

# NEW HOMEBUYER GUIDE



# FIRST TIME HOMEBUYERS

## MORTGAGE

How do I know if it's time to buy instead of rent?

If you know where you want to live, have a steady and secure income, and are ready for the responsibilities of homeownership, then it's a great time to invest in property.

How much do I need to save up for a down payment?

A conventional loan down payment is usually 20% of the sales price, but other types of financing require as little as 3.5% to 15%. A mortgage lender can tell you what types of loans you qualify for.

How do I know if I qualify for a loan and how much I can afford?

Contact a mortgage lender to get pre-approval for a loan. The lender will ask you some basic questions about your income and debts and can tell you what amount you can be approved for, and how much your mortgage payments will be. Ask me for my lender recommendations!

What does the lender need from me to give me a loan?

Usually, you are asked to provide your last two tax returns to show proof of income. You should also provide recent bank and credit card statements and proof of your current pay rate. You will also be asked for your social security number so they can run a credit check.

What's the difference between pre-approved and pre-qualified?

While often used interchangeably, these terms don't mean the same thing. Pre-qualification is an estimate of what you may be approved for based only on the verbal information you provide. Pre-approval means the lender has verified your income and debt information and run a credit check.

How do I know which mortgage option is right for me?

Your mortgage lender is the best person to advise you on this question. Their products and qualifications change from time to time, so they would know best what products are available to meet your needs.

## THE PROCESS AT A GLANCE

01

chat with me

02

get pre-approved

03

start search

04

make an offer  
enter into contract

05

inspections  
loan processing  
appraisal

06

closing day

# FIRST TIME HOMEBUYERS

## MORTGAGE

What would my mortgage payment be?

To find out what your monthly mortgage payment would be, simply take the purchase price of the home - the amount that you are putting down = your loan amount. Then, use the loan amount figure with the chart below to estimate the PRINCIPLE + INTEREST portion of your payment.

From there, you can add the monthly figures for TAXES + HOMEOWNER'S INSURANCE + any other additional monthly charges like PMI (private mortgage insurance) or HOA (homeowner's association) fees. For specific details , reach out to your lender.

Loan Amount	3.500%	3.750%	4.000%	4.250%	4.500%	4.750%	5.000%	5.250%	5.500%	5.750%	6.000%
\$100,000	\$449.04	\$463.12	\$477.42	\$491.94	\$506.69	\$521.65	\$536.82	\$552.20	\$567.79	\$583.57	\$599.55
\$200,000	\$898.09	\$926.23	\$954.83	\$983.88	\$1,013.37	\$1,043.29	\$1,073.64	\$1,104.41	\$1,135.58	\$1,167.15	\$1,199.10
\$300,000	\$1,347.13	\$1,389.35	\$1,432.25	\$1,475.82	\$1,520.06	\$1,564.94	\$1,610.46	\$1,656.61	\$1,703.37	\$1,750.72	\$1,798.65
\$400,000	\$1,796.18	\$1,852.46	\$1,909.66	\$1,967.76	\$2,026.74	\$2,086.59	\$2,147.29	\$2,208.81	\$2,271.16	\$2,334.29	\$2,398.20
\$500,000	\$2,245.22	\$2,315.58	\$2,387.08	\$2,459.70	\$2,533.43	\$2,608.24	\$2,684.11	\$2,761.02	\$2,838.95	\$2,917.86	\$2,997.75
\$600,000	\$2,694.27	\$2,778.69	\$2,864.49	\$2,951.64	\$3,040.11	\$3,129.88	\$3,220.93	\$3,313.22	\$3,406.73	\$3,501.44	\$3,597.30
\$700,000	\$3,143.31	\$3,241.81	\$3,341.91	\$3,443.58	\$3,546.80	\$3,651.53	\$3,757.75	\$3,865.43	\$3,974.52	\$4,085.01	\$4,196.85
\$800,000	\$3,592.36	\$3,704.92	\$3,819.32	\$3,935.52	\$4,053.48	\$4,173.18	\$4,294.57	\$4,417.63	\$4,542.31	\$4,668.58	\$4,796.40
\$900,000	\$4,041.40	\$4,168.04	\$4,296.74	\$4,427.46	\$4,560.17	\$4,694.83	\$4,831.39	\$4,969.83	\$5,110.10	\$5,252.16	\$5,395.95
\$1,000,000	\$4,490.45	\$4,631.16	\$4,774.15	\$4,919.40	\$5,066.85	\$5,216.47	\$5,368.22	\$5,522.04	\$5,677.89	\$5,835.73	\$5,995.51

$$\begin{array}{l} \text{Purchase Price} \\ - \text{Down Payment} \\ \hline \text{Loan Amount} \end{array}$$

$$\begin{array}{l} \text{Principle + Interest Payment} \\ + \text{Monthly Taxes} \\ + \text{Monthly Insurance} \\ \hline \text{Total Mortgage Payment} \end{array}$$





# FIRST TIME HOMEBUYERS

## THE SEARCH

What should I do when I see a house online that I like?

Call your agent. I suggest that you work with one real estate agent during this process. The buyer's agent that you have chosen is there to represent your best interests in every situation. When you reach out to the agent that listed the home, while they can assist you, their only objective is to get the best offer for THEIR clients, who are selling the home.

Can you show me a house if it's not your listing?

Absolutely. As your agent, I can show you any house listed in the Multiple Listing System or for sale by owner. My only objective is to protect your interests.

How do we write an offer?

When you are ready to make an offer, I will run a Comparative Market Analysis (CMA) to help you determine a fair offer. I will also guide you through the additional details of the contract. In a competitive market, how you draft an offer can be the difference between getting the home and losing to someone else. This is when it's important to have an experienced real estate agent working for you.

What if I want to back out of a contract?

You always have the right to back out of a purchase, but there's a chance that you may lose your escrow deposit. During the contingent period for inspections, you usually have the right to cancel for any reason. Once the contingency period has passed, we will need to look at your options.

What happens if there are other offers?

In a multiple offer scenario, usually the buyer's agent is informed that multiple offers have been received. This gives the buyers an opportunity to present a new "highest and best" offer, if they choose. Keep in mind that many factors influence whether an offer is accepted. Down payment, financing, closing date, and/or inspection terms can sway a seller's decision. This is where I shine. I pride myself on determining what the sellers are looking for in an offer so that we can put our best offer forward, avoiding unnecessary bidding wars that can drive pricing up.

What happens when my offer gets accepted?

Once both parties have agreed on all terms and have signed the contract, your escrow deposit must be made and you should schedule the home inspection. Your lender will receive a copy of the contract and will begin processing your mortgage application.

# FIRST TIME HOMEBUYERS

## UNDER CONTRACT

What does "under contract" mean?

Under contract means that all parties have agreed to the terms of the contract and the signed contract has been delivered to both buyer and seller. The earnest money (good faith) deposit is expected from the buyer within 5 days of the accepted offer.

What is escrow?

Escrow refers to the neutral third party holding funds before they are transferred from one party in a transaction to another. Escrow can include: deposits and any other funds used in the transaction. Once those funds are ready to be transferred, the escrow holder will handle it.

Do I need an inspection?

We always recommend that you have a home inspection done. In the the end, paying a few hundred dollars to have peace of mind that there are no hidden dangers or problems is well worth the cost.

How much are inspections?

The cost of the home inspection depends on the size of the home and whether you are requesting additional inspections for: septic tanks, radon testing, thermal imaging, and water testing. I recommend asking for referrals and calling a few companies for quotes.

What if my loan doesn't get approved?

Qualifying for a loan can feel complicated but a decent mortgage professional can make the process simple. Most people get pre-approved with a lender, but I always recommend that you get full loan approval. This ensures that all of your documentation has been reviewed and you are good to go. An important thing to keep in mind is to NOT change jobs, make large purchases on credit, finance a car or boat, or open any credit accounts while your mortgage is being processed.

When can I start moving?

You can start moving in as soon as you have the keys. Financing a home purchase can sometimes take four to six weeks for processing. Once the lender gives the clear-to-close notice, a closing appointment is scheduled. There, closing documents will be signed and (unless other arrangements have been agreed upon by both parties, like a rent-back scenario) the sellers should have completely vacated the home and you are free to move in.

# FIRST TIME HOMEBUYERS

## VOCAB TO KNOW

### Active

The property is actively for sale and on the market. The sellers may have received offers but have not accepted any yet.

### Adjustable-rate mortgage (ARM)

After an introductory period that could be 3, 5, 7 or 10 years, the interest rate on an adjustable-rate mortgage will be adjusted by the lender in accordance with current interest rates.

### Back on market

This property was under contract with another buyer and their contract fell through, so it is Active again.

### CMA

Comparative market analysis or competitive market analysis. A CMA compares the sales price of similar properties in the area to help determine the price of a property.

### Closing costs

The fees that the buyer and seller will owe associated with the home-buying process, such as the real estate brokerage commission and title insurance. Most are paid by the buyer, but the seller pays for some.

### Contingency

A provision of the contract that keeps the agreement from being fully legally binding until a certain condition is met. For example, the purchase of a home can be contingent upon the buyer selling their home first.

### Down payment

The sum in cash that you can afford to pay at the time of purchase. A conventional loan down payment is usually 20% of the sales price, but other types of financing require as little as 3.5% to 15%. A mortgage lender can tell you what types of loans you qualify for.

### Expired

A listing has expired and is no longer active, usually because it didn't sell in the amount of time agreed upon by the listing agent and the owner of the home. If you see an Expired listing, the owner may still be interested in selling.

### Fixed-rate mortgage

This mortgage's interest rate will never change, even if the term of the loan is 30 years.

### FSBO

For Sale by Owner. Often pronounced "fisbo" The owner of the home has it listed without an agent representation. A Buyer's agent can usually still show the home, as many FSBOs will agree to work with agents representing a buyer.

### Interest

A percentage of the principal that you borrowed from the bank.

### Listing

The word "listing" is typically used to refer to the for-sale home itself, although it technically means the agreement between the broker and the owner of the home to market and sell the property.

# FIRST TIME HOMEBUYERS

## VOCAB TO KNOW

### MLS

The Multiple Listing Service. The MLS is the organization real estate brokers use to search for and list properties. They collect, compile and distribute all information about homes listed for sale. Membership isn't open to the general public, although selected MLS data may be sold to real estate listing websites (How Zillow gets listings on their website).

### Pending

The property owner has accepted an offer and are under contract with a buyer. Their agreement include a variety of contingencies: inspections, appraisal, financing, and more. The home is not sold just yet.

### Principal

After you make a down payment, the rest of the money you owe on your home is called the principal. This is what you will be paying monthly and paying interest on.

### Temporarily off the market (TOM)

The owner has decided to take the listing off the market for an undetermined amount of time. Typically this is because work is being done, or the home is unavailable for showings at the time. It will most likely be back on the market soon.

### Title insurance

An insurance policy that protects a mortgage lender's or owner's interest in real property from assorted types of fraudulent claims of ownership. This is typically paid for by the buyer.

### Withdrawn

The listing was withdrawn from the market. This could be for various reasons: The owners may have decided they do not want to sell anymore, or maybe they didn't like the offers they received. If you love the listing, we can still reach out and try.

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04

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05

inspections  
loan processing  
appraisal

06

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## MORE QUESTIONS?

I'm always available to help! Shoot me a text or give me a call for the quickest response. There is nothing I love more than helping people find a home they love - here in the beautiful state of Maine.



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