



# FIRST TIME HOMEBUYER CHECKLIST

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## Ready to learn more about the steps that will take you along the road to homeownership?

If this is your first time going through the homebuying process, you may have some questions about where to begin and who to turn to for help.

For example, who do you contact first: a real estate agent or a loan advisor?

(The answer may surprise you.)

Follow along as we break down these steps one-by-one so you can have a better understanding of the home buying process.



### FIRST TIME HOMEBUYERS' CHECKLIST



1. BE INFORMED ABOUT YOUR CREDIT



2. UNDERSTAND YOUR FINANCIAL PICTURE



3. SELECT A MORTGAGE PROFESSIONAL



4. RESEARCH FIRST TIME BUYER PROGRAMS



5. CHOOSE A MORTGAGE LOAN OPTIONS



6. MAKE AN OFFER



7. COMPLETE THE MORTGAGE LOAN PROCESS



## BE INFORMED ABOUT YOUR CREDIT

It's important to know your credit score and how it will factor into a lender's decision to qualify you for a home loan.

How much do you know about your credit? Your credit score will definitely play a large role in getting a mortgage loan and favorable interest rates. Knowing your credit score and reviewing your credit report before you consider buying a home may help you prevent unexpected surprises.

### HOW TO REQUEST & REVIEW YOUR CREDIT REPORT

You can request a free copy of your credit report once each year from all three of the major credit reporting agencies. Go to [www.annualcreditreport.com](http://www.annualcreditreport.com) to receive your free credit report.

Once you have your credit report, be sure to review it. If you see any mistakes in your report, you will want to take care of them immediately. Contact both the credit bureau and the organization that reported the incorrect information to have it fixed.

## ☐ CREDIT REPORTING AGENCIES (CONT.)

You may also contact the agencies directly to request your score (may require a fee):

### Equifax: 1-800-685-1111

Score: \_\_\_\_\_

#### Report inaccuracies:

Agency	Phone	Amount

#### Outstanding debt:

Debt Agency	Phone	Amount Owed

### TransUnion: 1-800-916-8800

Score: \_\_\_\_\_

#### Report inaccuracies:

Agency	Phone	Amount

#### Outstanding debt:

Debt Agency	Phone	Amount Owed

### Experian: 1-888-397-3742

Score: \_\_\_\_\_

#### Report inaccuracies:

Agency	Phone	Amount

#### Outstanding debt:

Debt Agency	Phone	Amount Owed

## 2 UNDERSTAND YOUR FINANCIAL PICTURE

Buying a home will require a good understanding of your overall finances, and your future financial goals.

If you plan on buying a home, you will need to have a good understanding of your finances. A lender will look at your overall financial picture to qualify you for a mortgage loan, so it's a good idea to know where you stand:

### STEP 1

Write down all of your earnings for the year, including wages, commissions, bonuses, self-employed income, as well as any child-support payments, alimony payments, or other income you have

### STEP 2

Make a list of all your obligations. You will want to know how much you owe in total for all credit cards, retail accounts, student or auto loans, and other debts. What is the minimum monthly payments required for each?

### STEP 3

What have you saved? Take note of how much you have in your savings accounts, as well as retirement accounts such as IRAs or 401ks.

### STEP 4

And finally, identify your spending habits. How much are you spending on essentials, such as your living expenses, and how much is going towards non-essentials such as dining out, or entertainment? This will help you identify any trade-offs you might be willing to cut out of your non-essentials budget.

## □ FINANCIAL SNAPSHOT WORKSHEET

Create a financial snapshot that is up-to-date. Writing this information down will be helpful when it is time to meet with a loan advisor.

### Step 1: Earnings

Income Source	Dates Received	Amount
		\$
		\$
		\$
		\$
		\$
Total: \$		_____

### Step 3: Savings

Type of Savings	Amount	
	\$	
	\$	
	\$	
	\$	
Total: \$		_____

### Step 2: Obligations

Creditor	Min. Monthly Payment	Amount Owed
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
Total: \$		_____



## **3 SELECT A MORTGAGE PROFESSIONAL & GET PRE-APPROVED**

The mortgage loan advisor you select will be your guide through the home buying process.

Selecting a mortgage advisor to team up with early in the home buying process is extremely important. *An experienced and knowledgeable mortgage loan advisor* will help you review your overall financial picture, discuss your financial goals, and determine what homeownership looks like for you. Your advisor will then help you map out a plan to get you to the finish-line and into your new home.

### **MORTGAGE LOAN ADVISOR**

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Email: \_\_\_\_\_

Cell Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

NMLS#: \_\_\_\_\_

One of the most important reasons to team up with your mortgage professional before you begin the process of shopping for a home is to obtain a pre-approval. A pre-approval is part of the official loan process where a lender provides you with a letter confirming the specific loan amount you can expect to be approved for.

Presenting a pre-approval letter along with your offer when you find the home of your dreams will allow you to make the strongest possible offer. Sellers will see that you have begun the mortgage process, and that a lender has agreed to give you the amount you are offering, which can give you a competitive advantage over other potential buyers.

You can have an even more distinct advantage if you get pre-approved with American Pacific Mortgage's *Keys on Time* program. It will help you to beat out other bidders, as a seller knows you have already been pre-approved for financing and can close in 20-days or less. If you don't close on time, you could receive a closing cost credit of \$895\* (see footnote).

## DOCUMENTS CHECKLIST

**Being prepared and gathering documents can make the loan/pre-approval process a bit easier.**

Generally, these documents include:

- 2 years W2s
- 2 years tax returns
- Recent paystubs (last 30 days)
- 2 months asset statements for all accounts
- Information on debts or assets

Additional documentation may be requested after your offer to purchase a home has been accepted.



## RESEARCH FIRST-TIME BUYER PROGRAMS

First time buyer programs offer financial assistance to qualified borrowers who may need some creative solutions to get into their first home.

Ask your mortgage advisor if there are any first-time buyer programs available to help you with your purchase. These programs offer financial assistance to qualified borrowers with:

- Down payment assistance
- Grants to help with closing costs, down payments, or home improvements
- Subsidized interest costs
- Reduced lender's fees eligibility depending on loan program

Down payment assistance is one of the most utilized benefits of a first-time buyer program. You may be eligible for one of these federal, state, or even local city-funded programs if you meet the guidelines for income and property value. Your mortgage advisor is there to help you learn about the benefits of these programs and which ones you may qualify for.

## 5 CHOOSE THE BEST MORTGAGE LOAN PROGRAM

Choose the best mortgage option to help you reach your goals of homeownership at a competitive interest rate?

There are a variety of mortgage loan programs available, each with its own unique rates, terms, benefits, and qualifying guidelines. Your mortgage loan advisor can help you compare the pros and cons of different loan programs, so you can select the mortgage that will best help you reach your goals at the most competitive rate possible. The requirements for a down payment can vary by loan program.

### MORTGAGE LOAN PROGRAMS AT A GLANCE

#### FHA LOANS

*FHA loans* are backed by the Federal Housing Administration. These government insured loans are designed specifically to help borrowers get into their homes with more lenient qualifying guidelines and lower down payment requirements. FHA loans are a popular choice for many first-time buyers.

**Downpayment requirement:** Government insured loan program designed to help first-time buyers with down payment requirements as low as 3.5% for qualified borrowers.

#### VA LOANS

*VA loans* are designed to help active duty military, veterans, and surviving spouses into homes. VA loans have more lenient qualifying guidelines, and offers 100% financing with no down payment requirements for veterans and service men and women.

**Downpayment requirement:** Government insured loan program that rewards qualified borrowers such as veterans, active duty military, and surviving spouses for their service with 0% down payment requirements.

#### USDA LOANS

*USDA loans* are government insured 100% purchase loans for rural property outside of major metropolitan areas. USDA loans are serviced by direct lenders that meet federal guidelines. USDA loans offer unique benefits, including no down payment requirements for buyers.

**Downpayment requirement:** Government insured loan program that requires 0% down for qualified borrowers purchasing homes in rural areas outside of major metros.

## MORTGAGE LOAN PROGRAMS AT A GLANCE (CONT.)

### CONFORMING/ CONVENTIONAL LOANS

*Conventional loans* are ideal for borrowers with good to excellent credit. These loans have fairly conservative guidelines for borrower credit, down payment, and debt ratios, and qualifying borrowers can often get very competitive interest rates.

### JUMBO LOANS

*Jumbo loans* are available for higher loan amounts when you need a larger home or are buying in a higher priced real estate market. Jumbo loans exceed conforming loan limits, which vary by location but is generally \$417,000. Because of the higher loan amounts, Jumbo loans often have higher down payment and cash reserve requirements.

### INTEREST ONLY LOANS

An *interest only loan* allows you to pay only the full monthly interest due on your loan for the fixed period of the loan, which can range from 5 to 10 years. During the fixed payment period, you're required to make only the interest payments; the principal remains unchanged. When the fixed period expires, you begin paying on the principal, too, resulting in an increased mortgage payment.

Your loan advisor will not only present you with the mortgage options available to you based on your personal qualifying factors; they can also recommend the loans that will help you best reach your personal financial goals.

### FIXED-RATE VS: ADJUSTABLE RATE MORTGAGES

Many *loan programs* are available as either a *fixed rate or adjustable rate mortgage*. A fixed rate mortgage is the most popular option for first-time buyers. With a fixed rate loan, the interest rate and payment remains the same throughout the life of the loan, which is generally a term of 15 or 30 years. The financial stability of a fixed rate loan makes long-term financial planning easy for buyers who know that their payment will not change.

An adjustable rate mortgage, also known as an ARM, has an initial fixed rate period typically lasting from 3 - 10 years. During this initial fixed rate period, an ARM often has a lower interest rate compared to a fixed rate mortgage. After the initial fixed period is over, the interest rate on an ARM can adjust either up or down based on the financial index it is attached to. Because of the lower rate during the initial fixed period, the ARM is often an attractive loan for buyers who have short-term goals for their home, and plan on refinancing or selling within that period.

## DO YOU NEED MORTGAGE INSURANCE?

Mortgage insurance, which is also known as Private Mortgage Insurance or PMI, is generally required when a homebuyer purchases a home with a conventional loan using a down payment less than 20% of the home’s purchase price.

There are a variety of choices available when paying PMI and each will vary based on your individual financial situation:

BORROWER PAID MORTGAGE INSURANCE	BORROWER PAID MORTGAGE INSURANCE	LENDER PAID MORTGAGE INSURANCE	SPLIT EDGE MORTGAGE INSURANCE
<p><b>(Monthly Premium)</b></p> <p>This is the most common type of PMI. This type of mortgage insurance has a monthly premium payment included as part of your monthly mortgage payment.</p>	<p><b>(Single Premium)</b></p> <p>This option allows you to eliminate the monthly mortgage insurance payment by paying the full cost of the mortgage insurance by including it in the total cost of the loan amount, or paying it in full as part of your closing costs.</p>	<p><b>(Single Premium)</b></p> <p>This type allows a one-time upfront fee that is paid by the lender and eliminates the need for monthly PMI payments. The lender typically covers the one-time upfront fee with a slightly higher interest rate over the duration of the loan.</p>	<p><b>(Single + Monthly)</b></p> <p>This option reduces your monthly PMI obligation by paying a percentage of the loan amount upfront – you can pay up to 1.25 percent. The greater the upfront portion paid, the lower the monthly payment. In sum, you are paying some of the premium upfront, and the remainder in monthly payments.</p>



## SHOP AND MAKE AN OFFER ON A HOME

Expand your team of professionals, make your wish list, and go house hunting with a pre-approval letter in hand

Your mortgage loan advisor was the first professional to join you on your homebuying journey, but now it's time to expand your team to include a real estate professional who can help you find the house of your dreams.

### WHY WORK WITH A REAL ESTATE AGENT?

Real estate agents have access to MLS listings - all the local homes listed for sale by other agents. In addition, there are other benefits to working with a real estate professional, whose job includes:

- Arranging appointments to view homes
- Advising you on local real estate markets and property values
- Helping you to make a competitive offer
- Negotiating the purchase contract terms with Seller and Seller's agent
- Recommending inspectors to evaluate the property
- Monitoring the escrow process on your behalf

Partnering with a knowledgeable and experienced real estate agent can help make the home buying process smoother, easier, and can help you find the home that you are dreaming of.

#### REAL ESTATE AGENT

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Email: \_\_\_\_\_

Cell Number: \_\_\_\_\_

## ■ DREAM HOME WISH LIST

House size: \_\_\_\_\_

How many bedrooms: \_\_\_\_\_

Style of housing: \_\_\_\_\_

Neighborhood: \_\_\_\_\_

School preferences: \_\_\_\_\_

Special features: \_\_\_\_\_

\_\_\_\_\_

Other Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Listing out what you want in a home and its surrounding areas will be helpful for your real estate agent when he/she helps present you with homes in your price range.

## MAKE A WISH LIST

When you meet with your agent, you may want to have an idea of what you are looking for in a home. While you may not be able to check off everything on your list, you can communicate to your agent which things are your top priority in a new home. Your list may include:

- Which neighborhood or area of town do you prefer to live in?
- Do you have a preference on schools?
- Do you want a newer home, older home, or fixer upper?
- What style of housing appeals to you?
- How many bedrooms do you want?
- What size house do you prefer?
- What features (inside or out) do you want to have?

## APM LOAN PROGRAMS



### HOME PURCHASE AND REPAIR PROGRAMS

For some people, a brand new home is at the top of their priority list. For others, nothing is more appealing than finding a home with some age and character which needs a little TLC and renovation. If you are a DIYer who has been dreaming of a home that you can repair and renovate, you may want to learn about the home purchase and repair programs available to you. American Pacific Mortgage offers a *Dream Home Renovation* program, which can provide 110% financing for qualifying borrower(s) who want to take advantage of properties that need a little work to become the home you're dreaming of.

When you present your offer with your preapproval letter, as well any other advantages such as a *Keys on Time 20-day close guarantee*<sup>\*</sup>, we strive to make you stand out against other offers.



## COMPLETE THE MORTGAGE LOAN PROCESS

When your offer has been accepted, it's time to move forward with the mortgage loan process.

Now you have the information that a lender needs to move your loan forward, such as the property address of the home you want to purchase. Your mortgage advisor will help you update and complete your loan application so that it can be submitted for final underwriting review and approval and walk you through the rest of the loan process.

Please note that before your loan gets final approval, you may receive a list of closing conditions that need to be met. These conditions can include verification that your employer is current, and proof that you have obtained homeowner's insurance, and any other items as requested by the underwriter. Once closing conditions have been satisfied, the underwriter issues a clearance and your loan is fully approved.

Buying your first home should be an exciting experience. We can help you keep it from being an overwhelming one. *Request a home loan quote today.*



## ABOUT AMERICAN PACIFIC MORTGAGE

American Pacific Mortgage is dedicated to helping first time buyers realize their dream of homeownership, and our mortgage advisors have helped countless buyers obtain the funding they need. Our top priority is presenting you with all of your available options, and then helping you make the most informed decision for you and your financial goals. With over 170 branches located in 18 states, you can easily *find an advisor near you* to guide you through the homebuying process confidently and with ease.

Contact us for more information on the home loan options available to you, and for the answers to any question you have about buying your first home.



EQUAL HOUSING  
OPPORTUNITY

NMLS#1850

\*Not available in Oregon. The “Keys on Time” program is a limited guarantee that APMC will provide a credit to the borrower of \$895 after the close of escrow if, due to some fault on the part of APMC, its originators or other APMC staff, a purchase transaction does not close until a date after the originally stated close of escrow date. The “Keys on Time” limited guarantee does not apply if the purchase transaction fails to close on or before the anticipated close of escrow date due to events/circumstances beyond APMC’s control, including but not limited to, delays caused by: an unacceptable or unexpectedly low appraisal value on the subject property, acts or omissions by the escrow or title company, second lien holder approvals, short sale approval, or loan conditions imposed by the lender that, despite reasonable diligence by APMC, are not met by any party in a timely manner. The “Keys on Time” limited guarantee trigger begins when the initial loan package is received by APMC’s Fulfillment center. The complete loan package must be received in the APMC Fulfillment center a minimum of 20 days prior to the COE date. Exclusions: The limited guarantee does not apply to the HARP program, reverse mortgages, FHA 203k, non-delegated jumbo products or any loans that require prior approval from an investor. The limited guarantee applies to purchase transactions only. All programs are subject to borrower and property qualifications. Rates, terms, and conditions are subject to change without notice.