



NORTHPOINT
M O R T G A G E



HOMEBUYER'S GUIDE

STEPS TO PURCHASING A HOME

ONE OF THE
LARGEST FINANCIAL
DECISIONS YOU
WILL MAKE





IT'S EXCITING & DAUNTING AT THE SAME TIME

- Make sure you have been pre-qualified by your loan officer to determine how much house you can afford and an estimate of cash to close.
- VERY IMPORTANT to get all of your requested documentation to your loan officer as quickly as possible which typically includes the following:
- Current pay-stubs covering the most recent 30-day period and most recent two years of W/2s, 1099s, or K-1s
- Most recent two years Federal tax returns.
- Most recent two months asset statements
- Photo ID

It is time for you and your real estate agent to find your new home.

Submit a contract offer on the home. Be prepared to write an earnest money check.

Your offer must be accompanied by a pre-approval letter so please let me know the details of your offer including offer price, address and estimated closing date and we will get the letter to you right away.

Once your contract is accepted, it is time to get your home inspected.

Submit your executed contract to your loan officer and discuss locking your interest rate.

The appraisal will be ordered, and loan disclosures will be sent to you for signatures. It is critical to sign your loan disclosures as quickly as possible...the clock is ticking!

The loan will be turned in for processing and then submitted to our underwriting department for approval.

Once we have final approval, a CD (closing disclosure) will be issued to you at least 3 days prior to closing which will let you know the final amount needed at closing.

Relax and start looking forward to closing on your new home!

Our goal is to make sure that your mortgage experience is smooth and stress free, resulting in an on time closing with expected terms. You can depend on us to ease your mind, keep you up to date on your loan progress and take care of you every step of the way.



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DO'S AND DON'TS DURING THE LOAN PROCESS

Do

- Continue to make your mortgage or rent payments on time
- Stay current on all existing accounts
- Continue to work for the same employer
- Keep credit card balances at or below 30% of credit limits
- Continue to use your credit card as you normally would

Don't

- Make a major purchase (car, boat, etc.)
- Apply for new credit or loans of any kind
- Pay off any collections or charge-offs before consultation
- Consolidate your debt into fewer accounts
- Deposit cash or non-traceable funds
- Close credit card accounts
- Borrow money
- Transfer checking and savings balances from one account to another
- Max out or over charge existing cards
- Raise red flags to the underwriter (i.e. co-signing on another person's loan, change your name and address)

MORTGAGE FAQs

What is the difference between the interest rate and the annual percentage rate (APR)? The interest rate is the rate you agree to pay for your mortgage loan. The annual percentage rate (APR) is the annual rate that is charged for borrowing (or made by investing), expressed as a single percentage number that represents the actual yearly cost of funds over the term of a loan. This includes any fees or additional costs associated with the transaction.

What is a discount point? A discount point is generally a percentage of the loan amount and is paid to the lender to buy down or lower an interest rate.

What is an escrow account? Your monthly payment includes an amount which is placed in a fund held by the mortgage company to pay your annual property taxes and insurance premiums. This fund is referred to as an escrow account.

What is a rate lock? A rate lock is a contractual agreement between the lender and buyer. There are four components to a rate lock: loan program, interest rate, points and the length of the lock.

What is mortgage insurance and why is it required? Mortgage insurance protects the lender against taking a financial loss in the event the mortgagor stops making payments. It is required on mortgage programs with less than a 20% down payment.

What will my rate be? Interest rates are based on a variety of factors including but not limited to: loan purpose, credit score, loan amount, property type, down payment, lock term and loan type (fixed vs adjustable). Consult with your loan officer to explore rate options.


WHERE DO MORTGAGE RATES COME FROM?

SIMPLE TO
UNDERSTAND
WITH A FEW
BASIC FACTS



Shopping for a mortgage rate can be difficult — especially because it's not always clear where mortgage rates come from, or how

they're made. The good news is that mortgage rates are simple to understand once you understand a few basic facts.

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- A background image showing various financial charts, including a candlestick chart on the left and a bar chart on the right, with some numbers like '702' visible.
- Mortgage rates are based on prices of mortgage-backed securities (MBS)
 - Mortgage-backed securities are bonds, which are traded similar to stocks.
 - Also like stocks, mortgage-backed security prices change all day, every day.

In this context, we see that mortgage rates — just like stocks — are driven by “the market”.

Do interest rates change every-day? Yes, MBS prices — and, by extension, mortgage rates — are always on the move. This is why it's recommend to do your mortgage rate shopping all in one day, when possible. Lenders across the country receive new rate sheets daily, sometimes rates change multiple times in one day during periods of market volatility. If you wait to lock a mortgage rate, the rate you want could be gone.

When can I lock my rate? Once you have selected a property and secured a contract, it is time to call your Loan Officer and explore locking your interest rate.

Should I lock or float? When is the best time to lock my rate? Just so everyone understands, if lenders knew with certainty when interest rates would move up or down, we would be sitting on a beach somewhere in the

Caribbean sipping paper umbrella libations and making sure our sunscreen was up to code. Here is what we know for sure . . . We don't know. Unfortunately, we don't know what rates are going to be tomorrow, next week or even next month. We don't know the results of the employment report or retail sales or any other economic report being released before they are released. We don't know how the financial markets will respond to global economic and political events that we don't even know are happening! We do know what the rates are today and we will help advise to the best of our ability. My opinion . . . If you like it, . . . lock it . . . and then forget about it!

#1 Consumer question... If I lock my rate and rates go down, can I get a better rate? Almost every mortgage consumer grapples with the question of what happens if they lock in their interest rate and then rates go down. They want to know if they can unlock and then re-lock a lower rate if rates fall. When you lock, you're entering a contract, of sorts. You agree to accept the rate offered, and the lender agrees to honor that rate for a pre-specified number of days.. If the mortgage market suddenly worsened and mortgage rates jumped 1/2 percentage point, we as your lender are obligated to honor your original quoted rate. On the flip side, if the market improves, we already have your loan committed for delivery to an investor at that price and we are not able to change that contract.

HOMEOWNERSHIP BENEFITS



As one of the nation's top mortgage companies, Fairway helps individuals and families reach the American Dream of homeownership every day. Owning a home is an exciting investment and comes with many benefits including...

ACHIEVING THE AMERICAN DREAM

Owning your own home provides not only the satisfaction of purchasing a home, but allows you to completely customize and personalize your home to your liking, including painting walls and replacing flooring which could also potentially increase your home's value.

BUILDING EQUITY

Your monthly mortgage payments will include both principal and interest, with the principal portion going toward your personal equity in the home. If or when you decide to sell your home, the equi-

ty you have in your home can turn into profit if the value of your home is more than your remaining loan balance.

TAX BENEFITS

Many times your mortgage interest, property taxes and sometimes even closing costs can be tax deductible,* potentially allowing you to pay less income tax as a homeowner.

*This does not constitute tax advice. Please consult a tax advisor regarding your specific situation

PEACE OF MIND

As a homeowner, you'll have access to our wide range of mortgage options that will help you predict your monthly mortgage payments versus being subject to annual rent increases you can't necessarily always plan.

HOW A MORTGAGE WORKS

A stylized graphic of a house in shades of grey and white, positioned on the left side of the page. The house has a gabled roof and a window with four panes. The background is a solid blue color.

A mortgage is a loan associated with real estate, where the property being purchased acts as the collateral for the loan. This means that the property is the security for the loan, so that if the borrower fails to make the payments, the lender can acquire and sell the property to regain the money lent. This use of the property as collateral is a big part of what keeps mortgage rates lower than that of a credit card, for example.

MORTGAGE PAYMENT

Principal (P) – The portion of your payment that goes toward the principal balance (the remaining amount due) of the loan

Interest (I) – The portion of your payment that goes toward interest

Taxes (T) – The portion of your payment that pays your property taxes each year

Insurance (I) – The portion of your payment that pays your homeowners insurance policy each year

Mortgage Insurance (MI) – The portion of your payment that goes to the mortgage insurance company; mortgage insurance is not paid on all mortgages

HOME APPRAISALS

THIS INFORMATION IS IMPORTANT FROM THE DAY YOU APPLY

In order to make sure that during the loan processing your credit and qualification information does not change and affect your ability to be approved, be sure to follow our Do's and Don'ts below. This information is important from the day you apply until the day your loan closes and funds.

ELECTRICAL

GFCI outlets in the kitchen and all bathrooms; exposed fuse boxes or wires will be flagged.

FOUNDATION

There cannot be cracks in the foundation

HANDRAILS

Handrails have to be on all staircases with three steps or more (this includes but isn't limited to, steps outside to a deck and stairs in the basement).

HEATING SOURCE

A central heating source is required and has to be 100% operational and safe. If a home only has one source of heat and it's from a wood stove or a pellet stove, it will need a central heating system. The central heating system must be able to heat the home for a minimum of 30 days without being attended to.

INTERIOR WALLS

Interior walls must be complete. Sheet rocked walls that are unpainted will not be accepted.

MOISTURE

Moisture found inside of a home will be flagged by an appraiser. Basements are not an exception to this rule.

WINDOWS

If any windows or doors have cracks in them, they have to be replaced prior to the appraisal.



OUTBUILDING

Garages, sheds, and/or outbuildings also have to pass the same guidelines as above and must not have chipping/peeling paint or exposed raw wood.

PAINT

The inside and outside of the home must be painted; peeling paint will not be accepted.

RAW WOOD

Any exposed raw wood on the exterior of the home that is untreated with paint or stain will be flagged.

ROOF

Shingles that are curling or missing will be flagged; if the appraiser thinks there is less than five years left on roof, it will be flagged.

SEPTIC

The location of the septic tank or leach field must be known. Issues could arise if the septic tank has not been pumped or serviced in over five years.

WELL

The location of the well needs to be known. If it's a dug well, please contact your Realtor or lender immediately. A water flow test and complete safety report will be required.

WINDOW AND DOOR SILLS

Rotting wood, chipping or peeling paint will be flagged.

Note: Please ensure that your home is properly prepared for an appraisal; appraisers adhere closely to the regulations that are put in place and it will assist with preventing any delays.



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Contact Us Today!

We make the home loan process as simple as possible by guiding you through every step.



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