

BUYING A HOUSE DOESN'T HAVE TO BE HARD

A different kind of homebuying experience.

A different kind of **easy**.



 **Cornerstone**[®]
HOME LENDING
SHANNON|GRAVER TEAM

CONGRATULATIONS

ON BUYING A NEW HOME!

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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THANK YOU FOR THE OPPORTUNITY TO BE **YOUR HOME LENDER!**

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

CONTACT INFORMATION

**UPLOAD DOCUMENTS
WITH THE GREATEST
OF EASE!**

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



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 DOCUMENTS

BUY THE RIGHT WAY



STEP 1 CHOOSE A QUALIFIED MORTGAGE PROFESSIONAL

STEP 2 GET PREQUALIFIED

To do this, complete an online questionnaire through a lender's website. You can also fill out a questionnaire in person or over the phone. Feel free to check out www.TeamSGHomeLending.com and click on the "prequalify" link if you want to prequalify with us.

STEP 3 GATHER ALL YOUR LOAN DOCUMENTATION

The Loan Officer will email you a checklist of documentation to start gathering at your earliest convenience.

STEP 4 SCHEDULE A CONSULTATION WITH A LOAN OFFICER

The consultation is free and usually lasts between 45 minutes to 1 hour. Typically the consultation is done at the lender's office, but we can accommodate somewhere else if that is more convenient. You are not required to sign any contracts with a Loan Officer.

STEP 5 SCHEDULE A CONSULTATION WITH A REALTOR

The consultation is free and usually lasts between 45 minutes to 1 hour. Typically the consultation is done at the realtor's office; sometimes they can accommodate you somewhere else if that is more convenient. To save time, consider doing a back-to-back consultation with the Loan Officer and realtor.

STEP 6 START LOOKING AT HOMES WITH YOUR REALTOR

This is the fun and exciting part of the process. Make sure you are getting access to the Multiple Listing Service (MLS) through your realtor to search for all available homes.

STEP 7 MAKE AN OFFER ON A PROPERTY

Strategize with your realtor and Loan Officer on how to present your offer. At this point, you will want your realtor to have done a cost market analysis on the property to get the true value of the home. Also, obtain an updated prequalification letter from your Loan Officer. This is the time when you write your earnest money check to the seller to let them know you are serious about buying their home. It is typically 1%-3% of the sales price.

STEP 8 MUTUAL ACCEPTANCE

This is when the buyer and seller have agreed to the terms of the offer, and the clock starts in terms of hitting certain benchmarks to reach a successful, on-time closing. Look at locking in your interest rate and you will be asked to sign and date initial loan disclosures.

STEP 9 INSPECTION

Ask your realtor for a referral to an inspector who will make sure the house doesn't have major issues with it. You will pay for the inspection out of pocket and get a copy of the report. You can then ask the seller to repair/fix any requested items before you move forward with the purchase of the home. This is a pivotal part of the process, so strategize with your Realtor.

STEP 10 APPRAISAL

Once you have given us the "thumbs up" on the inspection and are going to move forward with buying the home, your lender will order the appraisal. The appraiser goes to the home to make sure it's worth the value of your purchase price. If the appraisal comes in lower than the purchase price, that's a problem. If it comes in higher, that's a good thing as you have instant equity. You will receive a copy of your appraisal from your lender as soon as it is completed by the appraiser.

STEP 11 UNDERWRITING

The underwriter is the decision maker who renders loan approval or denial. The underwriter will review all of the documentation you have provided and let your Loan Officer know of any other items needed to issue a final loan approval. You should expect a checklist of items to provide, so don't be alarmed when it happens.

STEP 12 FINAL LOAN APPROVAL

Take a breath and relax, because you're almost at the closing line! The underwriter has fully approved your loan and you're nearing the end of the homebuying process.

STEP 13 CLOSING/FUNDING

This is the day you are officially a homeowner! After you sign at escrow and bring in your money, the escrow company sends back all your signed paperwork to your lender for review. Assuming all the paperwork is signed correctly, the lender will authorize escrow to fund the loan and generate recording numbers at the county courthouse. Once recording numbers are generated, you can now talk to your realtor about how you want to get your keys so you can start moving in! Remember, mortgages are paid in arrears (which means you pay a month behind), so you will skip an entire month's payment after you close. No rent payment, no mortgage payment!

CONGRATULATIONS!

YOU ARE NOW PROPERLY
EDUCATED AND READY TO
START THIS PROCESS!



WHAT WE DO

ONCE YOU PROVIDE US WITH THE ITEMS IN THE LOAN CHECKLIST, WE WILL BEGIN WORKING ON YOUR LOAN. BELOW IS A SIMPLE OUTLINE OF THE STEPS WE WILL BE TAKING.

PROCESSING

Our Processing Department will double check all your information and documents. Once everything has been validated, our Processing Department will order the appraisal for you after the inspection is completed and order the Title Commitment to assure the title is cleared. They will also pre-underwrite and prepare the loan for approval.

UNDERWRITING

Your loan will be reviewed a final time by our Underwriting Department. This will be the concluding step to your loan approval.

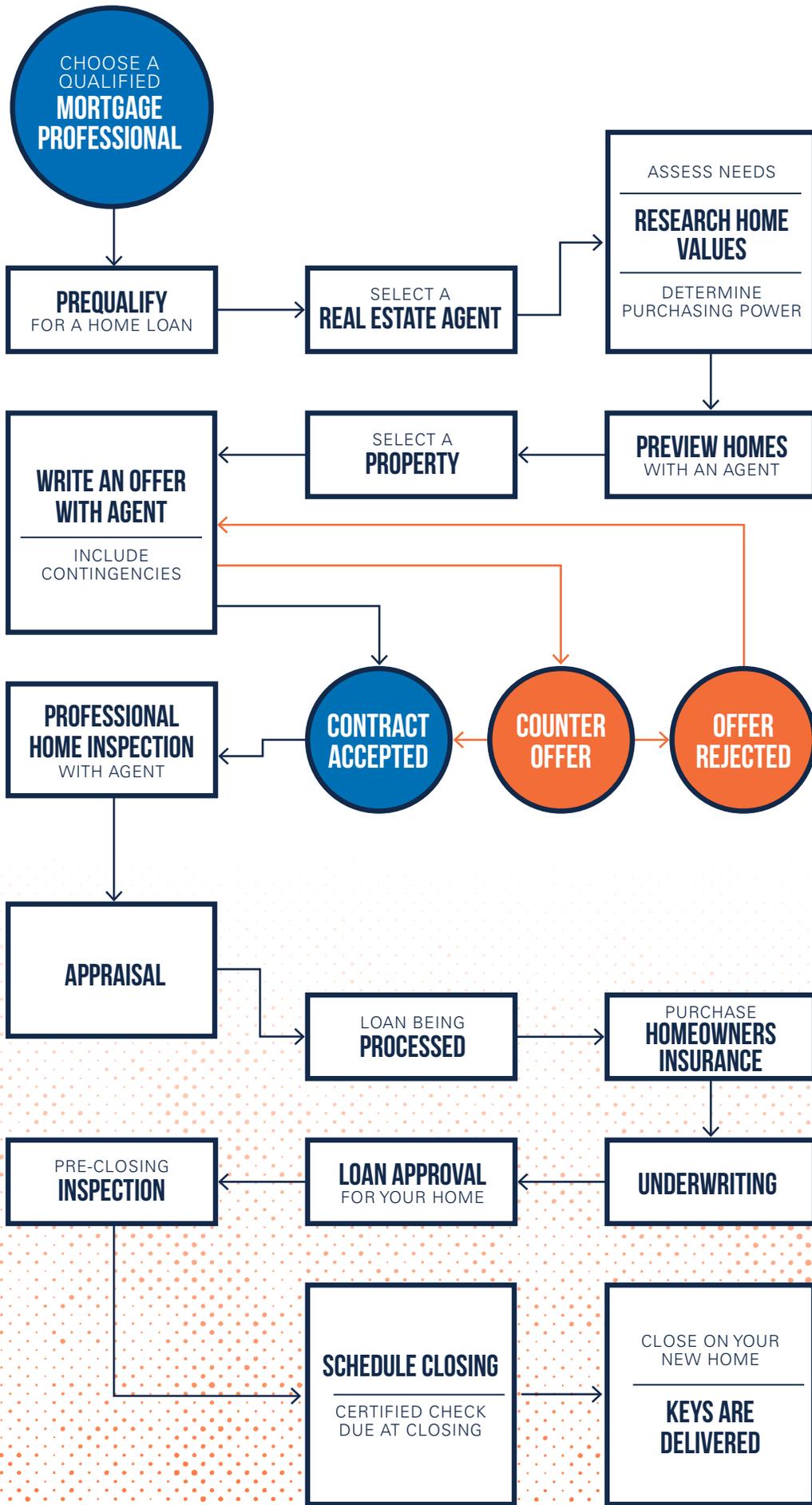
CLOSING DISCLOSURE (CD)

Our Closing Department prepares your Closing Disclosure (CD), which details the final terms, projected payments, fees, and other costs of the mortgage program you've selected. You will get the CD at least 3 days before your closing date.

CLOSING

After everything has been approved and finalized, our team will confirm your closing details

WHERE TO BEGIN



MOVE INTO YOUR NEW HOME!

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 loans including FHA 203(k)
- 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! IT CAN ALSO BE CHALLENGING. A REALTOR CAN GIVE YOU THE SUPPORT YOU NEED SO YOU CAN ENJOY YOUR HOMEBUYING 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.

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

THE HOMEBUYING PROCESS

1. BORROWER

- Contact the Shannon and Graver Team for home financing information
- Visit www.TeamSGHomeLending.com to prequalify

2. THE SHANNON AND GRAVER TEAM

- Discusses qualification, monthly payments and down payment needed for closing
- Explains loan programs and quotes interest rates
- Issues prequalification letter to help strengthen your purchase offer
- Assists you in completing the loan application

3. DURING THE LOAN PROCESS

- Initial documentation will need to be signed – necessary for submission of loan
- A fully executed contract will be required for loan to be submitted and interest rate to be locked
- Your Loan Officer will notify you of key contract dates, including appraisal and loan approval
- Your Loan Officer will be available to answer any questions you may have during the loan process

4. PROCESSOR

- May request additional documentation necessary for loan submission to underwriting
- Orders title commitment to assure clear title
- Pre-underwrites and prepares loan for approval

WHAT CAN YOU EXPECT FROM NOW UNTIL CLOSING DAY?

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

5. UNDERWRITER

- May request further documentation upon review of your loan
- Renders final decision on your loan approval

6. CLOSING DISCLOSURE (CD)

- Our closing department works with the title company to prepare your CD
- You and your Loan Officer will go over your CD, which covers your final loan terms and fees
- Our team confirms your closing details: date, time, place, closing costs needed if any

7. CLOSING

- Takes place at the title company or real estate office
- Will require a certified/cashier's check (payable to the escrow company)
- Will require driver's license or state identification

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 HOMEBUYING 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.

Do not let anyone else pay the earnest money for you. If this may 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.

There are strict requirements to document the receipt of gift funds, for the donor as well as the recipient, and we can help you meet these requirements.

3. HAVE ALL SUPPORTING DOCUMENTS EASILY ACCESSIBLE.

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

4. DO NOT CHANGE YOUR JOB OR YOUR PAY STRUCTURE DURING THE FINANCING PROCESS.

You want each pay stub to show you work 40 hours per week if you are paid hourly, unless you have vacation or personal time off to account for the hours you take off.

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.

THE DOS

- ✓ Let us know if your down payment is a gift
- ✓ Call if you have any questions or concerns
- ✓ Tell your family and friends about Cornerstone
- ✓ Get a good night's sleep; you were referred to OUR TEAM for a reason and can rely on US for REMARKABLE service

Contact our team if you think any of these *don'ts* are unavoidable. We can help determine what to do so your loan is least negatively affected.

THE DON'TS

- ✗ Change jobs, quit your job or become self-employed
- ✗ Buy or trade in a vehicle
- ✗ Increase debt/balances or miss payments
- ✗ Spend money you have set aside for closing
- ✗ Omit debts or liabilities from your loan application
- ✗ Buy furniture or appliances or make a new credit application
- ✗ Originate credit inquiries (e.g. no new loans, credit cards, or lines of credit)
- ✗ Make large deposits or transfer funds
- ✗ Change bank accounts
- ✗ Co-sign any loan
- ✗ Use cash for your down payment or earnest money
- ✗ Wire closing funds (until you speak directly with our office for information first)

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 homebuying process as smooth as possible.

KNOW YOUR SCORE

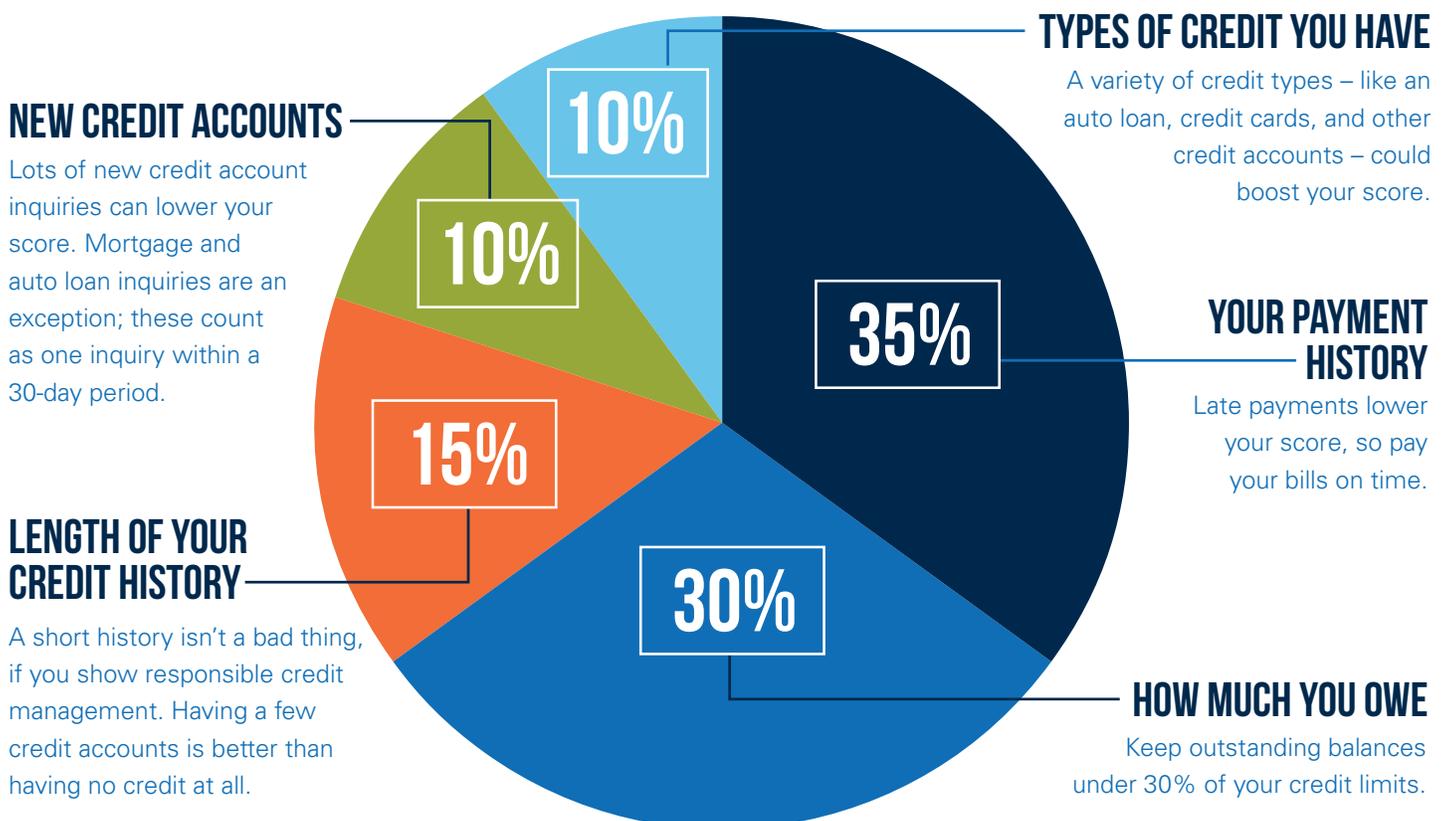
A CREDIT SCORE NOT ONLY INFLUENCES YOUR HOMEBUYING POTENTIAL, BUT IS ESSENTIAL FOR OBTAINING SEVERAL SERVICES AND BIG TICKET ITEMS. "90 OF THE TOP 100 LARGEST U.S. FINANCIAL INSTITUTIONS USE THE FICO SCORE TO MAKE CONSUMER CREDIT DECISIONS," ACCORDING TO MYFICO.COM.

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 and request your free copy from all three credit reporting companies.

- **EQUIFAX – WWW.EQUIFAX.COM**
- **EXPERIAN – WWW.EXPERIAN.COM**
- **TRANSUNION – 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



DETAILED CHECKLIST

Based on your specific needs and qualification profile, you may have to provide additional documentation. We've outlined some of the items you may be asked for to complete your loan application. Keep in mind, you're in no way obligated to accept the terms of the mortgage offered by providing us with these items. You also don't have to provide anything to get an initial Loan Estimate.

ALL BORROWERS

- Copy of unexpired picture identification (e.g., driver's license, visa, passport, military ID, or state-issued ID) for each applicant
- Most recent two (2) months of bank statements, ALL numbered pages
- Most recent two (2) months of brokerage statements, ALL numbered pages
- Most recent two (2) months of retirement statements, ALL numbered pages
- Terms of withdrawal for retirement accounts
- Executed Purchase Contract/Agreement with all addendums
- Supporting documentation for any recent deposits not noted as automated payroll deposits
- Homeowners insurance policy if refinancing or information for the new property – agent and company name with phone number
- If any deposits or funds for closing are from a Gift (e.g. from relative, employer, non-profit, etc.), then more documentation will be required depending on the loan program – check with your Loan Officer for a specific list for your chosen program
- Copy of Earnest Money Check (a copy of the cleared check may be required as well, check with your Loan Officer)
- Copy of Social Security card

SELF-EMPLOYED BORROWERS

OWN AT LEAST 25% OF A BUSINESS, CORPORATION, AND/OR PARTNERSHIP

- Most recent two (2) years of business federal income tax returns with ALL schedules for each applicant, if applicable
- Year-To-Date Profit/Loss Statement and Balance Sheet for any sole proprietor company, partnership, or corporation in which you have 25% or more ownership
- W-2, K-1, and/or 1099 forms for the previous two (2) years for each applicant

SALARIED BORROWERS

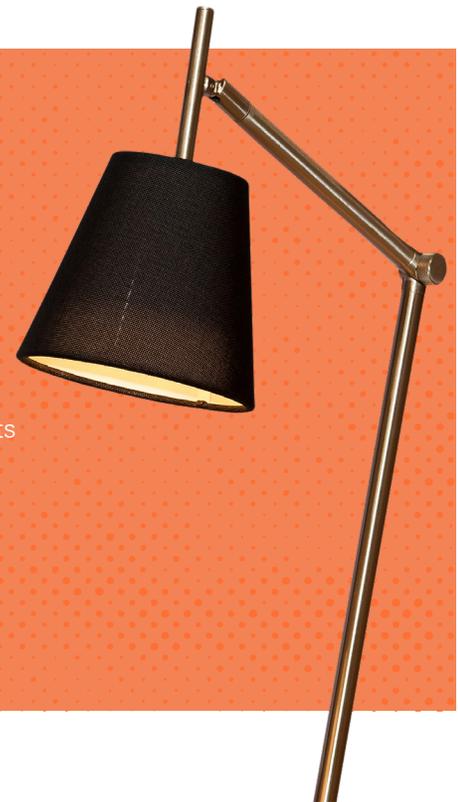
- Most recent 30 days of pay stubs for each income source for each applicant
- W-2, K-1, and/or 1099 forms for the previous two (2) years for each applicant: Most recent two (2) years of personal federal income tax returns with ALL schedules for each applicant, if filed separately

OTHER ITEMS BASED ON YOUR SITUATION

- School transcripts (if employed less than 2 years from graduation)
- Current year's Award Letter for Social Security benefits, if applicable
- Most recent 30-day pension/retirement income statements, if applicable
- If using child support or alimony as income, copy of agreement as well as proof of receipt of the support for the last six (6) months
- Plans and specification may be required for new construction – check with your Loan Officer
- If applying for a VA loan – DD214 (if retired/discharged), Statement of Service (if active duty), monthly child care amount/letter
- Name and contact information for landlord if currently renting
- Documentation for obligations not reflected on the credit report (e.g., Divorce Decree, Parental Support Document, privately held note, farm equipment loans, etc.)
- For any loans on which any applicant is a "Co-Signer," furnish a copy of the note and 12 months of cancelled checks to prove payment by other signer if you do not want the debt to be considered as your debt
- Deferred student loans may require further documentation depending on the loan program – check with your Loan Officer for a specific list for your chosen program
- Non-US citizens must provide proof of eligible permission to reside and work in the US – EAD or other eligible work visa – with evidence of history of renewal if expiring within 12 months
- Letters of explanation will be required for any credit inquiries, name variations, and address variations reflected on the credit report
- Bankruptcy, judgment and/or foreclosure documentation; petition, discharge, release, and letter of explanation

OWNERSHIP OF OTHER REAL ESTATE

- Lease agreements on any rental properties
- Most recent mortgage statement for all currently open mortgages with property address indicated
- Most recent tax, insurance, and applicable HOA statements if current mortgage payments do not include those escrow amounts
- Listing agreement or executed purchase contract for current residence and certified copy of executed closing statement (when available) for any property to be sold for the purposes of the new home loan



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. Anything between 25 and 32 percent is considered manageable in the eyes of most mortgage lenders. However, a higher debt-to-income ratio puts you at risk should your financial situation change. A rise in insurance costs or the loss of a job could change your fiscal picture. Spending a quarter of your income on your mortgage payment should safeguard you in the event of unexpected changes.

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

Be sure to have a thorough conversation with your lender about out-of-pocket expenses such as your down payment or closing costs. Also, take into account any possible home improvements you plan to make and have contractors provide you with estimates. Other expenses to consider include taxes, homeowners association dues, utilities and home 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? You should develop a list of your uncompromising needs before you start your home search so you can maintain a clear sense of judgment when looking at multiple properties.

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

It is always wise to look ahead when buying a house. You want to 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.

10 HOMEOWNERSHIP FACTS

WHETHER YOU ARE BUYING A HOUSE FOR YOUR FAMILY, AN INVESTMENT PROPERTY FOR FUTURE RESALE, OR A SECOND HOME, THERE IS A LOT TO LEARN ABOUT HOMEOWNERSHIP.

To get the most out of your purchase, it is important that you have all the facts. Below you will find a list of helpful hints that will ensure you are a prepared and informed homeowner.

1. YOUR HOME'S EQUITY.

If the value of your home is worth more than you owe, use this to leverage other investment properties or get cash to purchase other items of value.

2. WHEN BUYING A HOME, BE SURE TO CONSIDER YOUR LONG-TERM PLANS.

While the cost of the home is a very important factor, you should also view your purchase as an investment. How can your home benefit your goals for the future? Discuss your ultimate plans with your lender to learn how your mortgage can serve you down the road.

3. ACCORDING TO THE NATIONAL ASSOCIATION OF REALTORS, THE MEDIAN AGE OF FIRST-TIME HOMEBUYERS IS 31.

More young professionals are able to purchase homes for their families, and more affordable housing options like planned communities and townhomes have developed across the nation.

4. RISING RENTAL COSTS ARE A COMMON OCCURRENCE.

As leases are renewed, owners of rental properties will pass rising tax, insurance, utility, and maintenance costs on to their tenants. Like houses, rental units are equally susceptible to rising occupancy costs.

5. HOMEOWNERS WITH A STRONG SENTIMENTAL ATTACHMENT TO THEIR HOME OFTEN PRICE THEIR PROPERTY WITH UNREALISTIC EXPECTATIONS.

As you are house hunting, use neighborhood comparables to make sure you are getting a fair deal on your purchase.

6. DO NOT FORGET THAT MORTGAGE INTEREST AND PROPERTY TAXES ARE INCOME TAX DEDUCTIBLE.

Be sure to take advantage of this, as it can save you hundreds of dollars per year.

7. CAUTIOUSLY CONSIDER ALL HOME IMPROVEMENTS.

While many homeowners want to update their house to satisfy their personal taste, be careful not to over-improve, as it can be an expensive mistake. Improvements such as garages converted to extra rooms or space especially designed to accommodate one type of family could negatively affect your chances of selling.

8. WAITING ON THE MARKET TO CHANGE IS NOT ALWAYS A GOOD IDEA.

Some buyers may put off purchasing a home in the hopes that prices will go down. But the real estate market is unpredictable, so it's just as likely for prices to go up.

9. THERE IS NEVER A PERFECT TIME TO SELL A HOUSE.

Whether it's a "buyer's market" or a "seller's market," most people will be on both ends of the process. As a seller, you might get more for your home, but you are likely to have to pay more for the next home you purchase.

10. A GOOD REAL ESTATE AGENT CAN SELL HOMES QUICKLY, EASILY AND AT THE RIGHT PRICE.

While some people have been successful selling their home without a realtor, it is a large risk to take. A knowledgeable realtor ensures your interests will be protected throughout the process.

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

ADJUSTABLE-RATE MORTGAGE (ARM)

ARMs tend to originate at a lower interest rate than a fixed-rate home loan. However, this rate will fluctuate 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)

Borrower's monthly liabilities divided by borrower's monthly income (pretax) equals the percentage of monthly gross income that goes toward paying debts. Lenders use this ratio to determine if a borrower can afford their monthly mortgage payment.

DOWN PAYMENT

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

DOWN PAYMENT ASSISTANCE (DPA)

Programs that can help with down payment or closing costs. Grant program funds do not have a first-time homebuyer requirement to qualify. Assistance funds from a grant don't have to be repaid. Bond programs are only available to first-time homebuyers and are repaid when the home is sold or refinanced.

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)

The mortgage amount divided by the purchase price or appraised value of the home. LTV helps assess the risk of the loan for the lender.

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 commitment between you and the lender to hold a certain interest rate for a specified period of time. When you decide to lock your rate, you will receive a written confirmation from your lender.

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.

TRUTH IN LENDING ACT (TILA)

Legislation that covers credit transactions (mortgages, credit cards, student loans, auto loans, etc.) and requires creditors to provide clear and accurate costs/terms to the borrower to help them make informed financing choices.

MOVING DAY CHECKLIST

ONE MONTH BEFORE MOVING:

- Collect everything not to be moved and save for a garage sale or charitable donation
- Select mover and arrange for exact form of payment at destination - Be sure to check moving company policy regarding broken or damaged items. Moving companies typically do not reimburse for breakage or damage to items in boxes they do not pack
- Start packing now, unless you have scheduled packing services
- Contact insurance agent to transfer/cancel insurance coverage on your old home
- Complete change of address form from post office
- Notify all magazines or other subscriptions of change of address
- Notify your doctor, dentist, veterinarian and pharmacy of your change of address
- Contact utility companies for refunds of deposit and schedule turn-off date
- Check freezer and plan use of food over next 2-3 weeks
- Pack all jewelry and other valuables in a safe place to prevent loss during move
- Find an electronics recycler in your neighborhood

ONE WEEK BEFORE MOVING:

- Confirm moving day details with the moving company
- Organize at least one room in the house for packers and movers to work freely
- Defrost freezer and refrigerator; place charcoal inside to prevent mildew
- Make arrangements for disconnecting appliances (ice maker, washing machine, dryer) from water and gas resources
- Cancel all newspapers, yard service, etc.
- Prune larger houseplants and re-pot those in clay pots into unbreakable plastic containers
- Schedule a cleaning service to clean both your old and new homes, or have cleaning supplies accessible upon arrival to your new house
- Consider hiring an exterminator for the new residence prior to moving in

MOVING DAY:

- Make sure phone service, gas, electricity and water are turned on. If you are moving into a pre-owned home, you can sometimes make arrangements to have the service transferred on loan closing day when you take actual possession
- Make arrangements for food for you (and the movers, if possible)
- Hire a sitter or send the kids and/or pets to a friend's house for the day
- Notify packers and/or driver about fragile items (ensure these are marked "fragile")
- Identify boxes with linens needed to make your beds at your new home and place them in a convenient location
- Make a final check of the entire house (closets, shelves, attic, garage, etc.)
- Get complete routing information and phone numbers from the driver

PREPARATION FOR MOVING:

- Carefully dispose of all volatile or corrosive chemicals and their containers.
- Drain gas and oil from power tools to prevent leakage.
- Make an inventory of all high-value items in your home, noting any pre-existing damage.
- Keep your rugs on the floor so they will be loaded into the truck last and can be unloaded first in the new home.
- Visit www.UsedCardboardBoxes.com to purchase inexpensive recycled boxes.

FOR ITEMS YOU PACK YOURSELF:

- Personally transport the following: Necessary medication, jewelry, passport(s), driver's license(s), Social Security card(s), checkbook(s), tax records, credit card and bank account information, and other important documents (school, medical, insurance records, birth certificates, etc.)
- Items packed in newspaper (dishes and glassware) must be washed after unpacking. Keep in mind that newspaper can stain items such as lampshades.
- Wrap each plate individually, bundle together and pack upright on their edges (not flat).
- For stemware, the stems should be wrapped with paper before wrapping the entire glass. Place the glasses upright when packing.
- Easily crushed items should be individually cushioned and boxed.
- Be sure boxes are movable by limiting the weight of each box.
- Place heavy items on the bottom of boxes and lighter items on top.
- Label each box with contents and room destination.

PACKING CHECKLIST

FOR ITEMS THE MOVING COMPANY WILL PACK:

- Let the moving company pack breakables like china and glassware. Their professionals are typically fast and knowledgeable regarding how to pack a box to avoid breakage.
- Make sure cleaning agents, liquids and nonperishable items are carefully sealed. Ensure they are loaded last and unloaded first upon arrival to your new home.
- Make sure movers place heavy furniture where you will want it.
- Have movers remove boxes and packing paper for any items you can unpack quickly while the movers are still there.
- Check the furniture for damage as it is brought in and placed. Do not sign the approval receipt or pay movers until they have signed your "damage" list. This works for large items and furniture.

OTHER ITEMS NEEDED ON MOVING DAY:

- Bag of clothes for the first night to avoid searching in boxes
- Sheets and pillows
- Towels



RATE THIS HOME

PROPERTY ADDRESS

DATE SEEN

LIST PRICE \$

YEAR BUILT

SQ. FT.

BEDROOMS

BATHS

FEATURES

CONCERNS

LIKES

DISLIKES

RATE PROPERTY

1

2

3

4

5

6

7

8

9

10

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