

# BUYING A HOUSE

DOESN'T HAVE TO BE HARD



A DIFFERENT KIND OF BUYING EXPERIENCE

# A DIFFERENT KIND OF EASY

Buying a home and getting a mortgage can seem overwhelming. But that's all about to change. With Cornerstone by your side, you'll have all the guidance and support you want every step of the way. Plus, you've got this handy, easy-to-follow packet as your

road map to home. Yes, it really can be that simple. You'll find the steps of the process and important information about documents to close on your loan, along with a few extras that can make your mortgage experience as effortless as possible.

PULL UP A SEAT, SIT BACK AND RELAX  
WE'LL TAKE IT FROM HERE



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NMLS ID #504848  
Office: 252.384.6909  
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# YOU'LL LOVE US

WE'RE A FULL-SERVICE MORTGAGE LENDER. THAT MEANS WE HAVE A VARIETY OF OPTIONS TO MAKE YOUR DREAM HOME HAPPEN.

## OUR PROGRAMS + PRODUCTS

- First-time homebuyer programs
- Down payment assistance programs
- FHA, USDA, and VA loans
- Conventional and jumbo loans
- Renovation financing, including FHA 203(k) and HomeStyle conventional loans
- Second homes and investment properties
- Fixed- and adjustable-rate terms
- Extended interest rate locks

## OUR PERFORMANCE

- 100% on-time closing commitment
- Financially stable and secure since our 1988 founding
- In-house processing, underwriting, closing, and funding
- Access to the nation's top mortgage investors
- Real-time loan pricing for competitive rates, terms, and fees
- Innovative technology for secure, streamlined transactions
- Quick in-house loan approvals
- Remarkable service every step of the way

# BUYING A HOME IS AN EXCITING TIME!

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IT CAN ALSO BE CHALLENGING. A REALTOR CAN GIVE YOU THE SUPPORT YOU NEED SO YOU CAN ENJOY YOUR HOME BUYING EXPERIENCE.

Ready to find your dream home? We have worked with some of the most dedicated and experienced realtors in the market. Please let us know if you'd like a referral!

Here are some of the many benefits of working with a realtor.

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## REAL GUIDANCE FROM A REAL PERSON

While there are tons of homebuyer resources out there, a good realtor can help you make sense of all that information. They can point out the pros and cons of homes you tour. They can also help you understand the buying process and exactly what to expect along the way.

## MORE HOMES TO CHOOSE FROM

A realtor has access to the Multiple Listing Service (MLS), which offers thousands of the most up-to-date listings of available homes. You'll have more options to easily and quickly find the right home for you.

## CLOSE WITH CONFIDENCE

An experienced realtor can negotiate on your behalf, prepare your purchase contract, and resolve issues that could affect your closing. With your permission, we can also send your realtor loan status updates to keep your closing on track.

## NO COST TO YOU

Typically, the seller will pay the realtor who helps you buy a home.

**WORK WITH A REALTOR**

# LET'S GET STARTED

TO HELP US BETTER SERVE YOU, PLEASE BE READY TO PROVIDE THE FOLLOWING DOCUMENTATION. YOU MAY BE ASKED FOR ADDITIONAL ITEMS DURING THE PROCESS.

**BANK STATEMENTS**

Showing most recent two-month history  
- ALL PAGES

**BROKERAGE STATEMENTS**

Showing most recent two-month history  
- ALL PAGES

**RETIREMENT STATEMENTS**

Showing most recent two-month history  
- ALL PAGES

**EMPLOYMENT PAY STUBS**

From the last 30 days of all jobs held by  
each applicant

**W-2 FORMS**

From the most recent two years for each  
wage-earner applicant

**PERSONAL FEDERAL  
INCOME TAX RETURNS  
(1040s)**

From the most recent two years, with  
all schedules, statements, and addenda  
(completed and signed)

**MOST RECENT  
MORTGAGE STATEMENT**

For any other properties owned by the  
applicant

**COPY OF DRIVER'S LICENSE  
FOR EACH APPLICANT**

**HOMEOWNERS  
INSURANCE AGENT'S  
CONTACT INFORMATION**

UPLOAD DOCUMENTS  
WITH THE GREATEST  
OF EASE!

Our free LoanFly® mortgage app helps you soar through the process. You can also access our secure Borrower Portal to upload documents and easily track your loan progress.

**LOANFLY®**

[LoanFly.com/LanceForehand](https://LoanFly.com/LanceForehand)

By furnishing any and/or all of the documentation, an applicant is in no way obligated to accept the terms and conditions of the mortgage offered, nor does the borrower have to provide these documents to receive a Loan Estimate.

**LOAN CHECKLIST**

# 7 HOMEBUYING STEPS

WHAT CAN YOU EXPECT FROM NOW UNTIL CLOSING DAY?

THESE STEPS GIVE YOU A BEHIND-THE-SCENES LOOK.

## 1. PREQUALIFY

- Do this first so you know how much home you can afford
- Prequalify at [www.LoanwithLance.com](http://www.LoanwithLance.com) or in our LoanFly® app

## 2. MEET WITH LANCE FOREHAND

- Discuss programs, monthly payments, and interest rates
- Get a prequalification letter to strengthen your purchase offer
- Put the finishing touches on your loan application

## 3. SHOP FOR YOUR DREAM HOME

- Work with a realtor to find the right home in your prequalification range
- You can also search for homes in our LoanFly® app
- Let your loan officer know when the seller accepts your offer

## 4. DURING THE LOAN PROCESS:

- Sign and return initial loan documentation
- Submit an executed purchase contract to your loan officer to lock your rate
- Schedule an inspection to check the home for any major issues
- Your lender orders the appraisal and lets you know key contract dates
- Secure homeowners insurance coverage before your closing
- Promptly provide requested documentation

## 5. GET READY FOR FINAL APPROVAL

- The processor orders title commitment and preps your loan for underwriting
- The underwriter makes the final loan approval decision

## 6. REVIEW THE CLOSING DISCLOSURE (CD)

- Your CD includes your final loan terms and closing costs
- You get the CD at least 3 days before closing
- We confirm closing details: Where, when, who, and how much for your closing costs

## 7. CLOSE ON YOUR HOME

- Closing takes place at the title company or realtor's office
- Bring a valid driver's license for each borrower, plus a certified/cashier's check if closing costs are due (payable to the escrow company)
- Sign documents, get the keys, and celebrate because you're a homeowner!

## IT'S REALLY THAT EASY!

YOU'RE NOW THE PROUD OWNER OF A NEW HOME. AND YOU'VE MADE A FRIEND FOR LIFE: WE ARE ONLY A CALL AWAY TO ANSWER YOUR QUESTIONS ABOUT YOUR MORTGAGE.

# WE KNOW EASY. WHAT WOULD YOUR LOAN OFFICER DO? HERE ARE 8 INSIDER HOME BUYING TIPS.

## 8 BUYING TIPS

### 1. BE SURE THAT YOUR EARNEST MONEY CHECK COMES FROM FUNDS IN YOUR OWN CHECKING OR SAVINGS ACCOUNT AND ARE WRITTEN ON YOUR OWN PERSONAL CHECK.

Don't let anyone else pay the earnest money for you. If this could be an issue, please contact your loan officer immediately.

### 2. TALK TO YOUR LOAN OFFICER BEFORE ACCEPTING GIFT FUNDS FROM A FAMILY MEMBER TO HELP YOU BUY A HOME.

Our team can help you and the donor meet documentation requirements for the gift funds.

### 3. HAVE ALL SUPPORTING DOCUMENTS EASILY ACCESSIBLE.

These include: W-2s, tax returns, bank statements, pay stubs and assets.

### 4. DON'T CHANGE YOUR JOB OR YOUR PAY STRUCTURE DURING THE FINANCING PROCESS.

Employment or income changes during the process require re-verification and could delay your mortgage approval.

### 5. WAIT UNTIL AFTER YOUR HOME CLOSES TO OPEN ANY NEW ACCOUNTS OR CREDIT CARDS.

Loan officers are required to pull a refreshed credit report within five days of closing that will update your balances and report any new accounts since your credit was originally pulled. Your loan approval could be jeopardized if you have incurred new debt.

### 6. MAKE ALL PAYMENTS ON TIME.

Keep all of your accounts current to ensure no late payments appear on the refreshed credit report before closing.

### 7. DO NOT SHOP FOR, PURCHASE OR LEASE A CAR.

In general, do not make any large purchases during the home loan process.

### 8. REMEMBER THAT WE ARE HERE FOR YOU!

Call us if you have any questions along the way. We want to be your resource and to make your home-buying process as smooth as possible.



# KNOW YOUR SCORE

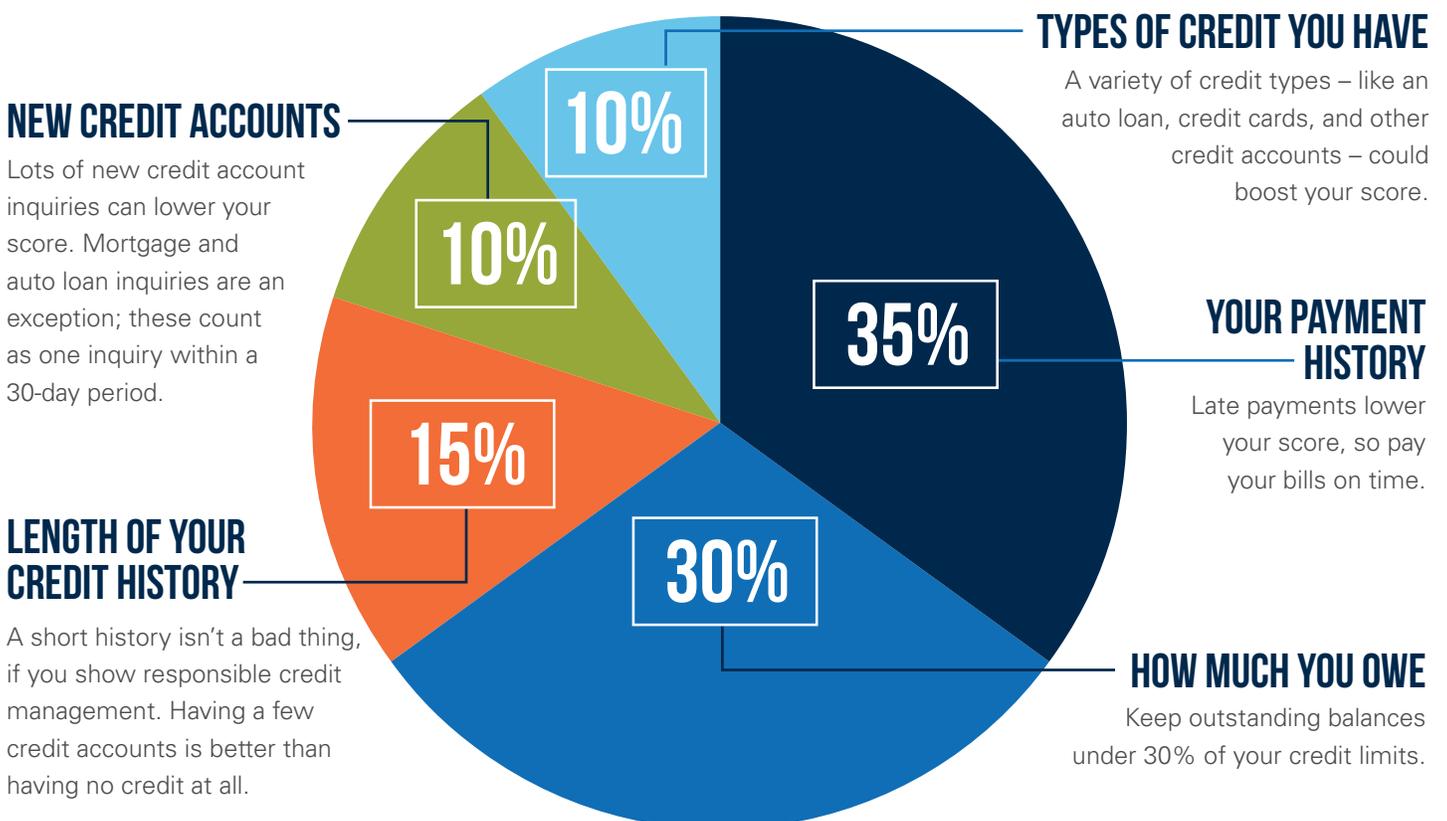
A CREDIT SCORE NOT ONLY INFLUENCES YOUR HOME-BUYING POTENTIAL, BUT IS ESSENTIAL FOR OBTAINING SEVERAL SERVICES AND BIG TICKET ITEMS. “90 OF THE TOP 100 LARGEST U.S. FINANCIAL INSTITUTIONS USE THE FICO SCORE TO MAKE CONSUMER CREDIT DECISIONS,” ACCORDING TO MYFICO.COM.

## YOUR FICO SCORE IS REVIEWED BY MOST OF THE FOLLOWING ENTITIES:

- Employers
- Landlords
- Cell phone companies
- Credit card companies
- Mortgage lenders
- Insurance companies
- Utility companies
- Cable companies

## WHAT MAKES UP YOUR SCORE?

When you're applying for a mortgage, your credit score is a major factor in determining your interest rate and approval for the loan. Typically, the higher your credit score, the better your chances for approval and securing a lower rate. But, just how exactly is your score determined? Most companies use a FICO score that is comprised of five elements:



## SO, WHAT'S A GOOD SCORE?

FICO scores range from 300 to 850, with higher numbers being better. A score of 700 is a good indicator of financial health, and most lenders prefer scores at or above that number, but it is not required.

## WHAT'S THE NEXT STEP?

**OBTAIN A CREDIT REPORT.** This is a free service available to you each year, so take advantage.

Visit [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) and request your free copy from all three credit reporting companies.

- **EQUIFAX – [WWW.EQUIFAX.COM](http://WWW.EQUIFAX.COM)**
- **EXPERIAN – [WWW.EXPERIAN.COM](http://WWW.EXPERIAN.COM)**
- **TRANSUNION – [WWW.TRANSUNION.COM](http://WWW.TRANSUNION.COM)**

Beware of other companies that charge fees for credit reports, because they are often not as accurate as the three mentioned above.

## CHECK FOR MISTAKES

There is no charge for checking into existing errors, so make sure there are no inaccuracies listed on your report. It is your responsibility to notify the credit bureau of any mistakes, which should be cleared up within 30 days of the report date. If you need to boost your score, here are a few tips that could make a difference to your score. While these are general tips, be sure to check with your lender before paying off large accounts and moving your money around for closing costs and the down payment.

- **MANAGE YOUR CREDIT CARD** – Keep balances to less than 30 percent of your limit
- **CORRECT CREDIT LIMITS** – It's important for your credit card company(s) to report your correct limit to the major credit bureaus; your report could suffer if it shows you're over the reported limit, when the limit is actually higher
- **GET CREDIT WHERE CREDIT IS DUE** – Be sure your report shows all of your credit accounts, especially the healthy ones



# 5 FIRST-TIME HOMEBUYER QUESTIONS



## 1. HOW MUCH CAN YOU AFFORD?

A good rule of thumb is to put 25 percent of your income toward your home payment. Spending a quarter of your income on your mortgage payment should safeguard you in the event of unexpected financial changes.

## 2. WHAT ARE YOUR COSTS IN ADDITION TO THE LOAN?

Talk with your lender about out-of-pocket expenses, like the down payment or closing costs. Also, consider the costs of improvements, taxes, homeowners association dues, utilities, and homeowners insurance.

## 3. HOW DO I DETERMINE THE RIGHT NEIGHBORHOOD?

Decide on the top priorities for you and your family. Do you want to be close to good schools? How far are you willing to move from your office? Make a list of your uncompromising needs before your home search so you can be objective when looking at multiple properties.

## 4. WILL THIS HOUSE FIT YOUR LONG-TERM GOALS?

Be sure your investment is something you can make the most out of. Mull over all possibilities of future plans. Do you plan to have kids? Are your children moving out soon? Is a job transfer in your future? Heavily weigh school districts when moving. It can be cheaper in the long-run to pay more for a house in a better school district than to buy a less expensive home and pay for private school.

## 5. ARE YOU TRULY PREPARED TO BE A HOMEOWNER?

Homeownership is one of the biggest joys, but it also comes with a lot of responsibility. Be prepared to spend money and time on your home. Understand everything that is involved and plan to adjust your spending habits accordingly. Also, be aware of your credit score and how it affects your ability to purchase the home that you want.



# BUYING YOUR FIRST HOME

## SAVE UP TO \$2,000 IN TAXES ANNUALLY

The NC Home Advantage Tax Credit allows eligible buyers to receive a federal tax credit of 30% of the mortgage interest paid annually on existing homes (50% on new construction).

[FIND OUT IF YOU QUALIFY TO SAVE UP TO \\$2,000 PER YEAR ON YOUR FEDERAL TAX LIABILITY!](#)

- Tax credit for buyers who are approved by the NC Housing Finance Agency for a Mortgage Credit Certificate (MCC) before their home purchase
- MCC provides an immediate tax credit, making it possible to change the withholding allowances on your W-4 in order to reflect your decreased tax liability and increase your monthly take-home pay, helping you make your mortgage payment more affordable
- After your MCC credit, you can still claim mortgage interest deduction on remaining mortgage interest paid if you itemize deductions
- Can be used with most fixed-rate mortgages including the NC Home Advantage Mortgage™ and with some adjustable-rate mortgages



## NC 1ST HOME ADVANTAGE DOWN PAYMENT

If you are a first-time home buyer or military veteran and qualify for an NC Home Advantage Mortgage™, **you may also be eligible for \$8,000 in down payment assistance!**

- You are purchasing a home in North Carolina
- You occupy and maintain the home as your principal residence
- Your income and home sales price do not exceed certain limits
- Your credit score is 640 or higher
- You are a permanent legal resident of the U.S.
- You secure an FHA, VA, USDA, or conventional loan

The NC 1st Home Advantage Down Payment is a 0%, deferred second mortgage. If you qualify, you don't need to repay the down payment assistance unless you sell, refinance, or move out of the home in the first 15 years. Even better, the down payment loan is forgiven 20% per year at the end of years 11-15, with complete forgiveness at the end of year 15.

USDA LOANS HELP YOU

GET A HOME

WITH NO  
DOWN  
PAYMENT



Now you can buy a new home or refinance an existing USDA loan to a lower rate for lower monthly payments. Plus, get financed with no down payment.

YOU COULD BE ELIGIBLE IF:

- You are looking for a home outside a major metropolitan area
- You meet the household income limit

# WAITING PERIODS

## HOW LONG DO I WAIT TO BUY A HOME?

	FORECLOSURE	SHORT SALE [DEED-IN-LIEU]	CHAPTER 7 BANKRUPTCY	CHAPTER 13 BANKRUPTCY
FANNIE MAE	7 years from when title is transferred from the borrower's name	4 years (includes Deed-in-Lieu)	4 years from discharge or dismissal date*	2 years from discharge date* 4 years from dismissal date*
FREDDIE MAC	No waiting period requirement for loans receiving LPA Accept/Eligible recommendation	No waiting period requirement for loans receiving LPA Accept/Eligible recommendation	No waiting period requirement for loans receiving LPA Accept/Eligible recommendation	No waiting period requirement for loans receiving LPA Accept/Eligible recommendation
FHA	3 years from the latter of the date title transferred from the borrower's name or the date a claim was paid by FHA. Includes Deed-in-Lieu & FHA Short Sale.	3 years, but can be shortened under certain conditions	2 years from discharge or dismissal date	1 year of the payout must elapse and payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage
VA	2 years from when title is transferred from the borrower's name (includes Deed-in-Lieu)	12 months unless mortgage payment history meets VA guidelines.	2 years from discharge or dismissal date	1 year of the payout must elapse and payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage
USDA RURAL	36 months for a manual underwrite (includes Deed-In-Lieu), no waiting period for a GUS accept	36 months from completion date	36 months for a manual underwrite, no waiting period for a GUS accept	12 months of the payout must elapse and payment performance must be satisfactory; buyer must receive permission from the court to enter into a mortgage

Jumbo loans will be based on specific investor guidelines. See your Loan Officer for details.\* Multiple bankruptcies within the most recent seven years require a five-year waiting period. Fannie Mae and Freddie Mac require an AUS approval. Not a commitment to lend. Borrower must meet qualification criteria. Cornerstone Home Lending, Inc. is not affiliated with the U.S. Government. Effective April 2017.

THE

**BETTER**

**WAY**

TO MORTGAGE

**LOANFLY™**

GET OUR AMAZING APP FOR AN AMAZING HOME BUYING EXPERIENCE

IT'S YOUR HOME LOAN THE WAY YOU WANT IT: ON YOUR TERMS. WITH LOANFLY®, YOU HAVE AN ALL-IN-ONE APP THAT HELPS YOU SOAR FROM START TO HOME IN NO TIME. PLUS, YOU'LL HAVE US BY YOUR SIDE WHENEVER YOU NEED US.

### PREQUALIFY QUICKLY

With a few taps, you can know for sure how much you can afford before you start shopping for a home.

### SEARCH HOMES ANYTIME, ANYWHERE

Browse up-to-date listings in your area and in your prequalification range.





## GET ANSWERS

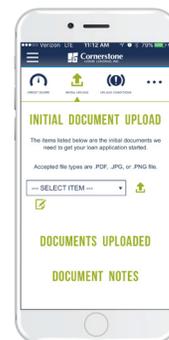
Learn all you need to know about the mortgage process with on-demand resources and how-to videos. You can also request rates and calculate estimated payments.

## ACCESS LOANFLY® BORROWER PORTAL

Our secure online portal gives you a transparent view of your mortgage transaction. Easily track your loan status, upload documents, and do so much more in one convenient place.

## MAKE A CONNECTION

LoanFly® makes it easy to fly solo during the process. But you can always quickly connect with our team at any time.



# GET READY FOR TAKEOFF

- 1) Visit [LoanFly.com/LanceForehand](http://LoanFly.com/LanceForehand) on your Apple or Android device
- 2) Download LoanFly® on your device
- 3) Start soaring home

Available for Apple and Android devices. Internet access required.

# ASK YOUR LENDER

- WHO GENERATES YOUR CLOSING DISCLOSURE?  
YOUR CLOSING DEPARTMENT OR THE TITLE  
COMPANY?
- WILL YOU BE DELIVERING THE CLOSING  
DISCLOSURE ELECTRONICALLY OR BY MAIL?
- WHAT PERCENTAGE OF YOUR LOANS CLOSE  
LATE (AFTER THE CONTRACT CLOSING DATE)?
- WHAT PERCENTAGE OF YOUR PREQUALIFIED  
LOANS ARE DENIED DURING THE  
UNDERWRITING PROCESS?
- DO YOUR PROCESSORS, UNDERWRITERS, AND  
CLOSERS WORK IN YOUR OFFICE WITH YOU?
- DO YOU SEND YOUR CLIENTS WEEKLY  
AUTOMATED EMAIL UPDATES, AS WELL AS  
EMAIL UPDATES EACH TIME THEIR LOAN MOVES  
FORWARD IN THE PROCESS?

# HERE ARE COMMON MORTGAGE TERMS THAT ARE USED THROUGHOUT THE HOME-FINANCING PROCESS

## ADJUSTABLE-RATE MORTGAGE (ARM)

ARMs tend to have an initial lower interest rate than a fixed-rate home loan. However, this rate may change over the loan term based on a set index. Payments for ARM loans can increase.

## ANNUAL PERCENTAGE RATE (APR)

This is your annual cost of the loan represented as a percentage. APR allows homebuyers to compare different mortgage programs based on their annual cost.

## CLOSING COSTS

These are the costs and fees that are due on the date of closing, when a borrower obtains their mortgage and receives the title to their property. Closing costs include insurance, taxes, and other applicable fees.

## CLOSING DISCLOSURE (CD)

This form is a statement of final loan terms and closing costs. You must receive this form from your lender at least 3 days before your closing. You can compare this document with your Loan Estimate.

## DEBT-TO-INCOME RATIO (DTI)

Lenders use this ratio to determine if a borrower can afford their monthly mortgage payment. DTI is calculated by dividing the borrower's monthly debts by their pre-tax monthly income.

## DOWN PAYMENT

This is the portion of the purchase price that the buyer pays.

## DOWN PAYMENT ASSISTANCE (DPA)

Programs that offer qualified borrowers financial assistance with down payment or closing costs.

## FIXED-RATE MORTGAGE

With this type of mortgage, a borrower's interest rate stays "fixed" and will not change during the life of the loan.

## LOAN ESTIMATE (LE)

A detailed estimate of the total costs, given to the borrower 3 days after the lender receives their application. The lender's origination fee, points, escrow, title insurance, appraisal fee, taxes, and other expenses should be included.

## LOAN-TO-VALUE RATIO (LTV)

To calculate this ratio, the lender divides the mortgage amount by the purchase price or the appraised home value. LTV helps assess the lender's risk of the loan.

## MORTGAGE INSURANCE PREMIUM (MIP)

To protect the lender from potential loan default, the borrower pays a premium on Federal Housing Administration (FHA) loans. There is an upfront MIP and a monthly MI (mortgage insurance) amount that the borrower must pay for the life of the loan with a down payment of 3.5% to 9.99%. For down payments of 10% or more, MIP is only paid for 11 years.

## ORIGINATION FEE

This is the fee that a lender charges to prepare the documents related to a borrower's mortgage.

## PRINCIPAL, INTEREST, TAXES AND INSURANCE (PITI)

The monthly mortgage payment expected from the borrower.

## PRIVATE MORTGAGE INSURANCE (PMI)

The borrower is required to pay for PMI when LTV is over 80 percent.

## RATE LOCK

This is a written commitment between you and the lender to hold a certain interest rate for a specified period of time.

## TITLE

This is a document that states a real estate transaction took place and establishes the buyer as the legal and exclusive owner of the property.

## TITLE INSURANCE

This type of insurance provides a real estate owner or lender with protection against any loss or damage they may experience if any claims against the title are made.

LEARN THE LINGO





Not a commitment to lend. Borrower must meet qualification criteria. This information is meant to be a guide showing the financing process. Not all transactions may follow the illustration or steps listed due to the requirements and process specific to the type of home loan a borrower qualifies for. Equal Housing Opportunity.

200 North Water Street, Suite 2B | Elizabeth City, North Carolina 27909 | Branch NMLS 1558116  
Company NMLS ID #2258 ([www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org))