



Homebuyer Guide



EQUAL HOUSING
OPPORTUNITY



Heather Darling

Mortgage Loan Advisor - NMLS 1607234

Priority Home Mortgage - NMLS #103098

Cell: (616) 389-5853

HeatherDarling@MyPriorityHome.com

3333 Grand Ridge Drive NE | Suite B | Grand Rapids , MI 49525

Apply Here





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Your Guide to Buying a Home

Buying a home is probably the biggest and most important investment you will ever make. There are many benefits to homeownership that make it a better choice than renting.

- **Pride of ownership – you can customize and decorate as you see fit**
- **Typically it is a good investment that helps you build wealth over time**
- **Tax deductions**
- **Builds equity – you may be able to borrow against that equity in the future**

We know the homebuying process can seem complicated but if you do your homework and work with **Priority Home Mortgage**, you will have a smooth road to homeownership.

This guide was developed to educate you on the homebuying process and outline key steps and important things to think about along the way. It will be a useful reference tool as you start your homebuying journey. Buying a home doesn't have to be complicated! Rely on us to guide you through the process.

“Our mission is to fund the dream of homeownership by providing a refreshingly simple experience for every client.”

You have rights. **The Fair Housing Act** was created to put an end to discriminatory housing practices. When buying a home and applying for a mortgage, you cannot be unfairly judged based on your color, disability, familial status, national origin, race, religion or sex.



Your Role in the Homebuying Process

Buying a home and obtaining a mortgage is a partnership. It's important for everyone to do their part to ensure things go smoothly and you end up with the home of your dreams.

Your main responsibility as a borrower is to provide accurate information and respond to requests for documents as quickly as possible. Following are some important Do's and Don'ts to guide you through the process.

Do:

- Think about your homebuying goals and what you would like to accomplish
- Choose a Real Estate Agent who understands your goals and you feel comfortable with - communication is key!
- Meeting with a Priority Home Mortgage Advisor to discuss your home financing goals and get pre-approved
- Provide documents and information to your Mortgage Loan Advisor as quickly as possible to keep the process moving
- Continue making your current mortgage or rent payment; stay current on other bills
- Read and understand everything before you sign any documents
- Disclose if you are receiving gift funds to help you obtain a mortgage loan
- Call your Priority Home Mortgage advisor if you have any questions

Don't:

- Apply for any additional credit such as a credit card or auto loan while you are going through the mortgage process
- Change bank accounts
- Co-sign a loan for someone else
- Overstate your income, employment history or assets
- Misrepresent your debts or past credit problems
- Change your income tax returns
- Provide outdated or incorrect documents

A Better Mortgage Starts with Priority Home Mortgage

Informative. Courteous. Professional. Thorough. These are words that buyers and Real Estate Agents have used to describe their experiences with Priority Home Mortgage. We take pride in helping homebuyers realize the dream of homeownership and achieve their financial goals.

The Best Mortgage Loan Advisors in the Business

Our Mortgage Loan Advisors have years of experience and the knowledge necessary to advise you on your options and guide you through the process. We understand that every situation is unique. Our Mortgage Loan Advisors are trusted advisors who will go above and beyond to help you meet your home financing goals. We can help you prepare for homeownership even if you have credit challenges or other debt considerations. Providing exceptional service is our number one priority.

Local Offices

When you work with Priority Home Mortgage, you're not reaching a call center in another state. Our Mortgage Loan Advisors are located in local branches in many states across the U.S. Plus, we have local loan processing and fast underwriting to better serve you and be more responsive to your needs. When buying a home and applying for a mortgage, that personal touch makes a big difference.

Easy-to-use Tools

You can use our mobile app, calculators and other tools to help you estimate your monthly payment and reference important information throughout the process.

A Team of Experts on Your Side

When you work with Priority Home Mortgage, you have a team of experts processing your application to make sure everything goes smoothly and you close your loan on time. Everyone is available to answer questions, and our team is empowered to make decisions that benefit our customers. We have great relationships with Real Estate Agents and Builders in your community, and we all work together on your behalf.

A Variety of Mortgage Loan Options

If you've already started researching the homebuying process, you know there are many mortgage loan options available. Conventional, FHA, VA, USDA, Fixed, Adjustable - the choices can seem endless but we will help you select the mortgage that works best for you. We offer a full suite of mortgage loans with competitive rates to meet the needs of our customers, even the self-employed.

Convenient Technology

If you prefer to do your research and apply online, that's no problem. You can apply online with our user-friendly application - just answer a series of straightforward questions to submit your application. Once we receive your application, we will send you a list of documents needed to process your loan, which you can easily upload with a snap of your camera. You will also receive electronic updates on the progress of your loan throughout the process.



Your Path to Homeownership

We will guide you along the path to homeownership with expert advice, open communication, regular progress updates and exceptional customer service. Below is a summary of the key steps along the way. More detail about each step is provided on the following pages.



Get Pre-approved

It's important to know how much you can afford before you start house hunting. A **Priority Home Mortgage Advisor** will ask questions and request documentation regarding your income, credit profile, debts and assets to pre-approve you and provide you with a budget.



Search for Your Home

Work with a Real Estate Agent to help you find your perfect home and neighborhood. Once you find your home, your Real Estate Agent will help you present an offer to the seller.



Apply for a Mortgage

Once your offer is accepted, work with your **Priority Home Mortgage Advisor** to prepare your application and provide any necessary updated documentation. You will receive a Loan Estimate outlining the costs associated with your loan so there are no surprises.



Select Your Mortgage

There are many options available. Your **Priority Home Mortgage Advisor** will provide guidance and help you decide which mortgage is the best choice for you.



Get a Home Inspection

You have the right to have the property inspected, which protects you from buying a home with issues. This happens after the sales contract is complete and your offer is accepted.



Process Your Loan

Once your application is complete, it will be reviewed by a Loan Processor who will order other important documents such as the title search and appraisal. An appraisal will help determine the value of your home based on similar homes in the area.



Receive a Credit Decision

When all documents have been collected, an Underwriter will review your application and provide a credit decision. There may be additional conditions that must be met prior to closing your loan.



Get Ready for Closing

Priority Home Mortgage will prepare the final loan and escrow documents for closing. A Closing Disclosure will be provided to you, so you know exactly what funds are needed to close your loan.



Close Your Loan

You will review and sign all of the documents necessary to close your loan. Any required funds are sent to the settlement agent, and loan funds are disbursed to the appropriate parties. Loan documents are recorded and filed with the county to establish you as the legal owner.



Move Into Your Home

Start enjoying your new place and all the benefits that come with homeownership!





Get Pre-approved

Before you start searching for a home, you need to know how much you can afford. Get pre-approved to improve your bargaining power when negotiating with sellers. To get pre-approved, work with a Priority Home Mortgage Advisor to evaluate your credit history, income and assets. Keep in mind that a pre-approval is not a loan commitment and you still need to go through the application process.

Pre-approval is important because:

- You will have a good idea about how much you can spend on a house.
- Your Real Estate Agent will want to know that you have been pre-approved before you start house hunting, so you can look at homes in your price range that you can realistically afford.
- You will have a better idea of what your monthly payment amount will be and how much you will need for a down payment and to close your loan.
- It will help you determine which mortgage loan program will meet your needs.
- It helps you look at your credit history and debt. Knowing your financial situation helps prepare you for homeownership. You may even be able to restructure your debt which could potentially improve your credit score and help you afford a home with lower monthly payments.
- It helps you negotiate with sellers. They want to know that you are working with a lender and are pre-approved for a loan.
- You will have a better idea of the documents required for your loan application. Organizing your paperwork can speed up the process.

Search for Your Perfect Home

Before you start house hunting, be sure to select a Real Estate Agent to help with your home search. Real Estate Agents provide many valuable services that will make house hunting much less stressful for you.

A Real Estate Agent will do the following:

- Provide you with tools and information to assist you in your home search.
- Identify homes for sale in your target area(s).
- Accompany you as you tour homes you are interested in.
- Prepare the sales contract and negotiate the purchase price.



Be sure to select an experienced Real Estate Agent who is willing to spend time with you to better understand your situation and your goals. Open communication is important. Your Real Estate Agent will help you anticipate and avoid any potential problems, and will provide guidance on properties.

Once you've selected a Real Estate Agent you are comfortable with, let the house hunting begin! When you find a home you'd like to buy, your Real Estate Agent will work with you to prepare an offer contract. This contract will outline the details of your offer and the important dates associated with the transaction, so double-check all of the dates listed to make sure they fit your timeframe. You'll be asked to make a deposit-also known as earnest money - to show good faith and that you are serious about buying the house.

Don't get discouraged if your first offer is not accepted. The market can be very competitive. Your Real Estate Agent will provide you with guidance on how to adjust your offer, if necessary, or continue searching for a home.

Apply for a Mortgage

Once you find a home and your offer is accepted, it's time to 'offapply for a mortgage! Your **Priority Home Mortgage Advisor** will help you determine which type of mortgage loan is best for you (see pages 9-11) and work with you to complete your application.

You can apply online, in person or over the phone-whatever works best for you. However you plan to apply, you will need to provide documents to support the information you are providing for your application.

In general, you will need to provide information about:

- The property purchase contract
- Your income
- Your current residence
- Your debts
- Your bank, investment and retirement accounts
- Other personal information such as bankruptcies, divorce and child support

Be sure to provide requested documents as quickly as possible. Not doing so will delay the review of your loan application and affect your closing date.



After you apply for a mortgage, your Priority Home Mortgage Advisor will provide you with a Loan Estimate. A **Loan Estimate** is a form that summarizes important details about your loan including interest rate, monthly payment amount, total closing costs and estimated taxes and insurance. You will receive a Loan Estimate within three business days of applying for a loan.

It's important to note that a Loan Estimate is not a loan approval.



Select the Mortgage that Works Best for You

When you fill out your mortgage application, you will also need to decide type of mortgage loan you are applying for. There are many types of mortgage loans available - thinking about your lifestyle and what's important to you will help you decide. Typically, you will already have discussed this with your Priority Home Mortgage loan advisor.

- **What is your financial situation ? Are you just starting out or have you been saving for a while?**
- **Do you expect your finances to change soon or in the future?**
- **Are you comfortable with the possibility of your mortgage payment rising in the future?**

These are just a few of the questions you will need to ask yourself, and we can help you make the best decision possible. Fixed or adjustable rate – which suits you best?

FIXED RATE	ADJUSTABLE RATE
<p>A Fixed Rate Loan is advantageous when</p> <ul style="list-style-type: none"> • You prefer to know that your monthly principal and interest payment will not change over the term of your loan • You plan to stay in your home for a longer period of time • Rates are low 	<p>An Adjustable Rate Loan is advantageous when</p> <ul style="list-style-type: none"> • You are willing to accept possible rate changes in the future in exchange for a lower monthly payment initially • You plan to relocate or sell the house within a few years • Rates are higher because the initial rate used

Types of Mortgage Loans

Conventional. Fannie. Freddie. VA. FHA. You've probably heard a lot of these terms but aren't quite sure about the features and benefits of each loan type. That's where we come in. Let a Priority Home Mortgage Advisor help you decide. Following are a few of the main type of mortgage loans and the benefits of each.

Conventional Loans

A conventional loan typically means that you are putting 3% to 20% down on your property, and your loan will be originated according to Fannie Mae and Freddie Mac guidelines. Fannie Mae and Freddie Mac are government agencies that set guidelines for mortgage originations, and most lenders follow their guidelines. Conventional loans are a bit stricter than other loans in terms of your income, assets and credit history. NOTE: If putting less than 20% down, Private Mortgage Insurance (PMI), will be required.

Jumbo Loans

A Jumbo Loan means that the loan amount is over \$766,550. Our Jumbo Loans feature competitive rates with fixed and adjustable rate options.

FHA (Federal Housing Administration)

Many homebuyers simply don't have a down payment or haven't established a strong credit history. To help these borrowers, Priority Home Mortgage offers FHA loan programs that are attractive and affordable for homebuyers.

FHA loans are great loans to help families become homeowners by lowering some of the costs of their mortgage loan as well as allowing for higher seller concessions (up to 6%). These loans are generally a good fit for borrowers with past credit problems or limited funds for a down payment. Plus, underwriting guidelines are more lenient than other loans.

The most popular FHA loan requires a 3.5% down payment and permits 100% of the funds needed for closing to be a gift from a family member or a grant from a nonprofit organization.



USDA Loans

USDA loans are available to homebuyers in rural areas. A USDA loan makes it possible for low-income buyers to purchase a home they can afford as these loans typically offer 100% financing with low interest rates, no down payment and more lenient income and credit requirements. The home must be in an eligible location as determined by government guidelines, and the property must be your primary residence.

Down Payment Assistance Programs

Down Payment Assistance (DPA) Programs are offered in communities throughout the U.S. to help buyers purchase a home. Assistance is generally in the form of a cash award or loan to help with a down payment and/or closing costs. Keep in mind that loans require repayment but grants generally do not if you meet the program requirements which typically vary by county or state. Requirements might include: income and asset limits; homebuyer education; that you are a first-time homebuyer; and that you stay in the home for a certain period of time. Check with your Priority Home Mortgage Advisor to see what is available in your area.

The mortgage industry is always improving and developing new loan programs to help families finance homes. Ask your Priority Home Mortgage Advisor if there are other mortgage programs available that may be right for you.

VA (Veterans Administration)

For active duty military and veterans, VA loan programs offer low rates and options with low or no money down. Active duty and veterans can buy a home with no out-of-pocket costs, and mortgage insurance is not required.

Priority Heroes

Because we believe our heroes should be thanked for their service, we offer the Priority Heroes Program. This program provides savings on appraisal fee- up to \$500- for military members, police officers, teachers, firefighters, and nurses.



Priority Home Mortgage also offers other types of mortgage loans including:

- Bank Statement
- Asset Utilization
- DSCR
- Profit & Loss
- Non-Warrantable Condos
- ITIN
- Foreign National
- Reverse (age 62+)
- Manufactured homes including single-wide
- HELOC
- Fix 'n Flip
- Construction
- Renovation
- JUMBO
- Commercial
- Hobby Farms, mixed use & MORE!





Obtain a Home Inspection

It is recommended that you obtain a home inspection on the property you are planning to purchase. A home inspection assesses the condition of the property to help you determine if everything is in good working order.

It's important to note that a home inspection is different than a home appraisal. A home inspection is not required, but it protects you against serious problems that might not have been apparent when touring the home, for example asbestos or radon. Or, lead paint which can be an issue for any home built in 1978 or earlier.

It's up to the buyer to request a home inspection, and that request is written into the purchase contract with a set amount of time to complete it. A home inspection report is generally delivered to the buyer within a day or two after the inspection is complete. If you are not happy with the inspection results, you have the right to revisit your purchase agreement. Be sure to review your home inspection report with your Real Estate Agent to determine if any additional negotiations are necessary.

A home appraisal is ordered by your lender and is necessary to confirm the property's value. It is generally ordered after the home inspection (if applicable) is complete, and is used to determine the fair market value and physical condition of the property. They will also look for any health and safety issues. Priority Home Mortgage randomly assigns an appraiser to every property, and that appraiser generally delivers a report in 5-7 business days. You are entitled to a copy of the home appraisal.

When conducting an appraisal, the appraiser reviews similar properties in the neighborhood to help assign a value to the property being purchased. If the appraised fair market value is lower than what you are paying to purchase the home, Priority Home Mortgage may need to adjust the maximum mortgage amount. A lender will not loan more than the home is worth, and that is true of all reputable lenders.

A photograph of a young couple sitting on a light-colored sofa in a bright, modern living room. The woman is wearing a grey top and the man is wearing a red and white striped shirt. They are both smiling and holding coffee mugs, looking at each other. A small wooden table with a vase of pink flowers is in front of them. Large windows in the background show greenery outside.

Process Your Loan

This is the stage where all your application documents are verified, and additional information such as the appraisal is ordered from third parties. You may be asked for additional documents to update your file - be sure to provide them promptly so your application review is not delayed. Once everything is collected and verified, your application is submitted to an underwriter for a credit review, to obtain the initial, conditional loan approval.

A **title search** is important during the homebuying process because it traces the ownership of the property and determines if the seller has a marketable interest in the property or if there are any restrictions or liens that need to be paid off or addressed at closing.

Receive Your Credit Decision

Once the underwriter has your completed loan application and all the requested documents, a credit decision is made. Underwriters consider your ability and willingness to pay, as well as the value and condition of the property you are trying to purchase.

Each loan application is reviewed individually, and we follow strict rules to ensure that all applications are reviewed fairly and accurately.

Once you are approved, you will receive a Loan Approval that outlines your loan and any additional actions you must take prior to closing. For example, you may be asked for other documents or to explain the source of a large deposit in one of your bank accounts. Keep in mind that any additional requests at this stage are for your protection to ensure you are a good candidate for a mortgage loan.

What is mortgage insurance? Mortgage insurance protects lenders against loss due to foreclosure if a borrower does not make the required loan payments. Mortgage insurance is provided by private mortgage insurance companies so lenders can accept lower down payments from borrowers. Typically, mortgage insurance is required when the down payment is less than 20% of the home's value or purchase price – but it can be cancelled by the homeowner when they have at least 20% equity in the home. (It will automatically cancel once the mortgage balance reaches 78% of the original value) Mortgage insurance is the borrower's responsibility and is typically part of the monthly mortgage payment.

Get Ready for Closing

After your loan receives final approval, (also known as Clear to Close), the closing documents are prepared and electronically sent to a title company (also known as a settlement agent) to arrange the closing. The title company/settlement agent will work with you to determine where and when you want to sign the documents.

At this time we will work with your homeowner's agent to obtain proof of **homeowner's insurance** prior to closing. Also known as **hazard insurance**, this protects the property against damages and includes liability coverage should an accident or injury occur on your property. You should start looking for this as soon as you have an accepted offer.

Your insurance company may also require:

- **A wind mitigation** report to determine the home's stability in the event of strong winds.
- **A four point inspection** to certify that the home's plumbing, electrical, roof and heating/cooling systems are in good working order.

You may also need to purchase **Flood Insurance**, if the property is located in a flood zone. This type of insurance protects against property damage if a flood occurs

Title insurance is required to protect the lender in case there is an issue with the title to your home and land. Title insurance is ordered by the lender, and is paid for by either the buyer or seller, depending on where you are buying the home, or as determined by the purchase agreement.

Prior to closing, you will receive a final **Closing Disclosure** that includes all the costs of your loan and the amount of money required for closing. Review it and make sure everything makes sense to you. If not, contact the settlement agent or Priority Home Mortgage to ask questions.



Close Your Loan

Once the closing documents have been signed and the title company has everything needed to close the loan, they will disburse funds to the appropriate parties and arrange to have the mortgage documents legally recorded. Once that happens, the property is officially transferred from the seller to you-and you are a homeowner!

About one month after you close on your loan, you will start making mortgage payments. You will receive information about your payment from the servicer of your loan - be sure to make your mortgage payments on time every month. There are several components that make up your mortgage payment:

- **Principal** –the loan amount/remaining balance after you start making payments
- **Interest** –the amount charged for the loan
- **Taxes** –amounts owed to local municipalities based on the value of your home
- **Insurance** –what you pay for hazard insurance
- **Mortgage Insurance** - if applicable, to protect the lender against default

What is an escrow account? An escrow account is set up by your lender to pay recurring expenses related to your mortgage loan such as property taxes and homeowner's insurance. An escrow account is often required by the lender to ensure there is enough money to pay those recurring expenses when they are due as they are typically large amounts. Your mortgage servicer manages your escrow account and pays the property-related expenses on your behalf.



What is amortization? Amortization simply means that every month, a portion of your loan payment pays the principal of your loan and a portion pays the interest. At the beginning of your loan, more of your monthly payment goes toward interest but as you pay down your loan, more goes toward the principal balance.

TIP: Making additional principal payments (paying extra), will help pay the mortgage down more quickly

Move into Your New Home

Congratulations! Once the home is legally yours, you can move into it and begin enjoying your new space.

IMPORTANT THINGS TO DO WHEN MOVING

Two Months Before the Move

- Get estimates from moving companies and reserve a moving day and time slot
- If you have children, check what is needed to change school districts or enroll your child

One Month Before the Move

- Change your address with banks, credit card companies, car insurance provider, etc.
- Submit change of address form to the US Post Office

Two Weeks Before the Move

- Hold a garage sale and/or begin to get rid of things you no longer want or need
- Begin packing items that aren't used on a daily basis - be sure to label your boxes
- Assemble personal documents, licenses, certificated and records in a fireproof box
- Inform family and friends of new address

One Week Before the Move

- Arrange for disconnection and change-over of utilities including water, cable, electric and gas (if required)
- Confirm with your Priority Home Mortgage Advisor that your closing is on schedule
- Make a list of the items you are going to move such as jewelry and other valuables
- Confirm arrangements with your moving company
- Set aside a box of cleaning supplies
- If you are renting, schedule a final walk-through with your property manager
- If you have pets, make arrangements to move them and their supplies

Two Days Before the Move

- Finish packing your belongings – be sure to label your boxes
- Have payment ready for your movers
- Set aside important items like medications and be sure they are easily accessible

Moving Day

- Set aside snacks and water for throughout the day
- Supervise movers and make sure their inventory is accurate
- Check thermostat, doors, windows and appliances in the place you are leaving
- If you are renting, leave keys and access cards/security fobs with rental company at final walk-through
- Make sure your Real Estate Agents knows how to contact you

Arrival Day

- Tell movers which items go in which rooms
- Make sure nothing was damaged by the movers before you sign-off on the move and pay them
- Check that all utilities and locks in the new place are functioning properly
- Let family and friends know you have arrived safely
- Begin unpacking necessities like kitchenware and bathroom supplies
- Refer your family and friends to Priority Home Mortgage for their mortgage needs!