First Time Buyer

BANK OF ENGLAND MORTGAGE

Maria Klima, NMLS #147364
15015 W. Bell Rd, Ste 102
Surprise, AZ 85374

Email: mklima@boemortgage.com
Office: (623) 687-5807
Cell: (440) 225-1111

Licensed to originate loans in all 50 states.

Table of Contents

Buying your first home can be a challenge if you are not familiar with the process. The many tasks, steps and requirements may seem daunting, and you may be worried about making an expensive mistake. Having a licensed professional on your side is the best way to avoid this. We strive to make the process as simple and stress free as possible. Buying a home is still considered a key aspect of the American dream. First-time buyers have access to state programs, tax breaks and federally backed loans if they don't have the usual minimum down payment.

Deciding what is Best

We understand that taking the first step towards buying your home is both exhilarating and overwhelming. Buying a home will be one of the largest financial investments you make in your life, so you want to be well prepared for the adventure. Before you dive too deep into the process, there are several factors you should consider.

6 Questions to Consider Before You Buy

1. How's your financial health?
2. Which type of home will best suit your needs?
3. Which specific features do you want your ideal home to have?
4. How much mortgage do you qualify for?
5. How much home can you actually afford?
6. Who will help you find a home and guide you through the purchase?

Laying the Foundation

Now that you've decided to take the plunge, let's explore what you can expect from the homebuying process itself. This can be a chaotic time with offers and counteroffers flying furiously, but if you are prepared for the hassle (and the paperwork), you can get through the process with your sanity intact.

It will be good for you to evaluate how prepared you currently are to buy a home. Perhaps you have been making steps towards this goal for a while or maybe this is all new to you. Either way, the ways you have equipped yourself for this venture will be major determining factors on which loan program you choose. Do you have an amount for a down payment? What is your income to debt ratio? How is your credit status? There are a number of ways you can be prepared for this process.

Your Monthly Payment

Your next concern starts to be which loan program fits your needs and how to structure your monthly mortgage payments. Before moving forward, you'll want to consider those items that make up your monthly payment and the factors that influence them. Typically referenced as PITI, your monthly mortgage payment is comprised of Principal, Interest, Taxes and Insurance.

The initial amount you borrow to purchase the home and the remaining outstanding balance throughout the life of the loan is the **PRINCIPAL.**

The charge for borrowing money is the **INTEREST.**

Collected in an escrow account, your **TAXES** are assessed by your local government and typically paid to your lender as a portion of your payment. The lender will then pay them to the government upon their due date.

Established in a similar fashion as your taxes, **INSURANCE** is collected by the lender and put into an escrow account. Your insurance is composed of two prominent types of coverage. Homeowner's insurance provides you coverage for damages inflicted by hazards such as (but not limited to) wind and fire. Mortgage insurance typically is required for those making a smaller down payment on their loan; it provides protection for your lender in the instance that you are not able to fulfill the mortgage requirements and repay your loan.

A LICENSED LOAN OFFICER WILL HELP YOU MAKE THE BEST DECISION BASED ON YOUR FINANCIAL GOALS

Common Concern

One of the issues that most concerns homeowners is their mortgage interest rate. This is for good reason as the interest rate directly affects the monthly payments for the life of the loan. Because of this, homebuyers search for steps they can take to obtain the lowest rate available. Contributing factors to the interest rate include whether the homebuyer decides to: select a fixed or adjustable rate, pay discount points, or choose a short or long term loan. There are other special considerations that you may want to look at as you evaluate your mortgage options. Again, a licensed professional will be highly beneficial in showing you all available options.

Putting It Together

With your decision made and the groundwork laid, it's time to piece together all documentation needed to move forward into closing.

Getting the 'green light' Just like you wouldn't dive into a pool without knowing how deep it is, you wouldn't want to house hunt without knowing how much you could afford. That's why once you have decided buying a home is your best option and you've examined what your finances will allow, it's a good time to talk with your Bank of England Mortgage loan officer about getting pre-approved.

Pre-Approval

In a pre-approval letter, the lender has been provided the buyer's financial details and, based on verification of these details, agrees to give a loan to the buyer.

Knowing how excited many homebuyers can be, it can seem frustrating to add a step before the house hunt. However, there are several advantages to being pre-approved that can make it worthwhile.

Credit challenges or problems that might prevent approval are discovered and addressed early in the process. You will be able to house hunt with confidence knowing that the financial backing is available to you.

Home sellers typically see more strength in offers from pre-approved buyers

For self-employed or commission-based buyers, a pre-approval letter can demonstrate financial backing for buyers whose incomes may fluctuate more than those of salaried buyers and therefore possibly demonstrate more risk.

Pre-approval letters show that the lender is willing to move forward with the loan for the first-time homebuyer even though they may lack a credit history that demonstrates their ability to make monthly mortgage payments. It helps equalize their offer with similar offers made by previous homeowners.

Finding Your Home

With the groundwork laid and the financial backing that comes from being pre-approved in place, you can begin the house hunt with confidence. One thing to decide early on is if you would prefer to do this search alone or with the benefits that come from working with a licensed REALTOR.

Now is also a good time to come up with a wish list for your home. When you do, consider the following:

Type of Neighborhood:

No matter how much you love the home you end up buying, you have to remember that it is not isolated from the rest of the world. Is it near areas of the city that are important to you and your family? Is it in the school district you desire for your children? Does the neighborhood appear to be a good fit for you and your family today and in the future?

Type of Homes:

As discussed earlier, there are several types of homes out there, each one providing different options in terms of space, responsibilities, upkeep, and ownership. Consider the different factors that would make either a single-family home, a condominium, a townhome or a co-op the best choice for you.

Features of the Home:

What do you need in a home and what do you want in a home? Would you like a one-story or two-story home? How many bedrooms and bathrooms would you need? Would you like an at home office? What type of backyard would you like? Consider all the different features and prioritize the features of the home you'd like to have.

Buying and Closing

At some point of your search, you'll know. You'll know when you find the home that best fits you and your needs. When you find a great match, you'll want to take those next steps that can make that home yours.

Extending an Offer

Purchasing a home is one of the few transactions that involves heavy negotiations. A REALTOR is a valuable resource to have on your side as you determine the appropriate initial offer to extend. During this portion of the process, you'll want to consider the following:

- To demonstrate the strong financial backing and genuineness of your offer, you'll want to have the pre-approval letter from your Bank of England Mortgage loan officer ready. An offer with financial security obviously is preferred by sellers.
- To demonstrate the seriousness of your offer, you'll want to have money ready to use as an earnest money (or "good faith") deposit. While the amount varies depending on your location, all of it will be placed into an escrow account until the purchase transaction is complete.
- Facilitate all your negotiations in writing. This will provide a record of deals and decisions made as well as help clarify any misunderstandings.

Extending an Offer

A legally binding contract between the buyer and the seller of the property, the purchase agreement outlines all terms and features of the final transaction.

This can include:

- The sales price, the loan amount, the down payment and deposit
- Time limits that might apply to the transaction
- The names of all parties involved including the buyer, the seller, the buyer's agent, the seller's agent, the mortgage broker/banker and any attorneys
- Any contingencies that must be addressed prior to the deal being complete and finalized (such as the sale of the buyer's present home, issues from the home inspection that might need to be repaired, etc…)

Extending an Offer

Because of special and unique features of every home transaction and the varying needs of each home buyer and home seller, purchase contracts are not exactly the same. A realtor, a title company or an attorney may assist in the negotiations and execution of a purchase contract. This is of course dependent on the state in which the transaction is being conducted.

At Closing

The closer you get to the appointment, the more you will want to know what to expect at closing. Also, remember that the more you educate yourself about the process beforehand, the less stressful it will be, and the more likely you will be to get the house you want for a price you can afford. When it's done, you'll have the confidence that comes from successfully negotiating a major step in your life. By taking the right steps, working with the right team, and being patient, you will set yourself up for success at the closing table and receive the keys to your new home.

BANK OF ENGLAND MORTGAGE

Maria Klima, NMLS #147364
15015 W. Bell Rd, Ste 102
Surprise, AZ 85374

Email: mklima@boemortgage.com
Office: (623) 687-5807
Cell: (440) 225-1111

Licensed to originate loans in all 50 states.