



# WELCOME HOME

FIRST TIME HOMEBUYER  
INFORMATION PACKET



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[silvertonmortgage.com](http://silvertonmortgage.com)



# SUMMARY

Buying a home can be overwhelming. There are so many financing options, offered by so many different banks, lenders, and brokers. Don't stress yourself out - we are here to help you find and choose the best mortgage product for you!

**THIS GUIDE WILL HELP ANSWER YOUR QUESTIONS ABOUT THE HOMEBUYING PROCESS, COVERING TOPICS LIKE:**

- The Mortgage Process
- Common Mortgage Terms
- Credit Scores
- Available Mortgage Options
- Down Payment Sources
- Income Requirements (DTI)
- Interest Rates
- Renting vs. Owning
- Mortgage Insurance
- Silverton App
- And more!

You've got questions. We've got answers! Contact your licensed Mortgage Loan Originator today for additional help.

# MORTGAGE PROCESS SIMPLIFIED

AT SILVERTON MORTGAGE,  
A TYPICAL MORTGAGE LOAN PROCESS LOOKS LIKE:



## APPLICATION & LOAN ESTIMATE

Work with a licensed Loan Originator to determine the best mortgage option for you



## SUBMIT INITIAL DOCUMENTS

Documents include, but are not limited to, bank statements, pay stubs, tax returns, and W2s.



## PROCESS LOAN

Experienced Processor conducts verifications, then monitors the file through the mortgage process



## SEND TO UNDERWRITING

Underwriter reviews loan, verifies guidelines are met, and issues a mortgage commitment



## PRE-CLOSING

The last details finalized by the lender; borrower receive Closing Disclosure at least 3 days prior to closing



## CLOSING

The final Closing Disclosure and the remaining paperwork are sent to the closing agent for execution on closing day

# MORTGAGE TERMS



## PRE-QUALIFICATION

An estimate of how much a lender may be willing to lend based on preliminary information from the borrower

## PRE-APPROVAL

The amount a lender would be willing to lend based on initial documentation of your income, assets, credit history, and debts (not a guaranteed loan offer)

## EARNEST MONEY

Deposit made by the buyer when the contract for the sale is signed to prove that they are seriously pursuing the purchase

## DUE DILIGENCE

Actions that a responsible buyer should take to evaluate the property they're buying, including having a home inspection

## CONTINGENCIES

Clauses in a purchase contract that allow you to cancel if certain conditions aren't met, like if it doesn't appraise for the contract price, or the inspection reveals major issues

## LTV (LOAN TO VALUE RATIO)

The amount of money you are borrowing compared to the value of the home (example: a 10% down payment is a 90% LTV)

## DTI (DEBT TO INCOME RATIO)

The percentage of your monthly debt and expenses in relation to your monthly income

## FIXED VS. ARM

A Fixed Rate Mortgage has a set interest rate for the entire term of the loan, whereas an Adjustable Rate Mortgage (ARM) means that your interest rate may go up or down based on changes in the market

## APPRAISAL

When an independent third party evaluates a home to determine its current market value

## CLOSING COSTS

All the fees and expenses associated with closing on a home, usually around 6% of the cost of the home

## ESCROW

A process where additional funds are collected with your mortgage payments, then your lender uses them to pay things like property taxes and home insurance premiums on your behalf

## MONTHLY MORTGAGE PAYMENT

Principal, interest, taxes, mortgage insurance, fees, and all the costs included in your monthly mortgage payment



# RENTING VS OWNING

Mortgage payments can be lower than rent payments for a lot of people. If you plan on sticking around for a while, owning your home may prove to be more rewarding. Mortgage rates are still low and, with an increasing number of homes available, the real estate market is continuing to shift in the buyer's favor.

## BUYING CAN BUILD EQUITY

On most mortgage loans, you gradually pay down the principal (the amount you have borrowed) with each payment. The amount of principal that is paid every month typically starts out very low and gradually increases each month through the life of the loan. Typically, the principal paid toward your loan each month will be equity that you are building.

## HOME VALUES TYPICALLY RISE OVER TIME

Increases in home prices are not guaranteed. However, if we use the last 50 years as a guide, values have typically risen at a pace above inflation.

## IT'S ABOUT MORE THAN JUST THE MONEY

Homeowners have the freedom to choose paint colors, make modifications, and personalize the space as they see fit. Pets are welcomed without deposit. It's easier to become rooted in the neighborhood, school district, and community. Intangibles like these can help you make a decision that's not just financial.



# LOAN PROGRAMS

## CONVENTIONAL

Conventional home loans are loans that are not guaranteed by a government agency and are available in fixed and adjustable interest rates with varying terms.

## FHA\*

Federal Housing Administration (FHA) backed loans offer low down payment options and flexible eligibility requirements. For first time homebuyers or those who don't have the best credit, the FHA program can make your homeownership dreams a reality.

## VA\*

Take advantage of your status as an eligible veteran and purchase or refinance your home with the VA Loan Program. When you finance a VA loan through Silverton, you'll pay no lender fees.

## USDA\*

USDA loans offer no down payment options for eligible borrowers purchasing a home in qualified rural areas.



## CONSTRUCTION-PERMANENT

Discover the power of one. Take the stress out of your new construction or home renovation with one loan and one closing, saving both time and money.

## HOMEREDY® MORTGAGE

With a low down payment, reduced private mortgage insurance, and no minimum borrower contributions, this option can be perfect for first-time homebuyers!

## JUMBO LOAN

Our Jumbo loan gives you low down payment options with no mortgage insurance for high-value properties.

## DOWN PAYMENT ASSISTANCE

From grants to forgivable loans, there are many programs that give eligible borrowers the assistance to fund down payments and/or closing costs.

*Some programs may require repayment.*

## HOMES FOR HEROES®

A program designed to offer savings opportunities to certain eligible community heroes, such as: teachers, firefighters, EMS, law enforcement, military, and healthcare professionals.

*Proof of eligibility required and not available in all states.*

## SILVERTON SECURE+

You can send your loan through underwriting and secure approval even before you find a property.

**Ask your licensed Mortgage Loan Originator about additional loan programs that may be available.**



# DOWN PAYMENTS

## ELIGIBLE SOURCES OF DOWN PAYMENT:

- Your personal checking & savings accounts
- Cash on hand (money you've saved at home)
- Retirement accounts (like your 401K or IRA)  
*Consult a tax adviser for further information regarding potential taxes and penalties.*
- Stocks and bonds
- Gift from a family member, close friend, or employer
- Proceeds from the sale of a home



# DEBT TO INCOME

Most loans require that your expenses, including your new mortgage payment, don't exceed a certain percentage of the income you bring in. They calculate this using a debt-to-income (DTI) ratio.

DTI compares how much you owe with how much you earn in a given month. It typically includes monthly debt payments such as rent, mortgage, credit cards, car payments, and other debt.

$$\frac{\text{TOTAL MONTHLY PAYMENTS}}{\text{GROSS MONTHLY INCOME}} = \text{DTI}$$

$$\frac{\$1000 + \$300 + \$200}{\$4500} = \text{33\% DTI}$$

**EXAMPLE:**

- Rent - \$1,000
- Car Payment - \$300
- Min. Credit Card Payment - \$200
- Gross Monthly Income - \$4,500



# WITH THE SILVERTON APP

## YOU CAN:

Silverton's mobile app is designed to enhance the lending experience for our borrowers and real estate agents. It will keep you connected with your loan from start to finish!

- Receive real-time updates and share time-sensitive data
- Communicate instantly with all parties
- Track loan progress anytime, anywhere
- Quickly calculate estimated mortgage payments
- Calendar view to see important dates such as financing contingency and closing dates
- Directions to attorneys and settlement agents for closing

**Download the app now.**



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# UNDERSTANDING CREDIT SCORE

A credit score is an estimate of how likely you are to repay your debts based on your history with past debts.

Because a credit score indicates the risk you present when it comes to repaying a loan, a higher credit score generally means more favorable loan terms and lower interest rates.

## 740 AND ABOVE:

Typically qualify for most programs and lower interest rates.

## 700 - 739:

Typically qualify for several programs with lower interest rates.

## 620 - 699:

Typically qualify for many government-backed and conventional options.

## 580 - 619:

May qualify for some low down payment options, like under the FHA program.

## 500 - 579:

May qualify for some programs, but expect to put more money down with higher interest rates.





# MORTGAGE INSURANCE

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Mortgage insurance (MI) protects the lender in case you default on a loan. You'll have to pay mortgage insurance if you get an FHA or USDA loan.

Private Mortgage Insurance (or PMI) applies to conventional loans if you put less than 20% down or have less than 20% equity in your home in the case of a refinance loan. The monthly premium is generally included in your mortgage payment, and will continue until the requirements for cancellation are met.

FHA & USDA programs require an upfront MI premium plus an annual premium. You can expect to pay that premium for the life of the loan for both USDA and FHA, unless you put down more than 10% on the FHA loan.



# INTEREST RATES

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Interest rates are an important part of the mortgage process. You may hear about the Federal Reserve lowering rates, or see certain rates advertised online or on TV. Remember to take these with a grain of salt!

Your rate and APR on your mortgage is determined by a combination of factors, including your credit score, the amount of your down payment, and the current state of the bond market.

Talk to your licensed Mortgage Loan Originator about what your rate and APR may look like for your specific set of circumstances.



GETTING

# PRE-APPROVED

## — PRE-QUALIFICATION —

A ballpark estimate of how much you may be able to borrow based on answering a few simple questions.

## — PRE-APPROVAL —

A conditional commitment for a mortgage loan after submitting specific financial documents and credit verification by Silverton.

While pre-qualification can be a great indication of your creditworthiness, getting pre-approved is what officially jumpstarts the mortgage process. The first step to being pre-approved is filling out a credit application. The great news is that Silverton Mortgage makes it a breeze. All you have to do is call or visit us online at [www.silvertonmortgage.com](http://www.silvertonmortgage.com). It's that easy!



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**All loans are subject to credit approval.**

**\*Silverton Mortgage is authorized to originate FHA, VA, and USDA loans, but it is not an agent of, or affiliated with, the U.S. Government. HomeReady® is the registered servicemark of the Federal National Mortgage Association. Homes for Heroes® is the registered servicemark of Homes for Heroes, Inc.**

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*Relax. We've got this.*

