

HOME BUYING GUIDE BOOK



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NMLS# 150953



HUMPHREY
MORTGAGE TEAM

Tim Humphrey • Mortgage Advisor • NMLS 1982955 • NEO Home Loans

Thank You



Thank you for choosing to put your trust in me for the process of buying and/or selling your home. Every member of my team is committed to ensuring that ALL of your mortgage and financing needs are not just met, but exceeded! I've created this book for your convenience and we hope that it will be a valuable resource. While the entire process is outlined for you here, please know that I will be staying in constant contact with you throughout the process. Your experience will be unique and I will adjust our service according to your wants and needs. My focus is on your complete satisfaction.

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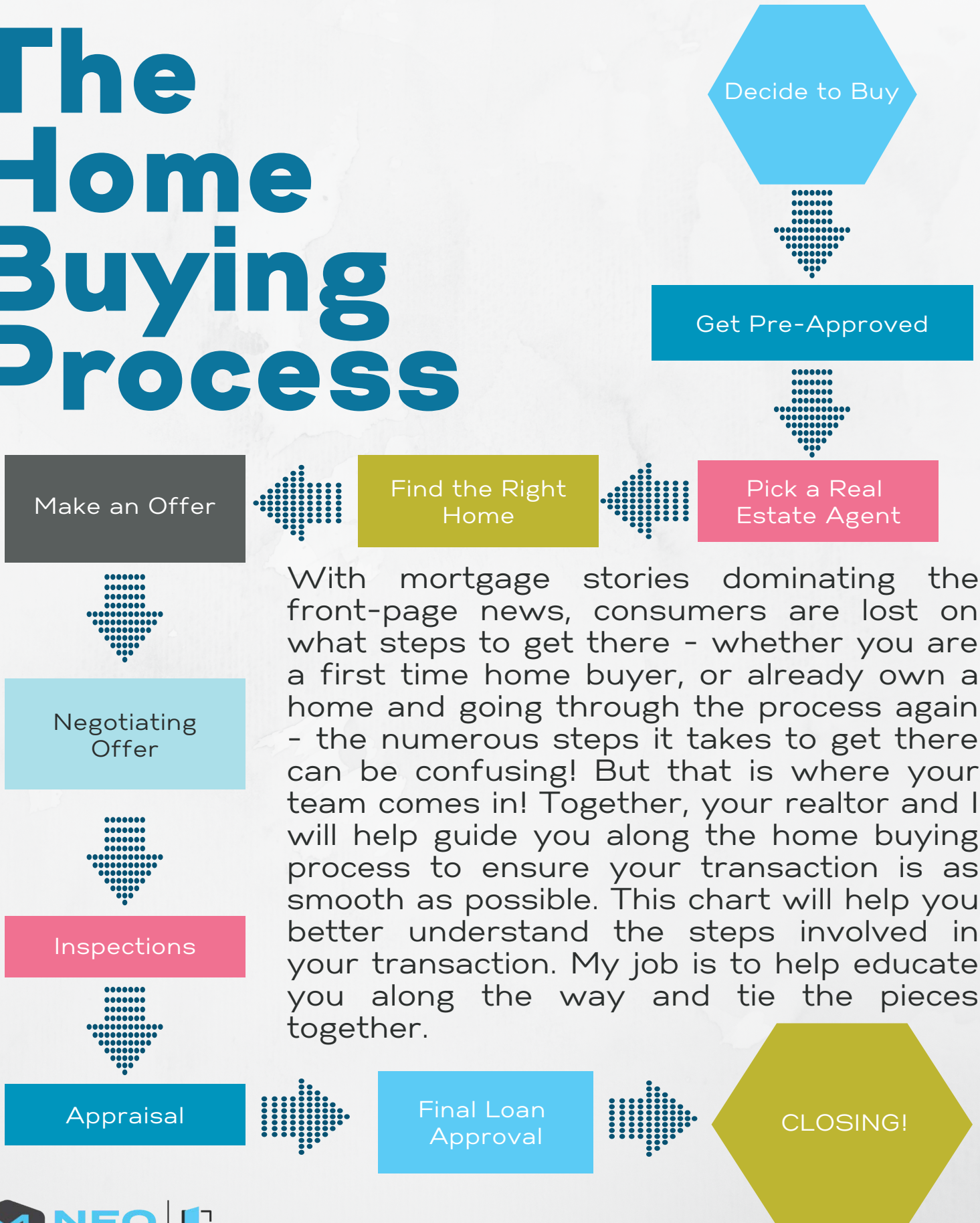


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BUYING YOUR NEW HOME

The Home Buying Process



With mortgage stories dominating the front-page news, consumers are lost on what steps to get there - whether you are a first time home buyer, or already own a home and going through the process again - the numerous steps it takes to get there can be confusing! But that is where your team comes in! Together, your realtor and I will help guide you along the home buying process to ensure your transaction is as smooth as possible. This chart will help you better understand the steps involved in your transaction. My job is to help educate you along the way and tie the pieces together.

Steps to a Home Purchase

STEP 1

- LENDER PRE-APPROVAL
- PREVIEW HOMES
- WRITE OFFER & NEGOTIATE PRICE

STEP 2

- HOME INSPECTION
- POST INSPECTION AGREEMENT
- DISCUSS HOME WARRANTY

STEP 3

- DISCLOSURES
- APPRAISAL ORDERED BY LENDER
- HOME INSURANCE SHOPPING

STEP 4

- APPRAISAL COMPLETED & REVIEWED
- CLOSING DISCLOSURE ISSUED BY LENDER
- FINAL VERIFICATION REQUIRED

STEP 5

- SCHEDULE UTILITY TRANSFER
- FINAL WALK THROUGH
- CLOSING



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STEP 1

LENDER PRE-APPROVAL

Before looking at homes, we need to get your financial house in order. By working with my team, we'll pull your credit, review your full application, compare your financial documents to your application and help you to decide how much home you can afford, your payment, your closing costs, escrow accounts and most importantly the best loan for you.



WHAT DOCUMENTS WILL YOU NEED?

Most homeowner's fit within the same box for documents:

1. Last years W2's all employers
2. Last 2 months of bank statements (all pages)
3. Last 30 days of paystubs
4. Valid form of Identification

Depending on your loan and your situation, more documentation may be required.

PREVIEW HOMES & WRITE OFFER

After touring homes in your price range, your realtor will assist you in writing an offer on the *right* home. We'll present a fair offer based on the value of comparable homes in the area. Depending on the market, you may need to negotiate with the sellers, once you all agree on the offer and conditions, and the Purchase Agreement is signed by all parties. Any changes after the agreement is signed have to go on an "Addendum."



FINDING "THE" HOUSE



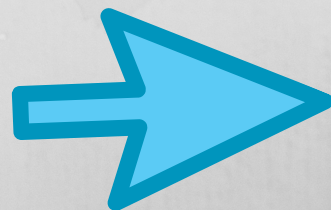
Make a list of the things you'll need to have in the house. Ask yourself how many bedrooms and bathrooms you'll need and get an idea of how much space you desire. How big do you want the kitchen to be? Do you need lots of closets and cabinet space? Do you need a big yard for your kids and/or pets to play in?

Find the Right House

- ☐ Get a head start by compiling your home wish list.
- ☐ Define your NEEDS VS WANTS list.
- ☐ Spend time in each area, imagining yourself living there.
- ☐ Find properties in your price range in your preferred neighborhoods.
- ☐ Map your "new home" to your office and check if location really works!
- ☐ Prior to visiting open houses, let your realtor know and take their business card to leave there.

Once you've made a list of your must-haves, don't forget to think about the kind of neighborhood you want, types of schools in the area, the length of your commute to and from work, and the convenience of local shopping. Take into account your safety concerns as well as how good the rate of home appreciation is in the area.

Use the form on the next page to help you evaluate and track every home you visit.



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Make copies to use while house hunting.

HOUSE HUNTING CHECK LIST

EXTERIOR FEATURES

	EXCELLENT	GOOD	FAIR	POOR
Construction Type				
Landscaping				
Foundation				
Sidewalk				
Paint				
Windows/Doors				
Porches/Patio				
Roof/Gutters				
Lighting				
Fencing				
Overall Appearance				

SYSTEM/EXTRA FEATURES

	YES	NO	DESCRIPTION
Sprinkler System			
Security System			
Swimming Pool			
Hot Tub			
Pool Cleaning System			
Outdoor Living Space			
Home Warranty			
Heating/Cooling			
Intercom			
Energy Saving Features			
Water System Type			

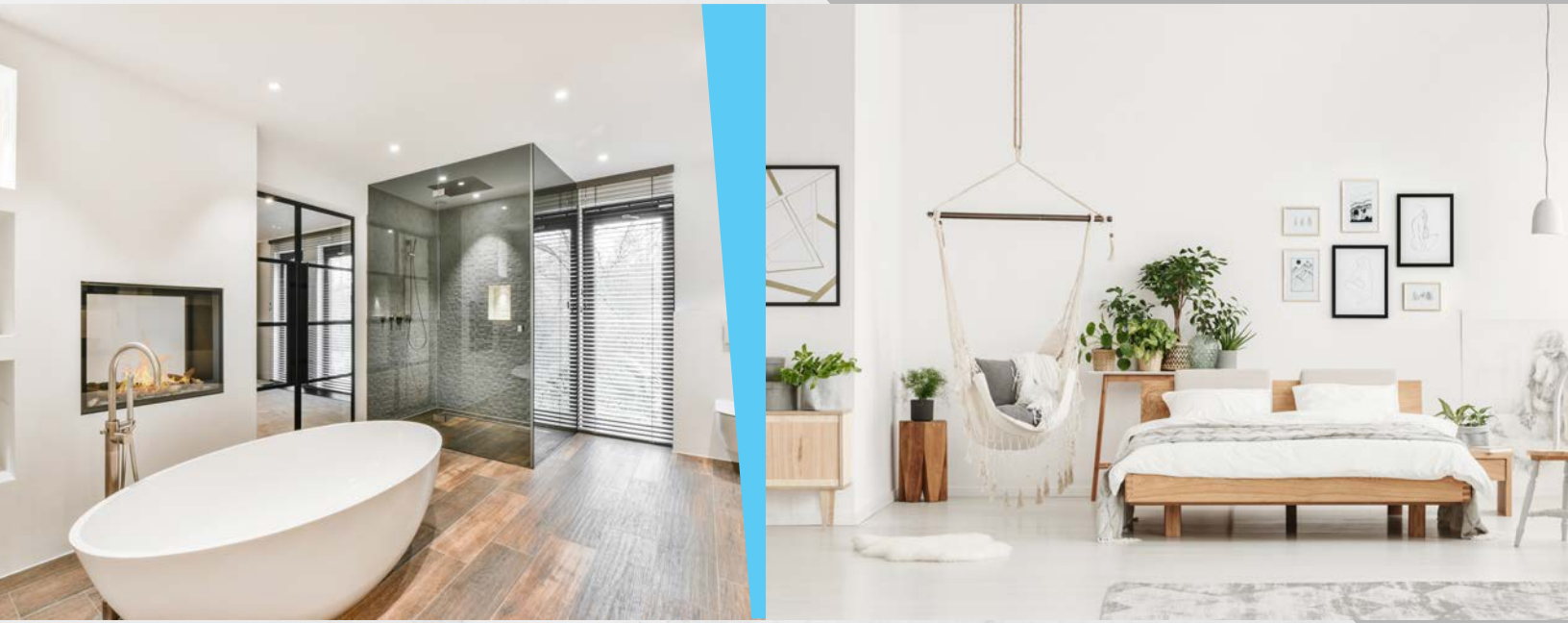
INTERIOR FEATURES

	EXCELLENT	GOOD	FAIR	POOR	DESCRIPTION
Bedroom # & Size					
Bath # & Size					
Plumbing					
Lighting Fixtures					
Living Room					
Dining Room					
Kitchen: Size					
Appliances					
Cabinetry					
Flooring					
Fixtures					
Walls/Trim/Ceilings					
Flooring					
Fireplace(s)					
Ceiling Fans					
Layout					
Garage(s)/Storage					

COMMUNITY FEATURES

	EXCELLENT	GOOD	FAIR	POOR	DESCRIPTION
Distance to:					
Workplace					
Schools					
Shopping					
Quality of:	EXCELLENT	GOOD	FAIR	POOR	DESCRIPTION
Schools					
Entertainment					
Transportation					
Parks					

STEP 2



HOME INSPECTION

The immediate step after making an offer and having it accepted is to complete any inspections that the offer was contingent upon. If one of the contingencies was a home inspection, you'll have a certain number of days to complete this after the offer is accepted.

POST INSPECTION AGREEMENT

This form will be used after the home inspection. It will be used if there are any counter-offers to the seller, asking that items be fixed. Things considered defective or problems relating to the safety of the home would need to be corrected prior to closing.

HOME WARRANTY

A home warranty can be purchased to cover repairs and replacements on systems and appliances in your home, usually for a period of a year. This may include coverage of your home's electrical, plumbing, heating, and air conditioning systems as well as other home appliances.



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CONTINGENCIES

By definition, a contingency is a provision in a real estate contract that makes the contract null and void if a certain event were to occur. Think of it as an escape clause that can be used under defined circumstances. It's also sometimes known as a condition.



3 OF THE MOST COMMON CONTINGENCIES USED:

INSPECTION CONTINGENCY

Sure, that house looks great from the curb. But, what's happening on the inside? What's the conditions of the roof, the foundation, and the electrical system? These are things a professional home inspector will evaluate. And that's why many buyer's in Washington state choose to make their offers contingent upon a home inspection. If the buyers feel the property has too many issues or needs too much work, they can use their contingency to walk away from the deal.

APPRAISAL CONTINGENCY

A home appraisal is required whenever a mortgage loan is being used. A licensed appraiser (selected by your lender) will evaluate the property to determine its market value, and Safety and Soundness of the home. A home appraisal contingency protects you if the appraisal comes in below the sale price or the loan program you are using to secure the home has concerns over the safety or soundness of the home.

TITLE CONTINGENCY

Each home has a "title" which is a record of homeownership. It shows who owns the home currently, and sometimes who has owned it in the past, as well if there are any liens against the property that need to be paid prior to your purchase of the home. Most of the time, title issues are resolved before closing - if there are any issues. But in cases where such issues cannot be resolved, the title contingency allows the buyer to exit the deal instead of having to pay for someone's property dispute.



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DISCLOSURES

Now that your in mutual agreement on your new home, and you are happy with the home inspection review on your home, your lender will issue you a TON of legal disclosures to review and sign.

Depending on your needs, most of the disclosures are sent to you thru email to review on a secure website, where once you sign all the disclosures a set is email to you for your records.

The Loan Estimate:

- Your Loan Estimate will outline your type of loan, length of payment terms, your interest rate { and if it's locked in or not).
- Your Loan Estimate is just that it's an estimate of the costs charged by third parties for your loan and these fee's can change. The Government issues a Booklet in your documents called the "LOAN TOOLKIT" this ToolKit will help you to understand the terms and costs of your loan.

APPRAISAL

A very common misunderstanding in the mortgage world is the difference between a Home Inspection and the Appraisal. The Home Inspection (under most loan terms) is an optional expense { and highly suggested) for you to hire an licensed home inspector who does a very in-depth review of your home. The Appraisal is a NON optional process, ordered by your lender and paid by you on your credit card at the time of ordering. The appraiser is an independent licensed appraiser who researches and determines the VALUE of your home and the basic Safety and Soundness of the home.

HOME INSURANCE

Your home insurance is the coverage of your physical home incase of flood or flood or otherwise. In most cases, your home insurance cost is included in your monthly mortgage payment. You are responsible to decide what insurance company you wish to use. It's a great idea to group your home and car's together to get discounts on your home insurance costs. The average cost for home insurance is usually \$700 900/year. Make sure you really go thru your coverage with a fine tooth comb to make sure your investment is covered. Compare at least 3 companies coverage, deductible and annual costs.

Mortgage tips for:

DO YOU NEED AN ATTORNEY?

FOR BUYING REAL ESTATE

WHY?

Buyers may wonder if they need to use an attorney over an Escrow Officer. In your Purchase & Sales Agreement, you will indicate what company, and Escrow/ Attorney you want to use for your closing of the home. There is a significant difference between the roles an Attorney and a LPO Escrow Agent play in your closing, and potentially cost associated to your choice. This is a great discussion point to have with your realtor PRIOR to putting in an offer to purchase a home. An attorney, who practices real estate law, will provide the buyer with experienced insight and expertise, giving them peace of mind during the closing process by offering advise. An Escrow officer is a Limited Practicing Officer (LPO) meaning they can not give any legal advice, their position in the transaction is to act as a 3rd party to prepare and conduct signing of the closing documents for the real estate transaction.

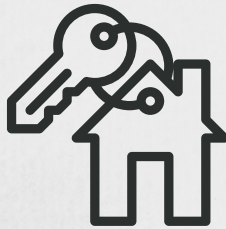
An attorney may provide the following:



DOCUMENT REVIEW

Contacts the Seller's attorney to ensure the Title Commitment (which discloses all liens and titles existing on the property) is reviewed.

Reviews all documents prepared by Seller's attorney for closing, including the Deed (which conveys the title to the Buyer.)



CLOSING FIGURES REVIEW

Verifies closing figures from the Seller's attorney. These figures include all expenses concerning the sale and satisfaction of liens and encumbrances on the property.

Contacts applicable sewer tax entity to obtain a proration through the closing date.

Obtains the most recent tax information and tax assessment for the property to prepare closing figures.



LEGAL ADVICE

Provides legal advice in any negotiations post contract, including inspection issues.

Remains available through the closing process and attends the closing to review all documents presented to the buyer.

STEP 4

APPRAISAL REVIEW

The appraisal is back! Now your lender will review it to make sure the value determined is sufficient to lend you a mortgage on. Additionally, they will review the photos and comments from the Appraiser in regards to any concern over Safety, Maintenance or Soundness of the property. You may have to negotiate repairs or value with the seller at this point if there are repairs to be completed or if the price of the appraisal comes in lower than the purchase price.

CLOSING DISCLOSURE

Your lender will be sending you another Loan Estimate to run over your loan details again at a minimum of 3 days PRIOR to your final loan paperwork. During these 3 days (excluding holidays & Sundays) you cannot take or sign for any ownership on your new home. This Closing Disclosure was mandated by the Government to ensure consumers truly understand their loans.

FINAL AMOUNT FOR CLOSING

You won't know your final cost for closing until the last couple of days, once your Lender's Underwriter approves your loan. They still need to balance the final 3rd party charges to balance your final Closing Totals.

FINAL VERIFICATION OF EMPLOYMENT

Most clients are not aware that during the last few days before you take ownership of your home, and after your loan is approved, your lender has to validate before closing, that you are still employed! Never make any credit, employment or money changes once you go into contract, or on a home, without talking to your loan officer first!



Mortgage tips for:

MORTGAGE FINANCING

Always check with your lender before doing any of the following after your initial Pre-Approval.

Making a big purchase:

Avoid making major purchases, like buying a new car or furniture, until after you close on the home. Big purchases can change your debt-to-income ratio that the lender used to approve your home loan and could throw the approval into jeopardy.

Opening new credit:

Do not open any new credit cards or get a loan without speaking to your lender first.

Missing any payments:

Pay your bills on time to keep your credit score from dropping.

Cashing out:

Avoid any transfers of large sums of money between your bank accounts or making any undocumented deposits - both of which could send "red flags" to your lender.

Keep the same job:

Be kind to your boss and keep your job. Don't begin looking for new work right now, unless it's a second job to make extra money, and even then discuss this first with your lender as changes to your bank account may put your loan in jeopardy.



CLOSING

THE CLOSING PROCESS FINALIZES THE PURCHASE OF YOUR HOME AND MAKES EVERYTHING OFFICIAL.

ALSO KNOWN AS THE SETTLEMENT, THE CLOSING IS WHEN YOU RECEIVE THE DEED TO YOUR HOME.

PRIOR TO CLOSING, YOU SHOULD CHANGE ALL UTILITIES INTO YOUR NAME, AND COMPLETE A FINAL WALK THROUGH TO CHECK FOR ANY OUTSTANDING ITEMS.

A FEW THINGS TO BRING TO CLOSING

- A valid government issued photo ID (HINT double check the expiration date!)
- Cashier's check for the total amount due (or wire transfer. The final balance comes FROM escrow)
- USB Stick for copy of all your legal documents

WHAT TO EXPECT

The escrow officer will look over the purchase contract to: identify what payments are owed and by whom; prepare documents for the closing; conduct the closing; make sure taxes, title searches, real estate commissions and other closing costs are paid; ensure that the buyer's title is recorded; and ensure the seller receives any money due.

YOUR COST

Some of the most common fees include:

- Escrow fees
- Recording, title and notary fee's, if applicable
- Title search and title insurance
- Origination, application and underwriting fees from lender
- Fee's charged for credit report, tax transcripts, flood zone certificates,
- Property Taxes
- Homeowners Insurance
- Home Owners Association fees, if applicable

AFTER CLOSING

You'll receive a copy of all your loan documents you just signed. Ask the Escrow agent if they can put them on a USB Drive for you to keep an additional copy on top of all the paper copies. These documents are like sales paperwork for a vehicle - so make sure to keep these safe and secure. Once you have signed your documents, the seller has signed theirs and the lender pays the loan, the Title company will file the transfer of ownership with the local county courts. Later that day they will receive "recording numbers" which gives your Realtor evidence the change of ownership is complete and you will get your keys!



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THE DECISION TO BUY A HOME IS AN EXCITING ONE.

AS YOUR MORTGAGE ADVISOR, I GO
ABOVE AND BEYOND TO HELP YOU
MAKE THE DECISION THAT IS BEST FOR
YOUR FAMILY...BY...

consistently providing you with the
expert guidance you deserve throughout
the mortgage process and over the life of
your loan.

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