CMG HOME LOANS

HOME BUYERS GUIDE





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Meet Your
CMG Home Loans Loan Officer

At CMG Home Loans, our loan officers are here to act as your financial counselor throughout the lending process. Buying your first home is an exciting journey. We want to make the transaction as smooth as possible.

The CMG Home Loans Advantage

We are able to deliver personalized customer service with the resources of a local lender. Borrowers prefer working with CMG Home Loans because of our:

- Reliable Prequalifications / Preapprovals
- Competitive Rates
- Robust Menu of Loan Products
- Transparent Communication
- Dependable On-Time Closings



CMG HOME LOANS

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Getting Preapproved **at CMG Home Loans**

Getting preapproved can have many advantages for home buyers and can even expedite the buying process.

Some of the benefits include:



Determine how much you can afford ahead of time.



Get a general idea of what your monthly payment will be.



Estimate your down payment.



Identify qualifying loan programs.

Most importantly, you can improve seller negotiations. The seller may be more inclined to accept your purchase offer when they know you are qualified to buy their home.

What you need for preapproval:

- Income and Employment History
- Monthly Debts and Credit Score
- Source and Amount of Down Payment and Closing Costs
- Completed Loan Application

Know Your **Mortgages!**

You're going to start hearing some of these words a lot! It's important to get familiar with these common types of mortgages and mortgage terms before you begin the home buying process.

Conventional

Adjustable-Rate Mortgage (ARM) – a loan with an interest rate that is tied to a specified financial index, this increases or decreases at scheduled time periods during the life of the loan. The loan includes a margin that is tied to the index.

Fixed-Rate Loan – a loan with an interest rate and payment that remains constant throughout the life of the loan. Interest is amortized over the loan period and factored into the monthly mortgage payment.

Interest Only – monthly mortgage payments consist of interest only for a specific period, usually 5 to 10 years. During the interest only period, your balance remains the same unless you choose to pay extra toward your principal.

Government

Federal Housing Administration Loan (FHA) – FHA Loans are available as fixed-rate and adjustable-rate mortgages (ARM). FHA Loans are insured by the Federal Housing Administration and can offer low down payments as well as higher qualifying ratios. There is a maximum FHA Loan limit that varies from region to region.

United States Department of Agriculture (USDA) – designed for purchase or refinance loans in designated rural and suburban areas.

VA Loan – available to active-duty military, Veterans, reservists, National Guard, and surviving military spouses. The Veterans Administration guarantees the repayment of VA Loans to the lender in case of borrower default.



VA **Loans**

CMG Home Loans is a US Department of Veterans Affairs (VA) approved lender and can issue VA Loans guaranteed by the VA.

Who May Qualify?

- Veterans
- Active-Duty Service Members
- Reservists
- National Guard Members
- Eligible Surviving Spouses

Benefits of a VA Home Loan:

- Guarantees a portion of the total loan, enabling more favorable terms.
- Borrowers can buy, build, repair, or adapt a home.
- No down payment needed in most cases. No monthly mortgage insurance payment, but an upfront Guaranty Fee is required (some applicants may be exempt).
- Flexible interest rates.
- Flexible financing options to reduce current interest rates (VA IRRRL).

Visit *http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp* to learn more.

homefundit™

Worried about a down payment? Increase your down payment with *HomeFundIt*
HomeFundIt makes buying a home possible for creditworthy borrowers who are unable to save for a down payment.

What is *HomeFundIt*?

A first of its kind online gifting platform that makes it easy for prospective home buyers to accept gifts and apply toward their down payments.

It works like any other social network:

- Connects directly with your social media accounts, like Facebook and Twitter, to allow users to share their campaigns with their network.
- Family, friends, and anyone else can contribute to your campaign through the shared link.

Why use *HomeFundIt*?

Saving for a down payment is one of the biggest challenges future home buyers face. Whether you need to increase your current down payment savings or you're starting from scratch, *HomeFundIt* can be the down payment solution you've been looking for.

Qualifying home buyers have a chance to have closing costs covered.

- Exclusive Closing Costs Covered program available for first-time home buyers (as defined by Fannie Mae) who have completed home buyer education or pre-purchase counseling.
- CMG Home Loans (or its joint venture partners) will give $2 for every $1 collected (pledged funds do not apply) up to $2,000 or 1% of the purchase price, whichever is less.
- Grant funds will be applied to non-recurring closing costs.

Here's how it works:

STEP 1
Start your campaign

STEP 2
Share your story

STEP 3
Grow your funds

STEP 4
Buy your home

WWW.HOMEFUNDIT.COM

Meet the Wilsons



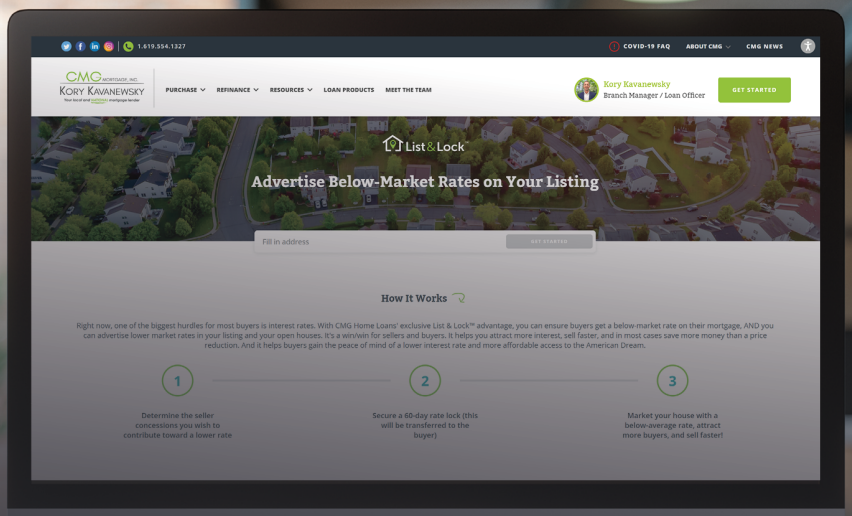
$4,000
already saved

$4,500
gifted on
HomeFundIt +

$8,500
new down payment

EQUAL HOUSING LENDER

*Grant is a $2-to-$1 match on regular down payment gifts received on HomeFundIt™, up to the lesser of $2,000 or 1% of purchase price for first time buyers, as defined by Fannie Mae, who complete homebuyer education prior to signing a purchase contract. Talk to your loan officer or visit your HomeFundIt dashboard for next steps, or you can also find a housing counselor near you by visiting https://www.hud.gov/counseling. Grant funds are applied to nonrecurring closing costs. If closing costs are fully paid by seller or interested party, grant funds can be used to buy down the rate. Grant funds cannot be used towards a down payment. Visit https://www.homefundit.com/Grant for complete terms and conditions.



List & Lock™

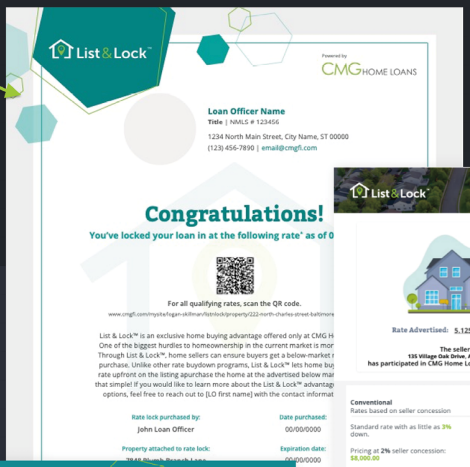
Interest rates are one of the most common concerns for first-time home buyers. The higher the rate, the harder it can be to qualify for a home. Are you tired of endlessly browsing listing sites? Are you losing hope on finding the right home at the right price? Look for the *List & Lock* logo!

What is *List & Lock*?

List & Lock is a unique home buying advantage offered only through CMG Home Loans. With the *List & Lock* advantage, home sellers can give you the affordability boost you need to purchase the perfect home at a discounted rate. Through *List & Lock* home sellers can advertise a discounted interest rate on their listings. Upon purchasing the home, the buyer receives this rate on their loan!

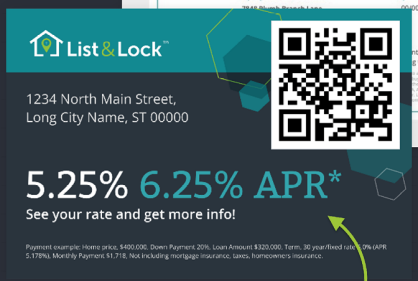
Reach out to your loan officer to learn more!

Lock Certificate



Open House Flyer with rate options





Listing image with discounted rate

Mortgage **Terms**

My Mortgage Payment

Your monthly mortgage payment is made up of several components. This housing expense is commonly referred to as P.I.T.I. or Principal, Interest, Taxes and Insurance. Mortgage Insurance, Flood Insurance, and Homeowners Association (HOA) fees may also be a portion of your total payment.

Principal – The portion of your payment that is applied to pay down your mortgage.

Interest – A charge for the use, or loan, of money. The interest is calculated on unpaid principal balance.

Taxes – The county assessor charges property tax based on the valuation of your home. For example, in California, there are two tax installments due each year; one in November, the second in April.

Homeowners Insurance – This pays for losses from certain hazards, including fire. This standard insurance pays for replacement costs based on actual cash value.

HOA Dues – Fees paid by homeowners within a community of homes, condos, townhouses, or planned unit developments (P.U.D.). HOA dues are collected to cover the cost and maintenance of communal areas to the property.

Mortgage Insurance (MI) – Depending on your loan program or the amount of your down payment, you may be required to have MI. Anything less than 20% down — a higher note of default — requires MI. Because loans with small down payments involve substantially more risk for the lender, they require insurance as a hedge against borrower default. The cost of MI varies according to your loan type, down payment, and credit score. FHA Loans charge a fee for life-of-loan mortgage insurance, called Mortgage Insurance Premium (MIP). VA Loans charge an upfront Guaranty Fee in lieu of a monthly mortgage insurance fee.

Closing Costs

Below is an overview of the types of closing costs you may incur. When you apply for your loan, you will receive a Loan Estimate and a booklet that will explain these costs in detail. At loan closing, you will receive a Closing Disclosure summarizing your actual loan costs and fees.

Appraisal Fee – Conducted by an independent appraisal company, this pays for a statement of property value for the lender. You will receive your own copy.

Credit Report Fee – This covers the cost of the credit report that is run by an independent credit-reporting agency and is used to prequalify you for a loan and to underwrite your completed loan application.

Escrow Account – If you choose to have an escrow account, have a government-funded FHA or VA Loan, or if your down payment is less than 20%, the lender may require you to establish an account held in trust for you by the lender to pay the costs of your property taxes and insurance. Your monthly payment will include the loan Principal, Interest, Taxes, and Insurance (collectively, P.I.T.I.).

Loan Discount – Often called discount points, a loan discount is a one-time charge used to buy down your specific transaction's interest rate. One point is equal to 1% of the loan amount.

Loan Origination – This fee covers the lender's costs for originating your loan.

Title Charges and Document Preparation – The title company may charge one-time fees for a title search and examination, document preparation, notary fees, recording fees, courier fees, and a settlement or closing fee. There are two title policies with a one-time fee: a lender's title policy, which protects the lender against losses due to defects on title, and a buyer's title policy, which protects the borrower against defects on the title.

Prepaid Interest – Amount accrued on a daily basis from the date of loan closing to the due date of your first loan payment.

Taxes and Hazard Insurance – You will be expected to pay for property taxes upfront, including the entire year's hazard insurance premium. In addition, you may be required to allocate property taxes and property insurance (may include homeowners, flood) into a reserve account, called an impound account, held by the lender.

Down Payment **Options**

Low Down Payment – Pay 5% or less of the home's price in cash and borrow the rest. VA and USDA Loans have 0% down payment options, FHA Loans have low down payment options, and some Conventional Financing options allow down payments as low as 3%.*

10% Down Payment – Pay 10%** of the home's price in cash and borrow 90%. Pay for any additional mortgage insurance.

20% Down Payment – Pay 20%*** of the home's price in cash and borrow 80%. No mortgage insurance is required.

Down Payment Assistance – Grants, loans, and tax credits are available at the federal, state, and local level. Talk with your loan officer about the options available to you.

Payment examples: Stated rates may change or may not be available at time of rate lock. *Home Price, $425,000, Term, 30 years, Fixed rate 7.75% (7.842% Annual Percentage Rate), Down Payment 3%, Loan Amount $412,250, 360 monthly payments of $2,953.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance.

**Home Price, $425,000, Term, 30 years, Fixed rate 8.25% (8.325% Annual Percentage Rate), Down Payment 10%, Loan Amount $382,500, 360 monthly payments of $2,874.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance.

***Home Price, $425,000, Term, 30 years, Fixed rate 8.25% (8.352% Annual Percentage Rate), Down Payment 20%, Loan Amount $340,000, 360 monthly payments of $2,554.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance.

Benefits of **Homeownership**



Join a Community – when you move into your new home, you become part of a new community. Get to know your neighbors, and build a lasting network.

Invest in an Appreciating Asset – real estate has the tendency to appreciate over time.

Earn Equity through Ownership – access your home's equity when you need it through a cash-out refinance.

Renovate, Paint, or Make Home Improvements – make changes as you want, without needing landlord permission.

Save on Taxes – mortgage interest is tax deductible*

**consult a tax advisor for professional advice*

The Home **Loan Process**

Understand the Life of Your Loan



Meet Your Loan Officer

Review your FICO score and determine your financing options. Having relevant documentation such as pay stubs, W2's, and government identification can help.



Contracting a Home

Make an offer on the home and obtain a contract on price and terms of purchase. When you have an offer accepted, provide a copy to your loan officer.



Processing

The processing team verifies the accuracy of the information provided on the application and reviews the loan request.



Underwriting

Once fully processed, underwriting begins. If there are additional supportive documents needed, the underwriter will condition those items and work closely with processing and your loan officer to satisfy those requirements.



Loan Approval

After full review, conditional approval is issued.



Closing Day and Document Signing

Once the loan is "Clear to Close," your loan officer facilitates all final procedures so that you can close your loan on time and without hassle.



The Role of the **Real Estate Agent**

- Helps you determine your goals to find the home that best suits your budget, lifestyle, and personal needs.
- Access the Multiple Listing Service (MLS) to find properties for sale in your preferred community. The MLS is the most complete database of properties for sales, and it speeds up research your real estate agent can do for you: http://mls.com
- Protect your rights. Real estate and mortgage finance laws have become quite complicated. Your agent will keep you up-to-date on what is required of you, the seller, and of all other parties involved in your transaction.
- Negotiate for you. Once you find a home you want to buy, your real estate agent handles the process with the seller or seller's agent.

Learn More:

Pennsylvania Association of Realtors (PAR) - http://www.parealtors.org

National Association of Realtors (NAR) - http://www.realtor.org



What Type of **Home Suits Me?**

Single Family Home

Standalone structure with no shared property.

Planned Unit Development

Community of single family structures or townhouses with shared common areas (play areas, community pool, etc.). A Homeowners Association will manage the common areas and charge a HOA fee.

Condominium

Unit within a complex with shared walls and common areas. An HOA will manage common areas and the exterior of your unit, for which you pay an HOA fee. The units are sometimes called townhouses.

Home Inspection Checklist

Pay for a professional home inspection and talk to your real estate agent about the benefits of purchasing a home warranty.

- ☐ Age of Home
- ☐ Floor Plan
- ☐ Square Footage
- ☐ Location
- ☐ Street Traffic
- ☐ Ceiling Height
- ☐ Brightness
- ☐ Included Appliance & Fixtures
- ☐ Heating System
- ☐ Working Appliances
- ☐ Air Conditioning
- ☐ Plumbing
- ☐ Drainage
- ☐ Water Supply
- ☐ Waste Disposal
- ☐ Wiring
- ☐ Insulation
- ☐ Number of Entrances
- ☐ Basement
- ☐ Attic

Must-Have Features

It could be beneficial to rank the importance of the following features. Check those that are most important to you.

- _____ Desired Home Age
- _____ Number of Bedrooms
- _____ Number of Bathrooms
- ☐ Home Office
- ☐ Study / Library
- ☐ Living / Rec Room
- ☐ Separate Dining Room
- ☐ Master Bath
- ☐ Spacious Closets
- ☐ Family Room
- ☐ Attached Garage
- ☐ Pool
- ☐ Large, Landscaped Yard
- ☐ Mature Trees
- ☐ Fenced Property
- ☐ Walk-In Closets

Other important features: _____

_____

_____

My Home Tour Notes

Organize your thoughts about each open house.

Property Address:

Notes:

Property Address:

Notes:

Property Address:

Notes:

Property Address:

Notes:



Over Two Decades Of **Extraordinary Experiences**

Meet CMG Home Loans. We are the Retail Division of CMG Financial, a well-capitalized, privately held mortgage-banking firm built on nearly 30 years of lending transparency and client service. Our motto Experience Extraordinary is executed through operational efficiency and support, product innovation, investment in technology, and in-house marketing. Our company contributes to the market through three distinct origination channels including Retail Lending, Correspondent Lending, and Wholesale Lending.

CMG Home Loans currently operates in all 50 states and the District of Columbia and holds federal agency lending approvals with HUD, VA, RHS, GNMA, FNMA, and FHLMC. We achieve our goals through the research and development it takes to stay relevant in this industry. We select partners who are leaders and have the potential to grow with us. We provide clients nothing short of an extraordinary experience.



CMG HOME LOANS

NMLS ID# 1820

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