Homebuyer's Guide

Everything you need to know about the homebuying process.



UNIONHOME MORTGAGE

UnionHome Mortgage

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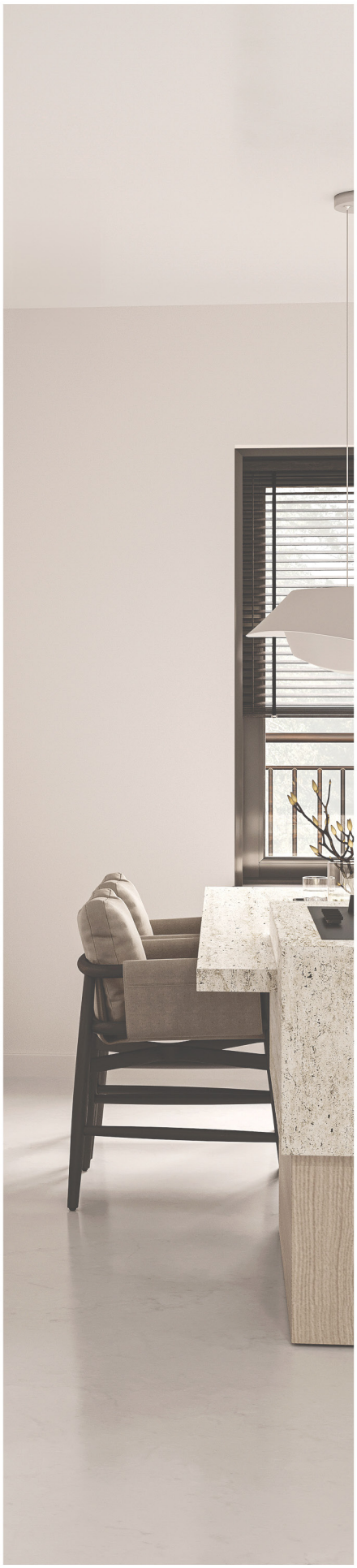
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YOUR HOMEBUYING PROCESS TEAM

Here are some homebuying professionals you'll likely come across when searching for a home.

LOAN OFFICER

Your Partner throughout the entire mortgage process from pre-approval to closing day. Your LO will walk you through the entire process and ensure all your mortgage needs are met.

REAL ESTATE AGENT/REALTOR

Your realtor is your guide to finding a dream home, and will help you find houses based on your preferences for location, school districts, amenities, etc.

LOAN OFFICER ASSISTANT (IF APPLICABLE)

Your main resource during the application process through closing, your loan processor will prepare and submit your loan application and documents to the underwriter.

UNDERWRITER

As the reviewer of the loan package and the loan program for approval, your UHM underwriter will ensure you can repay the loan and that the property value meets all purchase guidelines.

HOME INSPECTOR

As the examiner of the home that you're preparing to buy, your home inspector will analyze the current condition of the home and provide you with a full report on any findings.

APPRAISER

A professional who estimates the value of the property you're planning to purchase, your appraiser will perform a walkthrough of the home's interior. They'll also evaluate the exterior to determine the overall condition of the home and amenities to ensure there are no health or safety violations.

TITLE/ESCROW OFFICER

A neutral, third-party professional that ensures there are no obstacles to purchasing your new home such as liens. overdue taxes, zoning restrictions, etc. The title officer will also create an escrow account to hold onto any funds passing between the buyer, the seller, and the lender.

INSURANCE AGENT

Your insurance agent is your expert for the ins and outs of homeowner's insurance and determines if hazard insurance is required and/or necessary.

YOUR HOME PURCHASE JOURNEY





1

GET PRE-APPROVED

Pre-Approval means your credit report, income documents and asset documents have been reviewed by your loan officer to ensure you meet our investor guidelines for loan approval. Start the process by working with UHM to find how much home you can afford via a pre-approval.

2

MAKE AN OFFER

You found your dream home! Make an offer with confidence knowing you're preapproved.

3

PURCHASE AND SIGN AGREEMENT

This is the document received after mutual acceptance of an offer—stating the final sale price and all terms of purchase.

4

OFFER ACCEPTED

Congratulations! Now it's time to get started on your loan.

5

HOME INSPECTION

You'll schedule a home inspection by a licensed professional to check for any needed repairs.



6

SIGN DISCLOSURES

A mortgage consultant will review your docs showing your final loan terms, interest rate, and estimated closing costs. Then, we'll send to you to review and sign.



7

APPRAISAL

A licensed professional will review the property to assess the value. The cost for the appraisal is due up front and the appraisal will be ordered by UHM.

8

HOME INSURANCE

It's time to select your homeowner's insurance policy.

9

LOAN REVIEW

An Underwriter will review your loan and may have additional questions or requests. To keep your loan on schedule, it's important to respond promptly.

10

CLEAR TO CLOSE

Everything has been cleared on the mortgage side and we're ready to close the transaction.

11

FINAL WALK-THROUGH

You'll give your new property one last walk-through to ensure it's in the same condition as before.



12

CLOSING

Congratulations! You'll sign the final paperwork and receive your keys.



PRE-QUALIFICATION VS PRE-APPROVAL

PRE-QUALIFICATION

Based on the summary of your income and assets and provides an overall estimate of your purchase power. A review of property, financial documents and program requirements are necessary for issuing a final mortgage approval.

PRE-APPROVAL

Provides proof to sellers and real estate agents that you have been pre-approved for a specific loan amount, which is determined by the verification of your income. credit and assets. A review of appraisal and title are required for final mortgage approval.

THE BENEFITS OF A PRE-QUALIFICATION AND PRE-APPROVAL

Both will help you determine how much house you can afford—while making a home offer that you make to a seller that much stronger.



STANDARD MORTGAGE TERMS

CLOSING DISCLOSURE (CD)

This document breaks down the specific closing costs that are due at the time of closing.

DEBT-TO-INCOME RATIO (DTI)

The ratio of debt divided by gross monthly income. This is used in the pre-approval and underwriting phase of mortgage process.

EARNEST MONEY

Also known as an Earnest Money Deposit (EMD), this is money that is given to the seller by the buyer as a show of “good faith” when a contract is signed on a house.

ESCROW

Additional money paid monthly and held in an account by the lender to pay property taxes and/or insurance.

EQUITY

The monetary difference between the fair market value of your home and your mortgage balance.

LOAN ESTIMATE

A comprehensive form that presents important details about a mortgage loan including loan terms, projected payments, closing costs, loan costs, and more.

POINTS

Upfront fees paid to the lender at closing.

TITLE

Document that shows evidence of ownership of property.

LOAN OPTIONS

Whether you're a first-time homebuyer, looking to refinance, or interested in investment properties—we offer a wide range of loan programs to fit your unique needs.



CONVENTIONAL

- Down payments as low as 3%
- Minimum credit score: 620



FHA

- Minimum down payment: 3.5%
- Minimum credit score: 500*



VA

- 0% down payment
- Minimum credit score: 500*
- No private mortgage insurance



JUMBO

- Minimum credit score: 660
- Max loan limit: $2 million



RENOVATION

- Low and no down payment options available
- FHA 203k, USDA Renovation, & Homestyle



CONSTRUCTION TO PERM

- CONV, FHA, VA, USDA options avaliable
- Stick-Built, Modular, & Manufactured Homes



USDA

- 0% down payment
- Home must be in USDA-designated area
- Minimum credit score: 600



MANUFACTURED HOMES

- CONV, FHA, VA, USDA, & Construction options available
- Single-Wide & Double-Wide Units
- Credit scores as low as 620



OTHER LOAN OPTIONS

- DSCR Investor Program
- State Specific DPA Programs
- Home Equity Line of Credit (HELOC)
- Bridge Loans
- Cash-Out Refi
- Bank Statement Loans
- Buydowns
- 1099 Program
- And Much More!

CONV: 3% down payment example for a 30-year fixed-rate Conventional loan: Total sales price $300,000, down payment $9,000, loan amount $191,000, interest rate 6.85%, Annual Percentage Rate (APR) 7.677%, final principal and interest payment $2,024. FHA: 3.5% down payment example for a 30-year fixed-rate FHA loan: Total sales price $300,000, down payment $20,000, loan amount $180,000, interest rate 7.5%, Annual Percentage Rate (APR) 7.676%, final principal and interest payment $2,035. Taxes, insurance, and mortgage insurance will be part of the total mortgage payment but are not included in this example. This example is for illustrative purposes only and may or may not be the current interest rate offered. Call for the current rate and full disclosure of current terms. *Regarding the 500 minimum FICO score for FHA & VA, qualification is still subject to AUS approval. Agency terms and conditions apply. This credit score is not eligible for Construction to Permanent or Renovation loans.

WHY YOUR CREDIT SCORE MATTERS

Your credit score plays a significant role in mortgage approval, and also determines the interest rate and type of loan you can apply for.

Here are some tips to improve your FICO score:

1. REVIEW YOUR CREDIT REPORTS

- Know your credit score prior to starting the homebuying process
- You can request a free, annual copy of your credit report (via AnnualCreditReport.com).
- Check the report for any issues or inaccuracies.
- Check reports from all three credit reporting agencies (Equifax. Experian. TransUnion).
- Report all errors to credit–reporting agencies as soon as possible.
- Before applying for a home loan, confirm all credit information is accurate.

2. AVOID MAKING LARGE PURCHASES

- Wait until after closing to buy that new washer, dryer, car, pullout couch, or TV.
- Keep your debt utilization ratio below 30 percent.

3. AVOID OPENING NEW AND CLOSING OLD LINES OF CREDIT

- Don’t apply for new credit cards or take out any loans at least six months before applying for a mortgage.
- Canceling a credit account could substantially increase your credit utilization by reducing your available credit.



WHY THE CUSTOMER, LENDER, & REALTOR RELATIONSHIP IS SO IMPORTANT

1. EXPERTISE AND KNOWLEDGE

A realtor with extensive knowledge of your preferences as well as the local housing market matched with a lender who can provide in-depth knowledge on options, rates, and lending qualifications will ensure you're set up for a bright financial future.

2. SEAMLESS COMMUNICATION

Your realtor will need answers quickly from your lender. If they don't get them, you could miss out on the home of your dreams.

3. NEGOTIATION POWER

A realtor's communication and negotiating skills can leverage market knowledge to give you an advantage in negotiations. While a lender's reputation and strength of getting a pre-approval can assist in helping you secure a home.

4. TIME AND RESOURCE EFFICIENCY

If the realtor and lender are on the same page, you'll be saying, "Wow, that was so easy. The homebuying process was a breeze" instead of "That was the worst experience of my entire life."

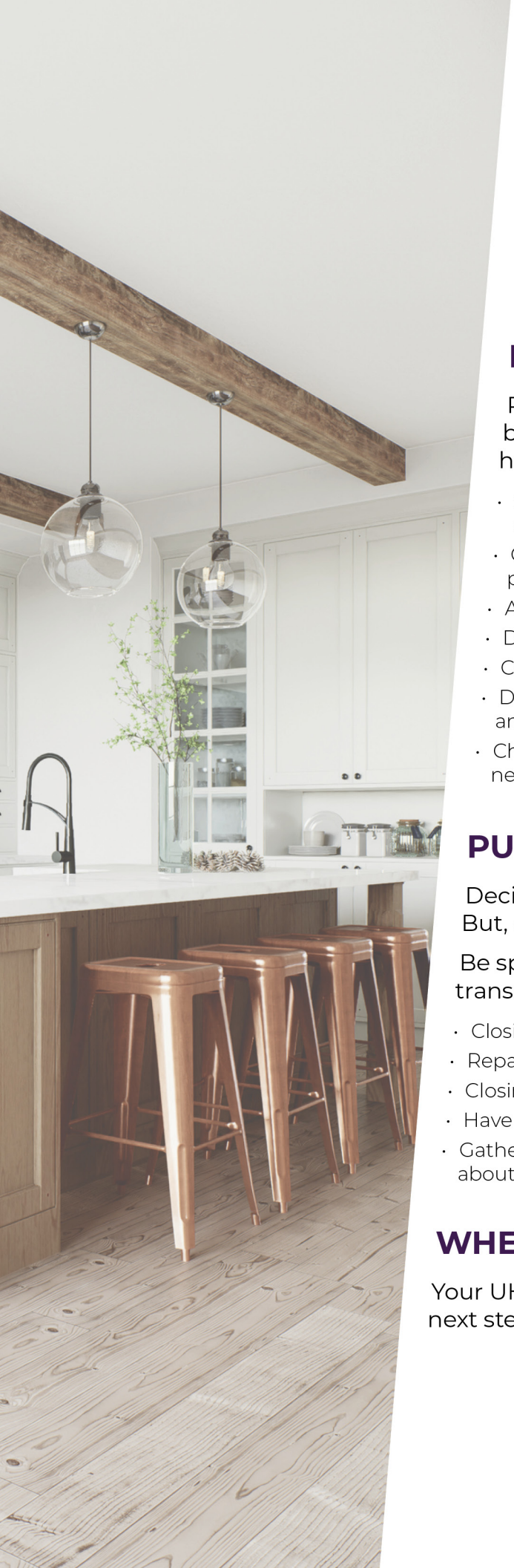
5. AVOID MAJOR HEADACHES

When you have parties that aren't on the same page, it can lead to major problems happening with untimely closings, and contracts falling through–putting the pressure on you to get things done.

6. PERSONALIZED EXPERIENCE

Your lender and realtor are here for you–to meet your customized needs for your specific loan request.





TIPS FOR MAKING AN OFFER

BEFORE MAKING AN OFFER

Remember, a real estate purchase contract is a legally binding document, so you need to be certain this is the home for you:

- Speak to neighbors about traffic noise, flooding, and other positive/negative experiences
- Check with local municipalities for proposed zoning and planned or proposed development
- Ask about any foundation work
- Determine the current market conditions
- Confirm Homeowner's Association (HOA) fees
- Determine the age of the AC/HV, furnace units, water heater, and roof
- Check the comparable sales (comps) in the surrounding neighborhood

PUTTING IN AN OFFER

Deciding what home to buy is an emotional experience. But, once you're ready to make an offer, it's all business

Be specific about what you would like out of the transaction including:

- Closing Date
- Repairs to be completed by seller
- Closing costs paid by the seller
- Have a copy of your pre-approval letter from your lender on hand
- Gather your earnest money deposit (EMO) to show that you're serious about purchasing a home

WHEN YOU'RE READY TO MAKE AN OFFER

Your UHM loan officer will call the seller to help you take the next steps to purchasing your home.

UNDERSTANDING CLOSING COSTS

Closing costs are fees and expenses associated with an official home purchase that are due at the time of closing. These costs can differ significantly based on where you live, the type of loan, and the property you're purchasing.

Typically, closing costs are between 2% to 5% of your home's purchase price. Here's a breakdown of the costs:

LOAN COSTS

ORIGINATION CHARGES:

Fee that is charged for origination and processing of the loan.

SERVICES YOU CAN SHOP FOR:

TITLE FEE

Title searches plus preparing and recording the closing documents.

TITLE INSURANCE

Protects against any loss due to the problems with the title that aren't in the parcel of the property of cannot be found on the public record. This will reveal any liens on the property and the legal owners.

SERVICES YOU CANNOT SHOP FOR:

APPRAISAL FEE

The cost of a licensed appraiser to assess the home and provide a written statement of the property's value.

CREDIT REPORT FEE

A report obtained from a credit-reporting agency detailing your credit history.

OTHER COSTS

PREPAIDS:

HOMEOWNERS INSURANCE

At minimum, a policy is required to cover the amount of the mortgage on the home. If in a flood zone, flood insurance is required.

MORTGAGE INSURANCE

Temporary insurance is required depending on your down payment amount. Insures the lender against losses caused by default on low down payment/low equity mortgage loans.

PREPAID INTEREST

Interest collected on the loan from the date of closing through the last day of the month except when the closing takes place on the first day of the month.

PROPERTY TAXES

Paid each month out of your escrow account.

TAXES & OTHER GOVERNMENT FEES:

RECORDING FEES

Title searches plus preparing and recording the closing documents.

TRANSFER TAXES

The fee that ensures the payment of property taxes from your escrow account.

All your fees and expenses will be outlined in the Closing Disclosure (CD), which is required to be delivered to you at a minimum of three days prior to closing.

DOS & DON'TS OF CLOSING

DOS

MAKE DOCUMENTS AVAILABLE

Keep your financial records on hand, and continue to saving incoming account statements.

PREPARE TO VERIFY INCOME

Underwriters usually verify your income and tax documents through your employer, CPA, and/or tax transcripts. So, hold on to pay stubs as you receive them.

PROVIDE PROOF OF GIFTS

Any gifted money from relatives must be accompanied by a signed gift letter and an account statement evidencing the source.

KEEP UP PAYMENTS

If you're making any monthly payments on bills (e.g. credit cards, rent, car lease) continue making those payments on time and saving those payment receipts.

ASK QUESTIONS!

If you're unsure about what you need or what to do, always ask your home buying professionals.

DON'TS

APPLY FOR NEW CREDIT

Changes in credit can cause delays, change the terms of your financing, and even prevent closing.

CHANGE JOBS DURING THE PROCESS

Career changes, status changes, and/or probationary periods (i.e. moving from salaried to commissioned position) can influence the outcome of the loan.

MAKE UNDOCUMENTED DEPOSITS

Primarily large deposits, but sometimes even small ones, must be sourced unless they're identified. Make copies of any checks and deposit slips and avoid depositing cash if you can.

WAIT TO LIQUIDATE FUNDS

If you need to sell investments, do it as soon as possible and document the transaction. Because if you wait too long and the market moves, you could be short on funds to close. Which could potentially delay closing.

IGNORE YOUR LOAN OFFICER'S ADVICE

Your loan officer does this for a living. So be sure to follow their advice, recommendations, and tips to ensure a successful closing.



LOAN DOCUMENT CHECKLIST

FOR CREDIT QUALIFYING(GOOD FOR 90 DAYS):

- Copy of driver's license from ALL borrowers
- Paystubs showing 30 days of pay and year-to-date earnings
- W2 forms for the past two years
- Mortgage statement and insurance information for all properties owned
- Bank statements for the past two months (all pages. even blank pages)
- Retirement or investment account statements for the past two months

ADDITIONAL DOCUMENTS:

- Signed tax returns for the past two years
- YTD P&L statements (if self-employed)
- Past two years business tax returns (if applicable)
- Bankruptcy discharge papers (if applicable)
- Divorce decree (if applicable)

CLOSING CHECKLIST

HOW TO PREPARE FOR CLOSING:

- Review your Closing Disclosure (CD) and compare to Loan Estimate (LE)
- Arrange for payment for closing costs with cashier's check or wire transfer
- Bring a government issued photo ID
- Prepare a list of questions you have before you sign paperwork

WHAT YOU'LL RECEIVE IN CLOSING PACKET:

- Closing Disclosure (CD)
- Promissory Note/Deed of Trust
- Mortgage Security Instrument Deed
- Documents required by state and/or local governments
- Lender documents including Initial Escrow Statement
- Keys to your new home!

POST-CLOSE CHECKLIST

THINGS TO DO/EXPECT AFTER YOU CLOSE:

- Take note of your first mortgage payment due date
- Set up auto pay online (if applicable)
- Go paperless online (if applicable)
- Complete the Homestead Exemption
- Receive Homeowners & Hazard Insurance Policy
- Receive Title
- Receive recorded warranty deed
- Safely store closing documents in a secure place

CHANGE OF ADDRESS CHECKLIST

- Bank Accounts
- Credit Cards
- Post Office (to forward mail)
- Financial Advisor
- Employer
- Retirement Accounts
- Insurance Companies
- CPA
- Social Security/Pensions
- Driver's License
- Place of Worship
- Day Care
- Doctor(s)
- Dentist(s)
- Optometrist(s)
- Car Payment
- Cleaning Service
- Yard Service
- Mailed Subscriptions (magazines, etc.)
- Pest Control
- Lawyer
- Organizations
- Voter Registration
- Other _____



YOUR PARTNER IN HOMEOWNERSHIP

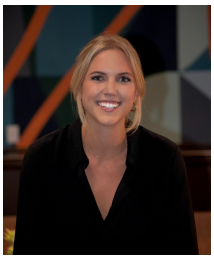
Here at Union Home Mortgage, we believe every aspiring homeowner deserves a world-class mortgage experience.

We'll pair you with a local mortgage expert who'll help you find a home loan that meets your unique needs—using state-of-the-art technology that makes the loan process simple, quick, and easy!

Contact me today to help take your next step toward homeownership!

Reach out to me for support in your homebuying journey.

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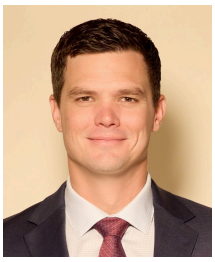


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https://www.uhm.com/media/3339/mlo_80_200_b_recovery_fund_notice.pdf \nIf program terms are mentioned, materials must include: "This is not an offer to enter into an agreement. Any such offer may only be made pursuant to subdivisions 3 and 4 of MN Statute Section 47.206

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