowners may be able to deduct certain expenses (such as mortgage interest) from their taxable income. This is a powerful financial incentive for owning a home. Talk to an accountant or tax professional to learn more.



## EQUITY

Homeownership offers the potential to build equity (the portion of your home that's paid for plus any rise in property value, less what you owe on the mortgage). You can think of it as forced savings that can be used later (through cash-out refinance or proceeds from selling).



## POTENTIAL LONG-TERM INVESTMENT

While there is no guarantee that your property will increase in value, history shows that over time home values are likely to appreciate.



## PERSONALIZATION

You can paint, decorate, and/or remodel to suit your personal style. Whatever you can dream up, you can do... you own the place!



# Meet Your Team of Homebuying Professionals

## **LOAN ORIGINATOR (LO)**

Your guide throughout the mortgage process. From pre-qualification or pre-approval, to finding a mortgage solution to fit your needs, to walking you through the entire application process, to closing day, your Gateway LO is your “Go-To” person.

## **REAL ESTATE PROFESSIONAL**

Your guide to finding your perfect home. Your Real Estate Professional will help find houses that meet your criteria for location, school districts, amenities, and more. They can also be a great source for referrals, like Home Inspectors, Painters, Remodelers, and other industry professionals.

## **LOAN PROCESSOR**

Your anchor during the application process and through closing. They prepare and submit your loan application and documents to the Underwriter. They will also be your contact should you have any questions during the loan approval process.

## **UNDERWRITER**

Your reviewer of the loan package (loan application and supporting documents) and the loan program for approval. Your Gateway Underwriter will ensure your ability to repay the loan and that the property value meets guidelines for purchase.



### **APPRAISER**

Your estimator of the current value of the property you are preparing to buy. Gateway will arrange for an Appraiser to conduct a walk-through of the interior of the home and evaluate the exterior to determine the condition of the home and amenities and to ensure there are no health or safety code violations.

### **HOME INSPECTOR**

Your examiner of the home you are preparing to purchase. Your Home Inspector will evaluate the condition of the home and provide a comprehensive report on the findings. You will work with your Real Estate Professional to negotiate any changes to the offer following review of the report.

### **TITLE/ESCROW OFFICER**

Your neutral, third-party individual who ensures there are no obstacles (liens, overdue taxes, zoning restrictions, etc.) to purchasing the property. The Title Officer will also hold the funds passing between the Seller, Buyer, and Lender in an escrow account.

### **INSURANCE AGENT**

Your guide through the ins and outs of homeowner's insurance and hazard insurance. Hazard insurance may or may not be required on your property. Work with your Gateway LO to determine if additional hazard insurance is required.



# Steps to Homeownership



## \*HELPFUL RESOURCES

Check out these interactive websites provided by the Consumer Financial Protection Bureau (CFPB) to better understand your Loan Estimate (LE) and Closing Disclosure (CD)

- <https://www.consumerfinance.gov/owning-a-home/loan-estimate>
- <https://www.consumerfinance.gov/owning-a-home/closing-disclosure/>



1

**GET PRE-QUALIFIED OR PRE-APPROVED**

- a. Know how much house you can afford
- b. Increase your bargaining power when you make an offer

2

**START THE SEARCH**

- a. Talk with your Real Estate Professional about your housing needs
- b. Take notes on the houses you visit (note section provided in back of guide)

3

**MAKE AN OFFER**

- a. Determine market value of house
- b. Be prepared to negotiate and find a Home Inspector

4

**GET A LOAN/SECURE A MORTGAGE**

- a. Work with your LO to find your mortgage solution
- b. Begin online application process through Blend
- c. Review the Loan Estimate (LE)\*

5

**HOME INSPECTION/APPRAISAL**

- a. Address inspection findings with Real Estate Professional and Seller
- b. Review appraisal with your LO

6

**PURCHASE HOMEOWNERS INSURANCE/HAZARD INSURANCE (IF NECESSARY)**

- a. Discuss need for hazard insurance with your LO
- b. Determine monthly payment for homeowners insurance

7

**SCHEDULE CLOSING**

- a. Review Closing Disclosure (CD)\*
- b. Prepare for closing (see closing checklist page 24)

8

**GET THE KEYS TO YOUR NEW HOME!**

- a. Congratulations!
- b. Review the post close and change of address checklist (pg 25, 27)



# Preparing Your Credit for a Mortgage

Your credit score will not only play a significant role in the mortgage approval process, it will be used as criteria to determine the interest rate and type of loan you can apply for. Priming your credit for a close inspection is a wise move. Here are some tips for preparing and polishing your FICO score.

## REVIEW YOUR CREDIT REPORTS

- ✧ Know your credit score before you begin the homebuying process
- ✧ Check reports from all three credit reporting agencies (Equifax, Experian, TransUnion)
- ✧ Request a free, annual copy of your credit report from [AnnualCreditReport.com](https://AnnualCreditReport.com)
- ✧ Ensure all credit information is accurate in advance of applying for a home loan. Contact your local Gateway Loan Originator if you have any questions.

## REFRAIN FROM MAKING LARGE PURCHASES

- ✧ Hold off until after closing to buy that new washer and dryer or comfy couch
- ✧ Keep your debt utilization ratio below 30%

## AVOID OPENING NEW (AND CLOSING OLD) LINES OF CREDIT

- ✧ Don't apply for new credit cards or take out any loans at least six months before applying for your mortgage
- ✧ Canceling a credit account could significantly increase your credit utilization by reducing your available credit



# Lowering Your Monthly Expenses

Preparing to buy a home means saving up for a down payment and paying off debts. That may seem like a tall order, but here are some tricks and tips for lowering your monthly expenses to free up money for your savings, paying off credit card debt or other loans, or setting aside money to furnish your dream home. Every penny counts!

## EVALUATE YOUR MONTHLY BILLS

- ⌘ Consider installing programable thermostats and save energy when you aren't home
- ⌘ Lower the temperature on your hot water heater
- ⌘ Cut your cable bill by using streaming services
- ⌘ Cancel any unused subscriptions or memberships
- ⌘ Reduce eating out and ordering take-out
- ⌘ Use coupons at the grocery store
- ⌘ Consider raising insurance deductibles to reduce monthly payments

## DEAL WITH DEBT

- ⌘ Request a credit card rate reduction or consider balance transfers to 0%APR cards
- ⌘ Stop any unnecessary spending







# Mortgage 101

## Mortgage Definitions

**AMORTIZATION** – The schedule of how a mortgage – principal and interest - is to be repaid (typically monthly over 15 or 30 years).

**CLOSING DISCLOSURE (CD)** – Document that breaks down the specific closing costs that are due at the time of closing. The CD must be delivered to you by your Loan Originator a minimum of three days before closing.

**DEBT-TO-INCOME RATIO (DTI)** – The ratio of debt divided by gross monthly income. Used in the underwriting phase of mortgage process.

**EARNEST MONEY** – Money given to the seller by the buyer as a show of “good faith” when a contract is signed on a house.

**EQUITY** – The monetary difference between the fair market value of your home and your mortgage balance.

**ESCROW** – Additional money paid monthly and held in an account by the lender to pay property taxes and/or insurance.

**POINTS** – Upfront fees paid to the lender at closing. Typically, one point is equal to one percent of your loan amount.

**TITLE** – Document that shows evidence of ownership of property.

## Mortgage Calculator

Please visit <https://www.gatewayloan.com/resources/mortgage-calculator/> for your Mortgage Calculators

# House Hunting

## THE BASICS

Shopping for a home can be fun and exciting, but it can also be stressful and confusing. Here are some things to consider as you begin your search for your dream home.

- ✧ Prepare a list of features you want in a home before you shop. For example:
  - General location
  - School district
  - Size of garage
  - Amenities in the neighborhood
  - Interior: number of bedrooms/bathrooms, fireplace, size of kitchen, general layout
  - Access to roads frequently traveled
- ✧ Take notes and pictures: after you've seen several houses it can be difficult to keep track of which one you liked and didn't like. \*Use the Notes section in the back of this guide

## BEFORE MAKING AN OFFER

It's a good idea to exercise due diligence before making an offer on a home. Consider the following before signing a contract:

- ✧ Check with local municipalities for proposed zoning and planned or proposed development
- ✧ Speak to neighbors about traffic noise, flooding, and positive and negative occurrences
- ✧ Find out the age of the AC/HV and furnace units, water heater, and roof
- ✧ Confirm homeowners association (HOA) fees
- ✧ Ask about any foundation work
- ✧ Determine the current market conditions
- ✧ Check the comparable sales (comps) in the neighborhood



## PUTTING IN AN OFFER

While deciding if the time is right to buy and looking for a home can be very emotional, once you're ready to place an offer, it's all business. A real estate purchase contract is a legally binding document. Be certain of the commitment before placing an offer.

When you have found the home you want and you're ready to put a contract on it, think through the following to protect yourself and strengthen your offer:

- 🏠 Be specific in what you would like in the transaction
  - Closing date
  - Repairs to be completed by the seller
  - Closing costs paid by the seller
- 🏠 Have a copy of your pre-qualification or pre-approval letter from your lender
- 🏠 Gather your earnest money to show good faith that you are serious about purchasing the home



# Mortgage Solutions

## Finding the right loan is easier than you think

Your Gateway Loan Originator will know the ins and outs of the mortgage products available and will help you find the perfect mortgage solution.



### CONVENTIONAL LOANS

A more traditional approach to meeting your needs.



### FHA LOANS

A great way to buy your first home or accommodate special situations.



### VA LOANS

Extraordinary options to serve those families who served our country.



### USDA LOANS

The practical solution for financing rural properties in certain counties.



### CONSTRUCTION & REHAB LOANS

Designed for building a new home or renovating an existing home with conventional financing.



### SPECIALIZED PROGRAMS

More options for finding the mortgage solution to fit your needs (jumbo loans, bond programs, down payment assistance programs, high net worth and bank statement programs, etc.).



# Understanding Closing Costs

Closing costs are the fees and expenses associated with purchasing a home. They can vary widely based on many factors including where you live, the type of loan you choose, and the type of home and property you are purchasing. The fees and expenses are outlined on the Closing Disclosure (CD) that is required to be delivered to you a minimum of three business days before the closing is scheduled. The closing costs are one time fees and expenses that are due at the time of closing. They usually total between 2 and 5 percent of your home's purchase price.

## CLOSING COSTS MAY INCLUDE:

- Discount points
- Recording fees
- Loan origination fees
- Appraisal charges
- Notary fees
- Attorney fees
- Title insurance and more



# Dos and Don'ts of Closing

## DOs



### **MAKE DOCUMENTS AVAILABLE**

Keep your financial records close at hand.



### **PREPARE TO VERIFY INCOME**

Be aware that underwriters typically verify your income and tax documents through your employer, CPA and/or tax transcripts. Hold on to pay stubs as received.



### **DOCUMENT ASSETS**

Continue saving incoming account statements.



### **PROVIDE PROOF OF GIFTS**

Any gifted money from relatives must be accompanied by a signed gift letter (we'll provide) and an account statement evidencing the source, which must be "seasoned" funds.



### **KEEP UP PAYMENTS**

If you're renting, continue to pay your rent on time and save proof of payment. If you're selling your home, be prepared to show your closing disclosure. Continue to keep your credit shining by continuing to make payments on time.



## DON'Ts



### **APPLY FOR NEW CREDIT**

Changes in credit can cause delays, change the terms of your financing or even prevent closing.



### **CHANGE JOBS DURING THE PROCESS**

Probationary periods, career or even status changes (such as moving from salaried to commissioned position) can impact the outcome of the loan.



### **MAKE UNDOCUMENTED DEPOSITS**

Primarily large, but sometimes even small deposits must be sourced unless they are identified. Make copies of checks and deposit slips and avoid depositing cash.



### **WAIT TO LIQUIDATE FUNDS FROM STOCK OR RETIREMENT ACCOUNTS**

If you need to sell investments, do it now and document the transaction. Don't take the risk that the market could move against you leaving you short of funds to close or even delay your closing.

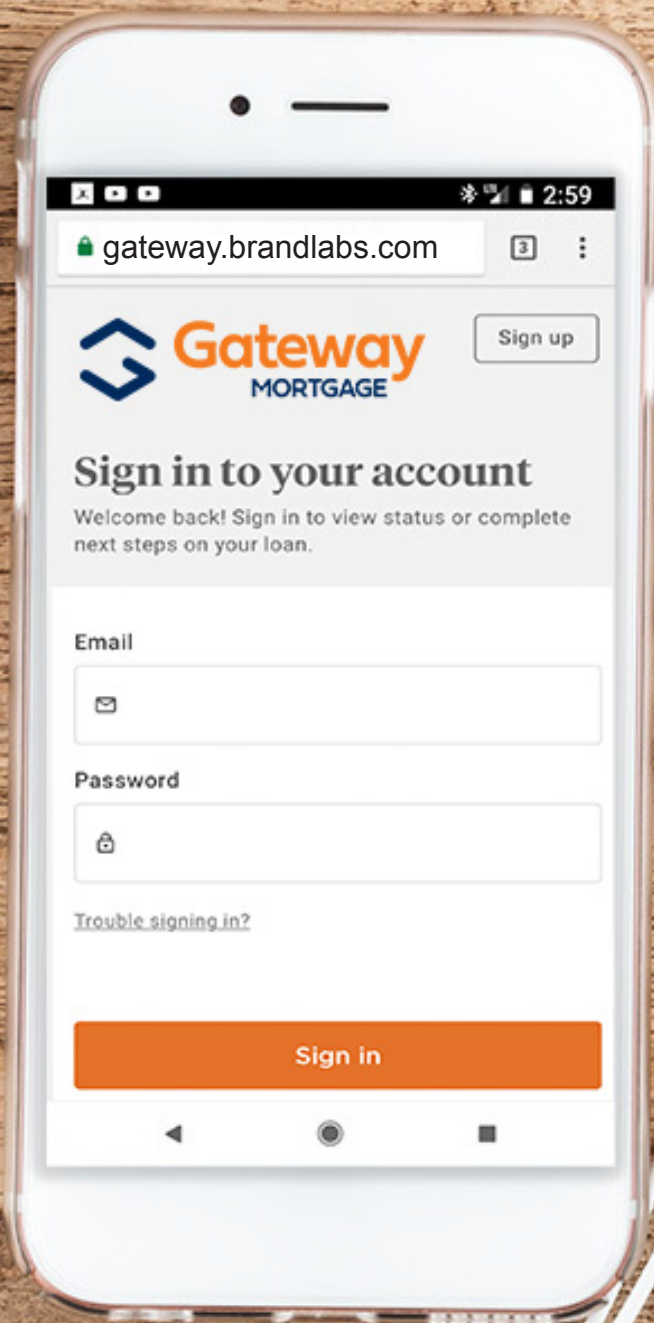


### **NEVER BE AFRAID TO ASK QUESTIONS**

If you're uncertain about what you need or what you should do, always ask your home buying professionals.









# Loan Documents Needed

## TO BEGIN CREDIT PRE-APPROVAL PROCESS:

- ☐ Signed loan disclosures provided to you by your loan originator
- ☐ Signed 4506T

## FOR CREDIT QUALIFYING (GOOD FOR 90 DAYS):

- ☐ Copy of driver's license from ALL borrowers
- ☐ Paystubs showing 30 days of pay and year-to-date earnings
- ☐ W2 forms for the past two years
- ☐ Mortgage statement and insurance information for all properties owned
- ☐ Bank statements for the past two months (all pages, even blank pages)
- ☐ Retirement or investment account statements for the past two months

## ADDITIONAL DOCUMENTS:

- ☐ Tax returns for the past two years (signed)
- ☐ K1 tax returns for the past two years (signed) if applicable
- ☐ YTD P&L statements if self-employed
- ☐ Bankruptcy discharge papers if applicable
- ☐ Divorce decree if applicable

# Closing Checklist

## HOW TO PREPARE FOR CLOSING:

- ☐ Review your Closing Disclosure (CD) and compare to Loan Estimate (LE)
- ☐ Arrange for payment for closing costs (cashier's check or wire transfer)
- ☐ Bring a government issued photo ID
- ☐ Prepare a list of questions you have before you sign paperwork

## WHAT TO TAKE FROM CLOSING (CLOSING PACKET):

- ☐ Real Estate Settlement Procedures Act (RESPA) document
- ☐ Closing Disclosure (CD)
- ☐ Promissory Note/Deed of Trust
- ☐ Mortgage or Security Instrument
- ☐ Deed
- ☐ Documents required by state and/or local governments
- ☐ Lender documents (including Initial Escrow Statement)
- ☐ Keys to your new home!

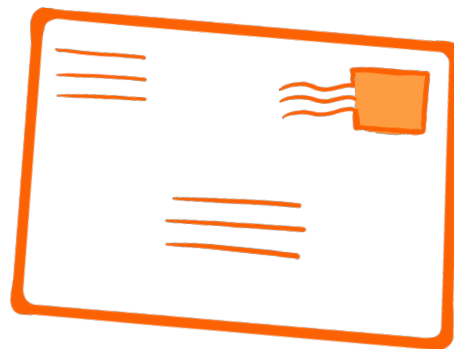


# Post Close Checklist

## WHAT TO TAKE FROM CLOSING (CLOSING PACKET):

- ☐ Note when your first mortgage payment is due
- ☐ Complete Homestead Exemption
- ☐ Set up auto-pay at GatewayLoan.com
- ☐ Expect to arrive in the mail\*:
  - Homeowners insurance policy
  - Hazard insurance policy (if applicable)
  - Home warranty policy
  - Title
  - Recorded warranty deed
  - Gateway welcome packet
- ☐ Go paperless

*\*Requirements can vary based on state*









# Change of Address Checklist

## NOTIFY:

- |  |  |
|--|--|
| <input type="checkbox"/> Bank Accounts     | <input type="checkbox"/> Insurance Companies |
| <input type="checkbox"/> CPA               | <input type="checkbox"/> Lawyer              |
| <input type="checkbox"/> Car Payment       | <input type="checkbox"/> Optometrist(s)      |
| <input type="checkbox"/> Cleaning Service  | <input type="checkbox"/> Organizations       |
| <input type="checkbox"/> Credit Cards      | <input type="checkbox"/> Pest Control        |
| <input type="checkbox"/> Day Care          | <input type="checkbox"/> Place of Worship    |
| <input type="checkbox"/> Dentist(s)        | <input type="checkbox"/> Retirement Accounts |
| <input type="checkbox"/> Doctor(s)         | <input type="checkbox"/> Voter Registration  |
| <input type="checkbox"/> Employer          | <input type="checkbox"/> Yard Service        |
| <input type="checkbox"/> Financial Advisor | <input type="checkbox"/> Other _____         |

## REGISTER:

- ☐ Post office for forwarding mail
- ☐ Social Security/Pensions
- ☐ Newspapers/Magazines
- ☐ Driver's License
- ☐ Other \_\_\_\_\_



HOUSE HUNTING

Notes

ADDRESS: \_\_\_\_\_

SQUARE FOOTAGE: \_\_\_\_\_

PRICE: \_\_\_\_\_

NO. OF BEDROOMS: \_\_\_\_\_

YEAR BUILT: \_\_\_\_\_

NO. OF BATHROOMS: \_\_\_\_\_

NUMBER OF FLOORS: \_\_\_\_\_

GARAGE: \_\_\_\_\_

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# HOUSE HUNTING

# Notes

ADDRESS:

**SQUARE FOOTAGE:**

PRICE: \_\_\_\_\_

NO. OF BEDROOMS: \_\_\_\_\_

YEAR BUILT: \_\_\_\_\_

NO. OF BATHROOMS: \_\_\_\_\_

NUMBER OF FLOORS:

**GARAGE:**

[illegible]

[illegible]

# HOUSE HUNTING

# Notes

ADDRESS: \_\_\_\_\_

**SQUARE FOOTAGE:** \_\_\_\_\_

PRICE: \_\_\_\_\_

NO. OF BEDROOMS: \_\_\_\_\_

YEAR BUILT: \_\_\_\_\_

NO. OF BATHROOMS: \_\_\_\_\_

NUMBER OF FLOORS:

**GARAGE:**

[illegible]







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