



HEY FUTURE HOMEOWNER!

Congratulations on taking the first steps toward homeownership!
There is so much to learn as you prepare to take on your first mortgage. This guide will help you understand what to expect during your loan process, break down mortgage terms, and help you avoid common pitfalls and obstacles on the way to your clear-to-close. We look forward to helping you every step of the way!

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Homeownership provides peace of mind, along with many other benefits. It truly is a goal worth working towards!

Freedom

Want to paint the walls a dark, moody color? Or rip out a patch of the backyard lawn to install a garden? When you trade your rent payment for your own mortgage payment, the possibilities are endless.

Home Equity

While it is not a guarantee, homeowners in the US have gained an average of \$225,000 of equity over the last decade, and an average of 4.2% over the past 30 years. Most of this equity was built from a combination of paying down principal and appreciating home values. (Keep in mind that the 4.2% is not on your investment, but on the home value.)

Tax Advantages

There can be many tax advantages when owning real estate, such as mortgage interest deductions, mortgage point deductions, mortgage insurance deductions, SALT deductions, tax-free profits on home sales, home office deductions, standard deductions, and energy credits. Consult with your tax expert on how these apply and if they are right for you.

Stability

Don't worry about a landlord that wants to sell the home you are renting or increase your monthly payment. Get a fixed mortgage and your mortgage payment will not change during the entirety of the loan. Pass the property on to your beneficiaries when the time is right.

Know Your Credit Score

Credit matters! Not only does it determine if you qualify for a loan, but also what your rate will be. Our loan originators can help you check your credit to see where you stand. They can also make recommendations on what might be most helpful to boost your credit score before buying a home.

Credit Score Ranges

Source: FICO



Learn About Down Payments

A down payment is the money you pay upfront when financing a property. It is separate from your closing costs, which are paid at the end of the transaction. The amount of money you will pay for your down payment can vary based on the loan type you choose, as well as your financial goals. Here are some examples that highlight the advantages of both higher and lower down payments:

Higher Down Payment

- No PMI premiums
- Smaller monthly payments
- Lower interest rates, meaning less interest paid over the life of the loan

Lower Down Payment

- Quicker entry into the market
- More money left to pay off other debt
- More money on hand for savings or emergency repairs



Plan to Start Saving

Looking for ways to accelerate saving for your home purchase? Here are some of our favorite money-saving tips that will help keep you motivated and on track to reach your goals.

No Spend Days

Ease into saving by designating certain days of the week or month that you spend zero dollars. With practice, you can increase the frequency each month and set that money aside towards your savings goals.

Save on Purpose

Do you find yourself trying to save whatever's leftover at the end of the month? Instead, mark your savings as an expense in your budget. Pay yourself at the beginning of the month when you're paying the rest of your bills.

Pause to Save

Before you spend on things you want but don't necessarily need, keep a running list of potential purchases, and hold off on buying them for a certain period of time. Then read over your list to see what's still important to you.

Plan Ahead

Don't let unexpected costs derail your savings goals.
Pull out your calendar and look at everything, from upcoming birthdays to work potlucks to sports uniform fees, making a note of each item in your budget. This will help you plan ahead so you're not caught off guard.



Understand Common Mortgage Terms

Debt-to-Income Ratio

The ratio expressed as a percentage which results when a borrower's monthly payment obligation on long term debts is divided by his or her gross monthly income.

Escrow

A third-party account that holds all the money and documents that make up a property transfer until the sale is complete. This protects both parties during a sale.

Interest Rate

A percentage fee you pay to borrow money for a specified period.

Loan-to-Value Ratio (LVR)

This term refers to the amount of money you are financing in relationship to your new home's value. For example, if you put \$10,000 down on a property worth \$100,000 (financing the remaining \$90,000), your LVR is 90%.

Rate Lock

An agreement that locks your rate for a certain period of time. If escrow extends beyond the agreed date, the rate is subject to current market fluctuations.

Title Company

A third party company that handles manages the closing of your home, ensuring ownership rights and checking for liens on the property .

Underwriting

The decision whether to make a loan to a potential home buyer based on credit, employment, assets, and other factors, and the matching of this risk to an appropriate rate and term or loan amount.

Verification of Employement

A document signed by the borrower's employer, used to verify position and salary.

Walk-Through

A final inspection on your property performed before closing, ensuring the property is in the same condition as at the time of contract.

Prepare for Closing Costs

Consumers might have heard of closing costs, but many are not sure of what they really are. Closing costs are all other fees charged that are not the down payment. They can add anywhere from 2% to 5% of the purchase price to your total costs, on top of your down payment. Here are some examples of closing cost fees:

- Title and Escrow Fees
- Lender Fees
- Property Taxes
- Hazard Insurance
- Attorney Fees
- Recording Fees
- HOA Dues
- Inspection Fees
- Prepaid Interest
- Prepaid Mortgage
 Insurance



UNDERSTANDING DIFFERENT LOAN TYPES

We offer many different loan products to fit your situation and budget. We pride ourselves on our commitment to understand your unique situation, answer every question, and help you find the perfect loan! Take a look below to learn more about what we offer. We are happy to explain our products in detail. Please contact us if you have any questions.

Conventional

Conventional loans are any type of creditor agreements that are not financed by the Veterans Administration (VA), or supported by the Federal Housing Administration (FHA). In general, all conventional loans are protected by government sponsored entities such as Fannie Mae (FNMA) and Freddie Mac (FHLMC).

There are two different types of Conventional loans; Conforming and Non-Conforming loans. Conforming loans have to meet the guidelines set by Fannie Mae and Freddie Mac. Any loan which does not meet guidelines is a non-conforming loan.

<u>Considerations</u>: Conventional loans offer lower fees, as these are typically set by lenders. You will also find lower interest rates with this program, as conventional borrowers must meet higher credit score requirements. Borrowers will choose between a fixed-rate mortgage, which locks the rate in for the life of the loan, or an adjustable-rate mortgage, which secures a lower rate for a set term, at which point the rate will adjust to current market conditions and terms of the loan.

FHA

FHA loans are a popular option, particularly for first-time buyers, guaranteed by the Federal Housing Administration. This guarantee lifts much of the risk of non-payment and foreclosure from private lenders, allowing them the flexibility to provide some strong advantages to consumers. An FHA loan does offer lower loan limits than conventional loans, and mortgage insurance is required regardless of loan-to-value ratios.

<u>Considerations</u>: Some of the appealing advantages of going FHA include low interest rates, lower down payment, lower mortgage points, and higher debt-to-income ratios. Additionally, bankruptcy is not an automatic disqualification with this program.



VA loans offer excellent benefits to qualified military members. Because they are guaranteed by the U.S. Department of Veterans Affairs, lenders can offer more favorable terms. These include benefits such as no down payments, low interest rates, limited closing costs, no mortgage insurance, and no loan limits.

<u>Considerations</u>: Under this program, you may be responsible for a VA funding fee and closing costs, although the funding fee can be rolled into the loan amount. Only primary residences may be purchased.

Jumbo

Jumbo loans, also categorized as non-conforming loans, are available to borrowers that are looking to borrow an amount larger than the current maximum conforming loan limit set by the FHFA. Jumbo loans have their own maximum loan limits that vary by location.

<u>Considerations</u>: This product is an ideal option for high-income earners, although a strong credit score and favorable debt-to-income ratio is required. You will likely need a minimum 10% down payment to utilize this loan product.

USDA

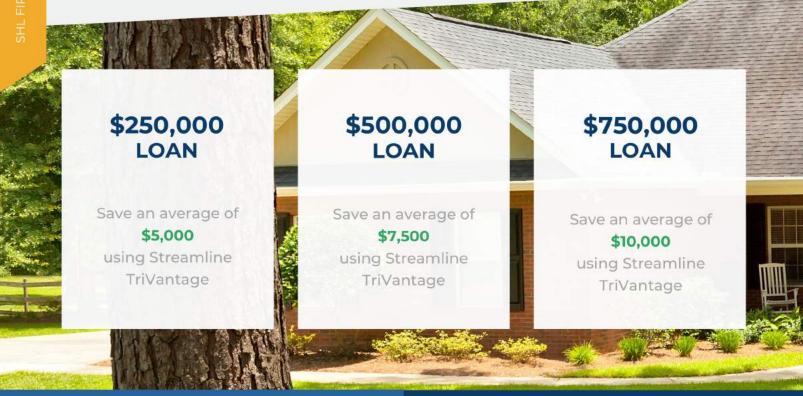
USDA loans are an attractive option for those looking to settle into rural areas, as they often require zero down and low interest rates, along with the ability to roll closing costs into the loan. Created by the US Department of Agriculture, the Section 502 Guaranteed Loan Program "assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas".

<u>Considerations</u>: There are income restrictions and owner-occupancy requirements, along with area restrictions for this program, although the program is not solely for rural areas (designated areas within towns, suburbs, and even major cities may meet USDA requirements). Benefits include no down payments, low interest rates, and no lot size restrictions.



STREAMLINE TRIVANTAGE

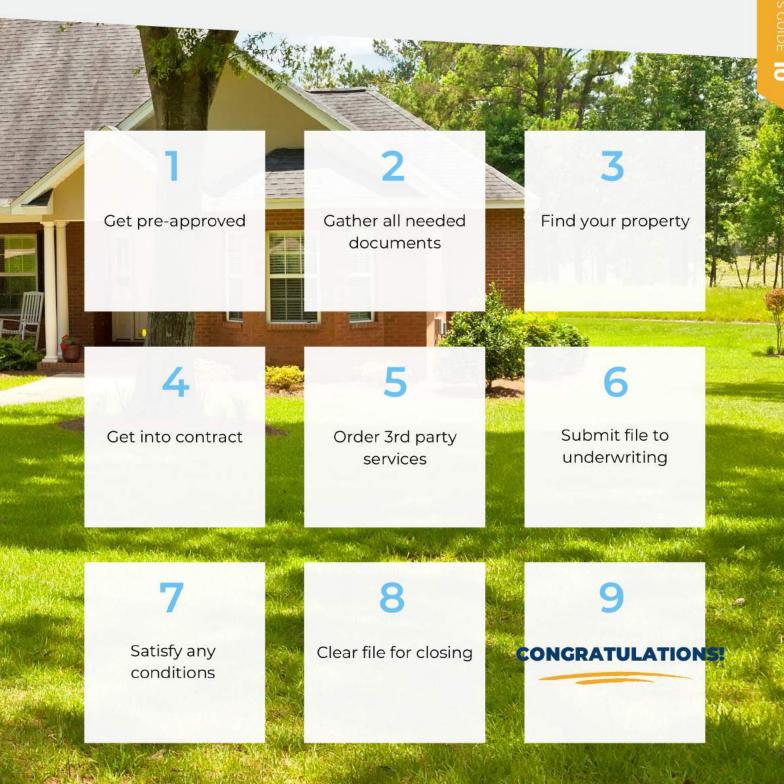
As a borrower, Streamline Home Loans provides you with a staggering advantage with the Streamline TriVantage offer, saving you thousands of dollars!



KEY FEATURES		Streamline TriVantage	Typical Lender
NO origination fee NO processing fee	Processing/ Underwriting Fee	\$0	\$1,500 (\$625 processing + \$825 UW)
NO underwriting fee \$1,000 closing cost credit*	Origination Fee	\$0	1% (\$3,500 avg.)
minimum loan amount \$150,000 to qualify for closing cost credit	Closing Cost Credit	\$1,000	\$0

THE LOAN PROCESS

While no two loans are ever the same, here is an idea of what you can expect during your loan process:





You've worked hard towards your goal of homeownership! Follow these tips to help ensure a smooth loan transaction.

WHAT YOU SHOULD AVOID

- X Taking on new debt
- X Closing any credit accounts
- X Co-signing on a loan
- (X) Changing jobs
- X Running repeat credit inquiries

WHAT YOU SHOULD BE DOING

- Paying all bills on time
- Submitting documents quickly
- Maintaining regular work schedule
- Communicating with your LO
- Notifying your LO of any changes

LOAN DOCUMENT CHECKLIST

Here's a list of common items requested by your lender.

Make sure you have these handy in order to speed up your loan process:

Tax returns for last two years

Photo identification

Pay stubs from last 30 days

Last two months bank statements

Documentation of any other sources of income

W-2's or 1099's for last two years

Questions? We're here to help! (877) 405-3747 streamlinehl.com

WHY STREAMLINE?

Finding your loan product can be challenging, but it can also mean the difference between getting the right loan or overpaying by thousands of dollars. Whether it be loan products or loan professionals, we actively seek out the best in the industry to help you find, and fund, the right mortgage for you. Streamline's model is designed to raise the bar on efficiency, relationships, and integrity. We specialize in:



Product Variety

We offer multiple loan products to suit your situation and needs, and we take the time to discuss your options with you.



Experienced Teams

Our teams are built with intention and comprised of experienced people that can move your loan from application to closed.



Sophisticated Software

Track your loan, submit documents, and keep your realtor in the loop...all from your phone with our FastAPP technology.



Quick Closings

We're serious about moving fast!
We offer industry-best averages of
21 day closings on over 90% of our
loans.



READY TO **GET STARTED?**

Contact Us

(877) 405-3747 streamlinehl.com

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