

# YOUR HOMEBUYING *journey*

**Victorian Finance**  
YOUR MORTGAGE. MADE EASY.





## IT ALL STARTS HERE...

Homeownership is an exciting journey that all starts right here. We can help guide you through the process of investing in your new home where you will create lasting memories and experience even more milestones. Buying a home is no small feat, but it does not have to be a stressful one. We are here to walk you through every step of this thrilling adventure as you become a part of a community that is right for you.

Our family is here for yours. We work as a team – constantly learning, engaging, and evolving. Everyone is tasked with being a problem solver, innovator, and team player so that we consistently meet deadlines and get you into your new home quickly and smoothly.





# YOUR HELPERS ALONG THE PATH



## Loan Officer

Your loan officer helps you through the entire home buying process from pre-approval to deciding what type of mortgage works best for you to closing. They also work with a processor who ensures your loan application is completed accurately and an underwriter who ultimately decides whether your loan is approved or denied. Your loan officer will communicate with you about important loan updates and answer all of your questions along the way.



## Real Estate Agent

Your real estate agent assists you in your home search and helps to negotiate with the listing agent (the seller's real estate agent) to find an offer that both parties can agree to. If you are unsure where to start, your loan officer can suggest an agent they trust.

## Assistance Along the Way

<b>Loan Partner</b>	Your bestie in the loan process. Helps gather documents, structures your file, give you updates, and helps answer questions along the way!
<b>Processor</b>	Gathers all needed details and documents for the loan, orders reports, and provides everything to the underwriter.
<b>Underwriter</b>	Uses all provided documentation and reports to determine if the loan can be approved.
<b>Home Inspector</b>	Thoroughly tours the house you wish to buy to determine what repairs may need to be done prior to purchase.
<b>Appraiser</b>	Assesses the monetary value of the house and property you chose to help determine the loan amount.
<b>Title Company</b>	Verifies that you are buying a legitimate piece of property that is clear of liens and other issues.
<b>Closing Agent</b>	Confirms the purchase amount and oversees the legal transfer of funds and title ownership between you and the seller.



## WHAT CAN I AFFORD?

It is important to consider getting pre-approved before you start visiting open houses. The first step is to discuss the loan process and your needs with a loan officer. Your loan officer will guide you to complete an application and you will be asked to provide appropriate documentation. Your pre-approval application will go through a thorough process to determine your credit score and to determine how much you can afford with the goal of getting you pre-approved for a loan.



**DTI** Debt-to-Income (DTI) ratio is the percentage of a borrower's income that is devoted to debt.

**LTV** Loan-to-Value (LTV) is a number we use to determine how much risk a borrower is assuming with a loan.

### What is a good DTI ratio?

Anything at or below 36% DTI is considered ideal, anything higher leaves room for improvement and could impede the loan process. REMINDER: Your monthly mortgage payment should not exceed 28% of your gross monthly income.

### What is a good LTV?

LTV ratio of 80% or less. LTV ratios greater than 80% typically require Private Mortgage Insurance (PMI), which can add quite a lot to your payments over the life of the mortgage.



Lenders consider a few things when factoring how much you can afford for a home.

## THE 4 Cs OF CREDIT: DETERMINING YOUR CREDITWORTHINESS.

### **Capacity: Do you have enough income to make monthly payment?**

- Income source or employment
- Length of time employed
- Predicted time employment is expected to continue into the future
- Expenses like car payments, student loans, credit card payments, personal loans, child support, alimony, other monetary obligations

*\*This is often referred to as Debt-to-Income Ratio*

### **Capital: Cash needed to close on a property including down payment, closing costs, and any reserves.**

- Savings: Investments, 401(k) accounts, retirement accounts, stocks, and other types of similar assets
- Gifts from family members
- Down payment assistance programs
- Grants or matching funds programs

### **Credit: Lenders will review your credit history to determine your overall creditworthiness.**

- Collection accounts
- Charge-offs
- Judgements
- Bankruptcies and foreclosures

### **Collateral: In the case of a mortgage, the collateral is the home you are buying.**

- Single-family homes
- Multi-family dwellings up to four units
- Condominiums
- Planned unit developments, townhouses
- Some types of manufactured homes
- Other state-specific requirements
- Contingencies – financing and home inspection
- Provisions for a final tour of the house prior to closing





# CHOOSING THE BEST MORTGAGE OPTION

We understand that everyone's financial situation is different, which is why we offer a wide variety of mortgage options so that you can spend less time worrying about house payments and more time enjoying your new home. Our loan officers are here to help you determine what plan works best for your needs, and our team works hard to make the homebuying process simple and easy for you.



## FIXED RATE

A traditional, fixed-rate mortgage is a popular program for refinancing or purchasing a new home.



## ADJUSTABLE RATE

An ARM loan may work for you if you plan on staying in your home short term or need a lower monthly payment.



## VA LOANS

VA offers a variety of home loan guaranty programs for Active Duty Service members, Veterans, and National Guard and Reserve members.



## FHA LOANS

Borrowers who do not qualify for conventional loans have a good chance at an FHA loan that can be used to purchase or refinance a home on a monthly mortgage payment.



## 100% USDA HOME LOANS

The Guaranteed Rural Housing Loan Program is available for properties in almost every area of the country outside major metropolitan areas.



## RENOVATION LOANS

Provides funds for both the purchase and renovation of a home packaged into one mortgage loan.



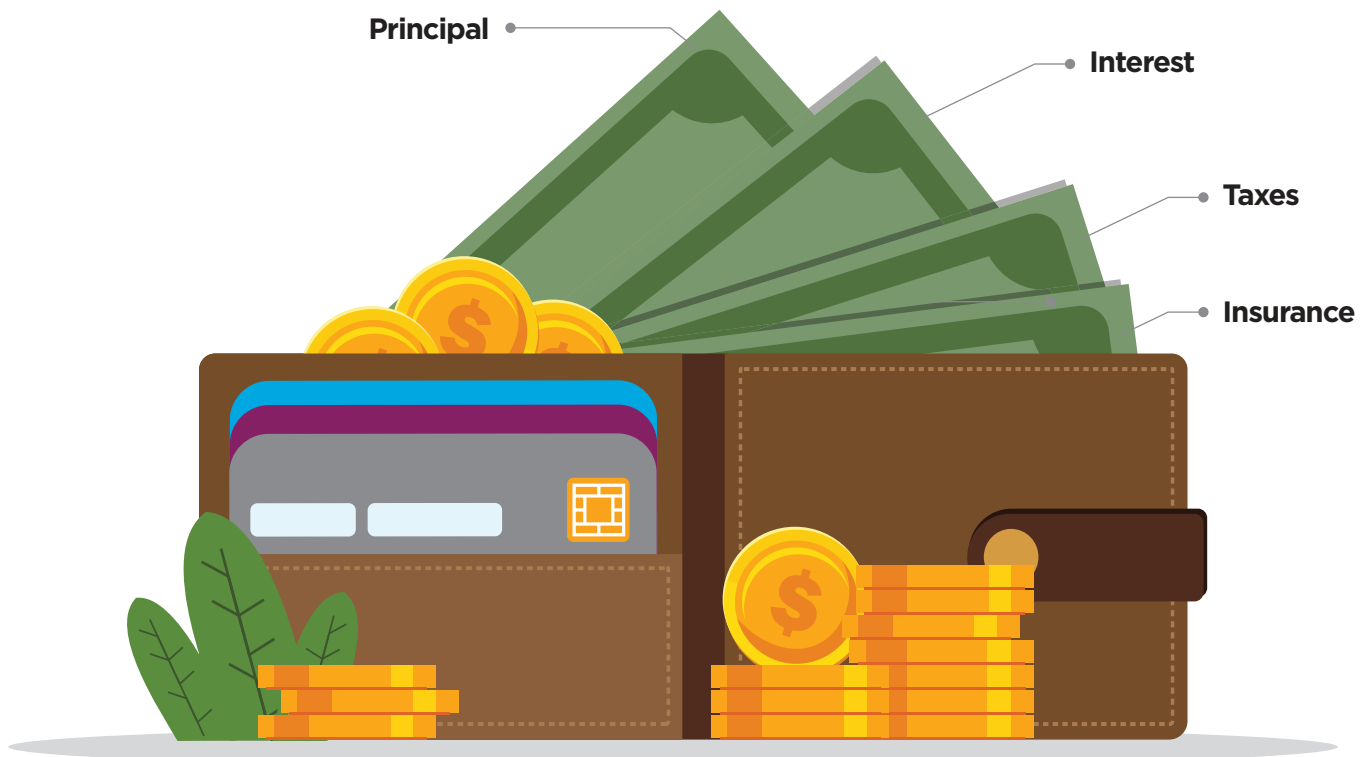
## REVERSE MORTGAGE

A sophisticated financial planning tool that enables seniors to stay in their home and maintain or improve their standard of living without taking on a monthly mortgage payment.





# WHAT IS INCLUDED IN A MORTGAGE PAYMENT?



**Principal:** The amount you are borrowing from your lender.

**Interest:** How much it costs to borrow the principal from your lender.

**Taxes:** Real estate or local property taxes.

**Insurance:** Homeowner's insurance and sometimes mortgage insurance. Homeowners protects you and your home from things like acts of nature or theft. Mortgage insurance, often referred to as MI, is a factor when you have a deposit that is less than 20% of your home purchase price. MI is sometimes private mortgage insurance, PMI, or a mortgage insurance premium, MIP. This designation is connected to what loan product your lender suggests for your purchase.



## What is an Escrow payment?

An escrow payment covers property taxes and insurance. Each month a portion of your mortgage payment is placed into an escrow account on your behalf as a protection to you. Taxes and insurance are then deducted from that account on your behalf.



# WHAT WILL I NEED FOR THE PRE-APPROVAL PROCESS?

Before you apply, it is a good idea to gather a few items so that once you complete the application you can provide any extra documentation to your loan officer in order to get the process started quickly.



## **Documents that you will need might include:**

- W2s and/or 1099s
- Recent paystubs
- Tax returns
- Recent bank statements
- A list of all debts and accounts like credit cards, student loans, car loans
- A list of all assets like investment and retirement accounts







# I'M PRE-APPROVED!

## Is it time to look for my new home?

**Yes! It is recommended you work with a REALTOR®, as they will act as your home search team lead.** Using a REALTOR® who is reputable and knowledgeable in the housing market will help you to determine the best home for you and help you find it! They will also help you through the tricky waters of negotiation. Often, a home will list and have a lot of interest. There could be a few factors involved, such as low home inventory, sought after neighborhood and school district, or the home you found might be priced to sell. Any of the factors above could mean you will need a strong negotiator who will lead you through the process and help your offer to be the best on the table.

### Things to consider when looking for a new home:

- Commute time
- Commuting options, public transportation, bicycle trails, connectivity
- Home sales prices
- School districts
- Proximity to what is important to you, entertainment, gym, shopping
- Community walkability

### Home features:

- Updated bathrooms and kitchen
- Finished basement
- Garage and parking
- Decks, patios, and other outside entertaining or relaxing areas
- Single floor living vs. multi-floors
- Modern windows, doors, and roof
- A yard for children or pets
- Storage
- Solar panels
- Yard maintenance



# I found my dream home!

## HOW DO I MAKE AN OFFER?

Great! You found the house that checks all the boxes, you have started visualizing where your belongings will go, and you are dreaming of all the future memories you will have there. Now what? It is time to make an offer! The offer is the document that your buying agent presents to the seller during negotiations that outlines what you are able and willing to pay for the house.



### Information in the offer document will include:

- The house's address and legal description
- Purchase price, down payment, and earnest money  
*Earnest money, which is what you pay when making the offer to show you are serious, is held in escrow until it can contribute to your down payment at the time of purchase.*
- Other terms, such as it being an all-cash purchase or subject to you getting the mortgage loan
- Expiration date of the offer and targeted closing and move-in dates
- Seller's promise to transfer the title
- How taxes and utilities are transferred from seller to buyer
- Establish who will pay for inspections, title insurance, and survey
- Other state-specific requirements
- Contingencies – financing and home inspection
- Provisions for a final tour of the house prior to closing

## Home Inspection

Once you and the sellers have settled on a sale price and all terms of the legal agreement, you need to start thinking about a home inspection. While not usually required, we strongly encourage you to have a home inspector tour the property, even if it is not included as a contingency in the purchase agreement. The home inspector will thoroughly review the house's overall condition and make note of what needs to be fixed. It is important for you to fully understand what you are investing in and what problems need to be addressed for safe living conditions for years to come. The inspection results should be discussed with the seller to determine what updates will occur before and after the title transfer.





# WHAT CAN I EXPECT NOW THAT I AM UNDER CONTRACT?

Now that you are under contract, it is a good idea to gather any updated items and any extra documentation for your loan officer to get the process started quickly and to ensure a timely closing.

The **Loan Estimate** (LE) will be provided to you within three days of you applying to your loan officer. The LE is a report that gives you a loan summary, or details that you and your loan officer have discussed including factors like taxes, insurance, escrow, payments, and more.

After reviewing the LE, if you choose to proceed with your loan, all details are given to the loan processor. In **PROCESSING**, they go through the loan looking at all the details and will request any possible documentation they might need. They order reports for the property including the appraisal.

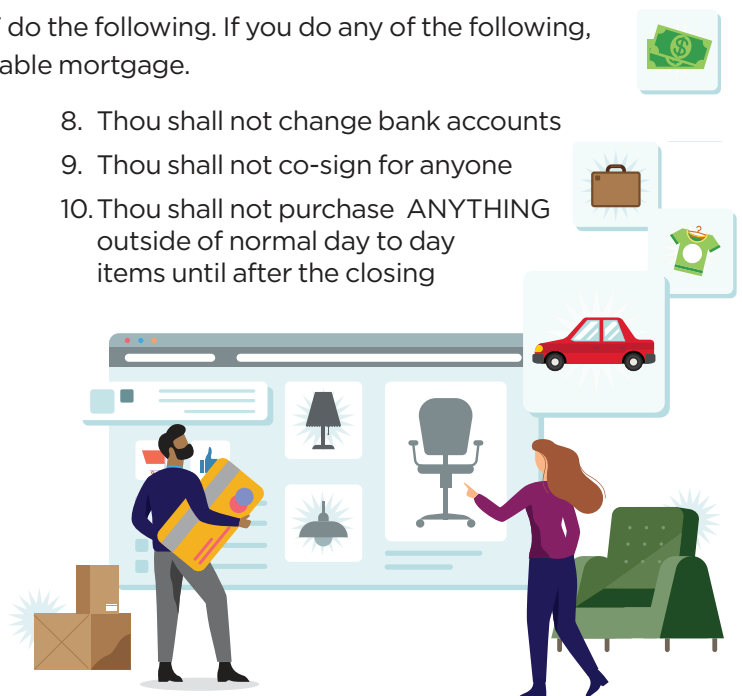
Once all documentation is acquired, they package it and move it to underwriting. Once your loan is in **UNDERWRITING**, it is reviewed in detail. They are looking for things like credit history, employment, and the appraisal report. They will compare what has been provided to what is required for the specific loan product. You might need to provide additional documentation at this time.

Once the underwriter approves your loan application, you are very close the end of the loan process. They will provide a loan commitment, and the loan moves to the closer, who will work with the title company to prepare all closing documents. This package of documents will be presented to you and the seller on closing day. Each document will be presented and explained in detail, and you will have time to review and ask questions.

## Borrower Thou Shall Not's

While in the mortgage process please do NOT do the following. If you do any of the following, it may put you at risk for not having an approvable mortgage.

1. Thou shall not change jobs or become self-employed
2. Thou shall not buy a car, truck, van, motorcycle, boat, RV or any other type of vehicle
3. Thou shall not make a substantial credit card purchase or let payments fall behind
4. Thou shall not spend the money needed for your down payment
5. Thou shall not buy furniture before you buy your home
6. Thou shall not originate any new inquiries on your credit report
7. Thou shall not make any large deposits into your bank account
8. Thou shall not change bank accounts
9. Thou shall not co-sign for anyone
10. Thou shall not purchase ANYTHING outside of normal day to day items until after the closing







## WHAT CAN I EXPECT AT MY CLOSING?

Congratulations! Closing on your home is the final step of the home purchase process. You will receive a copy of the closing documents three days prior to your actual closing date and you will be able to review those documents with your lender before you close. When you attend your closing, your lender, the seller and their agent, your agent, the title company, and the closing agent will all be there too.

**Be sure to bring your photo ID and a cashier's check or proof of wire transfer for your closing costs.**



# WHAT ARE CLOSING COSTS?

**Closing costs, which are due the day you close on your house and sign all needed paperwork, are in addition to your down payment.** It is important to become familiar with and budget for these added fees so that you are prepared come closing day. Before you close, you will have a few tasks, and your lender and agent will help you to complete them. Things to remember:

- Purchase a homeowner's insurance policy
- Review the closing disclosure and bring any errors or questions to your lender's attention
- Confirm with your lender how much money you will need to bring to your closing and what form of payment is acceptable





# MOVE-IN DAY AND BEYOND

**Moving In! Prepare for this exciting day ahead of time to make sure it is a smooth transition all around.**

- Keep track of important paperwork and protect it in a fireproof lockbox
- Schedule and pay for a rental truck large enough to transport all your belongings
- Remember to notify the following of your change in address:
  - Utility companies – Electricity, gas, water, sewage, waste, and home security
  - Service providers – Internet, phone, cable
  - United States Postal Service
  - Financial institutions – Banks, credit card companies, school loan providers and other lenders, investments, tax preparation services, etc.
  - Insurance companies – Homeowners/renters, car, life, and medical
  - The IRS
  - Your employer(s)
  - The DMV – License, vehicle registration, voter registration, passport
  - Benefits providers – Social security, retirement, Medicare, disability, etc.
  - Subscription services – Ecommerce, subscription boxes, newspapers, magazines, digital streaming services
  - Doctors, dentists, and vets
  - Your family and friends





**WE ARE WITH  
YOU EVERY**  
*step of the way*



# Victorian Finance

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