

home buyer's

I'LL BE BY YOUR SIDE TO HELP YOU
EVERY STEP OF THE WAY

Guide

Lacy Foltz

MORTGAGE LENDER
NMLS #797560





Lacy Foltz is a seasoned financial professional with over 15 years of experience in the banking industry, and a decade of that spent specifically in mortgage lending. Her diverse background includes roles such as Branch Manager, Consumer Loan Underwriter, and Vice President of Business Banking, providing her with a comprehensive understanding of various financial sectors. However, it was in mortgage lending that she discovered her true passion, driven by a desire to empower and educate homebuyers. Lacy exudes warmth and enthusiasm, creating a supportive and enjoyable experience for her clients. She prioritizes financial literacy, ensuring borrowers understand the intricacies of the mortgage process to make informed decisions. Lacy is a highly regarded professional known for her exceptional client service. Her dedication to finding creative solutions and exceeding expectations has earned her rave reviews.

Clients and respected real estate professionals consistently praise her proactive approach, prompt communication, and meticulous attention to detail. Whether it's navigating complex financial situations or simply providing reassurance and guidance, Lacy consistently demonstrates her commitment to ensuring a smooth and successful homebuying journey for each client. Her ability to build strong relationships and provide personalized support sets her apart as a trusted advisor in the mortgage lending field.

Lacy Foltz



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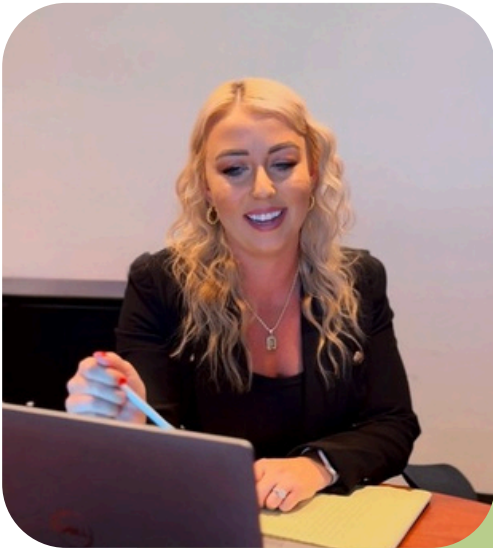
**“PEOPLE MAY NOT REMEMBER
WHAT YOU SAID, BUT THEY’LL
ALWAYS REMEMBER HOW YOU
MADE THEM FEEL”**

This motto is the foundation of my business, guiding every interaction I have. Purchasing a home can feel overwhelming with the sheer amount of information to absorb, and while it may be impossible to remember every detail I share, one thing I’m confident you’ll carry with you is how you felt throughout the journey. My mission is to ensure this process is smooth, exciting, and easy to navigate, every step of the way.

Financial literacy is at the heart of my approach, and through this guide, I aim to empower you with the knowledge and confidence to make informed, thoughtful decisions. My goal is to equip you with the tools you need to succeed in your home-buying journey."

Educate Empower Equip

Client TESTIMONIALS



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PEGGY H.

My husband and I had the pleasure of working with Lacy as our lender, and we can confidently say she's absolutely amazing! From the moment we reached out to her, she exuded warmth and friendliness that instantly put us at ease. Not only is she incredibly friendly, but her knowledge of the housing market and lending process is truly impressive.

Throughout the entire process, Lacy made everything seem effortless. She guided us through each step with patience and clarity, ensuring we understood everything along the way. What could have been a daunting experience was made enjoyable and even fun, thanks to her positive attitude and sense of humor.

Lacy's expertise and professionalism shone through in every interaction we had. She was always available to answer any questions we had and went above and beyond to ensure everything went smoothly. Thanks to her, we were able to navigate the home buying process with confidence and ease. We can't recommend Lacy highly enough for anyone in need of a lender. If you want someone who is not only knowledgeable and efficient but also a joy to work with, then look no further than Lacy. She truly made the whole process a breeze, and we couldn't be happier with the outcome. Thank you, Lacy, for everything!!

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Client TESTIMONIALS



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ERIN G.

I had the pleasure of working with Lacy, and as a first-time home buyer I could not have had a better experience! She helped guide me through every part of the process, even down to the most mundane of tasks. She is extremely knowledgeable and was able to explain things to me in a way that was super easy to understand. The communication was excellent throughout – she was incredibly helpful, understanding, supportive – everything you could ask for and more. I can't recommend Lacy and her team enough!

JOSHUA S.

Our home search took more than a year. We had some difficulties with our mortgage throughout the year. But during our tough times, Lacy Foltz was patient. She kept in touch but gave us the space necessary to get our finances in order. Lacy is very knowledgeable. She always had an answer for our questions. She was also willing to spend the time that was necessary to explain all of our options. The mortgage process seemed very streamlined. I expected that I would have to submit a lot of documents. The websites and customer service that Lacy and her team provided was excellent. Most of all, Lacy has a delightful personality. No matter how mundane an issue was, she was always pleasant to contact. Thanks, Lacy. We love our new house!



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Check out all the reviews here:

<https://pro.experience.com/reviews/the-rome-team-152005>

MEET OUR TEAM



MARK ROME NMLS #8174

LOAN OFFICER, TEAM LEAD, BRANCH MANAGER

Mark was born and grew up in Denver and is the oldest of 3 kids. He moved to Kansas in 1993 to attend the University of Kansas and move to Kansas City after graduating with a degree in Accounting and Business. He started in the mortgage business in 1999 and has helped thousands of families with their mortgage needs. He leads our team and entire branch with excellence and dedication to every client.



LACY FOLTZ NMLS #797560

LOAN OFFICER

Lacy has been in the financial industry since 2009. She spent years serving in various roles such as a Branch Manager, Consumer Loan Underwriter, VP of Business Banking, and of course, her absolute passion – as a Mortgage Loan Officer! Her career path has allowed her the opportunity to gain experience in several facets of finances, which have equipped her to be a well-rounded resource for her clients and referral partners with the knowledge she has gained throughout the years.



ANDREW CUNARD NMLS #876631

LOAN OFFICER

After growing up in Kansas and attending Shawnee Mission School, Andrew received his Bachelor of Arts in Business Administration from Wartburg College in Waverly. He returned to Kansas City where he recently completed his Master of Business Administration from Rockhurst University while working with the Rome Team. He has been in the mortgage industry for over 15 years and is highly organized, detail-oriented and focused on superior custom service.

MEET OUR TEAM



ANGIE UDEN

TEAM SUPPORT

Angie has been an integral part of our team since 2009 and has over 20 years of mortgage experience. With her exceptional skill set, she excels at setting up loan files, researching guidelines, and assisting in identifying the most beneficial loan product for each client. Her dedication and precision make her an invaluable resource for both our team and our clients.



TOM TRAMMELL

PRODUCTION PARTNER

Tom became a valued member of our team in 2020, bringing years of banking experience with him. As a former Branch Manager and Consumer Loan Officer at a local bank, Tom offers a wealth of knowledge and expertise to support our clients. He plays a pivotal role in guiding each client through the underwriting process, leveraging efficient workflows and clear communication to ensure a seamless and enjoyable experience.



JESSICA JUNG

PROCESSOR

Jessica has been a cornerstone of our team since 2015. She meticulously reviews and processes all necessary documentation for underwriting, ensuring every detail is accurate and complete. Her expertise and dedication help streamline the mortgage process, providing clients with a smooth and stress-free experience. Jessica's commitment to excellence makes her an invaluable asset to both our team and the clients we serve.

FINANCES

Before you officially begin your home search, it's vital to get your pre-approval established and to work through the numbers with me to ensure you understand and feel comfortable with your budget and that you know exactly what to expect during the process.

QUESTIONS YOU LIKELY HAVE THAT WE WILL ADDRESS DURING THE PROCESS TOGETHER:

- What is the best type of loan for me? (i.e. Conventional, FHA, VA, USDA, Down-payment Assistance, etc.)
- Do I qualify for any special loan programs?
- What will my estimated monthly payment be in the price range I'm searching in?
- How much cash out of pocket do I need to be prepared for?
- How long is my pre-approval good for?
- What should or shouldn't I be doing between now and going under contract on a home?



What documents will I need to provide?

The documents needed will depend on your specific income, assets and circumstances. Below is a general guide of what will be requested for each applicant:



W-2 EMPLOYEE:

- W-2's for the most recent 2 years
- Most recent 30 day paystubs
 - *If you receive overtime, commission, bonuses or other variable income, we will also gather the last paystub received the past 2 years*
- Most recent 2 month's official bank statement (all pages)
- Driver's License copy



SELF-EMPLOYED:

- Full personal tax returns for the most recent 2 years, including all applicable 1099's, W2's, etc.
- Full business tax returns for the most recent 2 years
- Most recent 2 month's official bank statement for personal bank accounts (all pages)
- Most recent 3 month's official bank statement for business accounts (all pages)
- Most recent year-to-date profit and loss statement if applicable
- Driver's License copy



RETIRED:

- Full tax returns for the most recent 2 years, including all applicable 1099's & tax forms
- Social Security, Pension or applicable Retirement Award Letter for the most recent year
- Most recent 2 month's official bank statement (all pages)
- Driver's License copy



IF ANY REAL ESTATE IS CURRENTLY OWNED, THE FOLLOWING MAY BE REQUESTED:

- Most recent mortgage statement, *if applicable*
- Most recent HOA (homeowners association) bill, *if applicable*
- Most recent homeowner's insurance statement IF you own the home free & clear, or if not escrowed in your current mortgage
- If rental properties - Most recent 2 year full tax returns including all applicable schedule E's, etc.



UPON SUBMITTING THE APPLICATION, I WILL LET YOU KNOW
IF FURTHER DOCUMENTATION IS NEEDED!

WHAT IS IMPORTANT TO QUALIFY FOR A MORTGAGE?



THERE'S MANY FACTORS THAT GO INTO QUALIFYING FOR A MORTGAGE, BUT HERE'S A FEW OF THE MOST IMPACTFUL:

- Credit score & history. Programs are available for credit scores as low as 580. The higher the credit score, the more options are available.
- Debt to income ratio (debts on the credit report compared to monthly gross income). For most mortgage programs, your minimum monthly payments (according to your credit report), plus the estimated mortgage payment need to be under 45%-55% of your gross monthly income.
- Assets for down payment. More assets offer more flexible financing options.
- Stable employment history for the past 2 years (time in school can also be used in lieu of employment history).



MOST COMMON LOAN PROGRAMS



CONVENTIONAL

Conventional Mortgages are most common for clients with credit scores over 700-720, but are available for credit scores over 620.

3%-5% minimum down payment. First time buyer (defined as a person who has not had their name on a mortgage or deed of any property in the last 3 years), options are available with as little as a 3% down payment. If not a first time buyer, the minimum down payment is 5% (for primary residences).

For buyers putting 20% or more down, there is no PMI (Private Mortgage Insurance).

Maximum debt to income ratios vary depending on other qualifying factors, but offer financing options for buyers with debt to income ratios up to 45%-50% (including estimated new mortgage payment).



FHA

FHA Mortgages offer more flexible financing options for buyers that have lower credit scores or carry increased debt.

3.50% minimum down payment.

580 minimum credit score to qualify (still dependent on previous credit history).

Maximum debt to income ratios vary depending on other qualifying factors, but offer financing options for buyers with debt to income ratios up to 55% (including estimated new mortgage payment).

PMI is required for between 11 years-the life of the loan depending on the initial down payment.

You do not have to be a first time buyer to qualify for an FHA mortgage.



VA

VA mortgages are available for eligible Veterans, Servicemembers and surviving spouses.

0% down payment options with no PMI and lower closing costs.

580 minimum credit score to qualify.

Debt to income ratio thresholds are dependent upon other qualifying factors.

Mortgage *Process*



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MORTGAGE LENDER



INITIAL CONSULTATION

- Discuss your initial questions as we get started
- What is your desired monthly payment range?
- What cash out of pocket to be prepared for
- What timeline are you looking to buy within?



PRE-APPROVAL

- Complete the online application
- Submit all required documents
- Discuss maximum pre-approval amount, estimated payment range & cash out of pocket estimates
- Lacy sends you & your realtor a pre-approval letter



GO UNDER CONTRACT ON A HOME

- Your loan is sent to processing for review
- Order appraisal (once inspections are complete)
- Submit any additional documentation needed for underwriting



UNDERWRITING

- Underwriting reviews your file to ensure all guidelines are met for the specific loan program and issues a loan decision
- Once your mortgage has been approved & all conditions have been met, your loan will receive a "clear to close"



PRE-CLOSING

- Closers balance final numbers with the title company & closing documents are prepared
- Lacy's team provides final numbers & details to you
- Send funds to title company via Cashier's Check or Wire Transfer



CLOSING

- Review closing disclosure
- Sign the closing documents
- Receive your keys
- CELEBRATE!! YOU JUST BOUGHT A HOUSE!

Home Search *Process*



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Lacy Foltz

MORTGAGE LENDER



PRE-APPROVAL

- Complete online application & submit documents
- Determine the right mortgage
- Get a pre-approval letter



HOME SEARCH

- Discuss your criteria & budget with your realtor
- Begin your home search
- View the homes you are interested in



OFFER & NEGOTIATION

- Research comps with your agent
- Submit an offer
- Negotiate the terms of the contract



INSPECTION

- Schedule home inspections
- Negotiate repairs & order appraisal
- Complete lender requirements for your loan



PRE-CLOSING

- Confirm the repairs are made
- Complete pre-closing walkthrough with your realtor
- Send funds to title company via Cashier's Check or Wire Transfer



CLOSING

- Review closing statement
- Sign the closing documents
- Receive your keys

PRE-QUALIFIED VS. PRE-APPROVED

WHAT YOU SHOULD KNOW



PRE-QUALIFIED

A pre-qualification is based off of stated information on a mortgage application without providing the supporting documentation up front.

A lender will check your credit and provide a general amount you can hypothetically qualify for, based upon your stated employment, income and assets are.

Pre-qualifications are less desirable to sellers because it presents more risk of that buyer's financing encountering complications once under contract.

PRE-APPROVED

A pre-approval is when your lender gathers all necessary documentation such as W2's or tax returns, paystubs and bank statements to confirm the income and assets used on the application are eligible sources to qualify for the mortgage program.

A pre-approval is considered much stronger than a pre-qualification by a seller because it's less likely your financing will encounter complications.

FAQ's:

Pre-Approval, Payment & Cash Out of Pocket

How will I know which loan program is best for me?

Once you apply and turn in all necessary documentation, I will go to the drawing board to determine all programs you qualify for, then narrow down the best and most beneficial/most affordable option. You don't need to worry about which is best for you, that's my job! And I will educate you on the options available and which is best for your circumstances.

Will you issue my preapproval for the amount I apply for, or will you tell me the maximum amount I can qualify for?

I will run numbers to determine the maximum estimated purchase price and loan amount you can qualify for, based upon your income, assets & credit. In many cases, you may qualify for more than you feel comfortable spending and just because you *can* qualify for more, doesn't mean that you *should*.

How long is my pre-approval good for?

Pre-approvals are good for 120 days (4 months) until your credit report expires. If you haven't located the right home within those 4 months, it's very easy to re-issue and extend your preapproval. We will do an updated credit inquiry (soft pulls available), and gather updated documents such as paystubs & bank statements.

What will my cash out of pocket include?

Typically, your cash out of pocket will include 3 buckets of money:

- 1) Down payment which is a percentage of your purchase price.
 - 2) Closing costs which include all 3rd party fees such as appraisal, title work & county recording fees.
 - 3) Pre-pays which include property taxes, homeowner's insurance & pre-paid interest.
- I will provide an estimated amount based upon the budget you are shopping within.

What will my monthly payment include?

Principal, interest, property taxes & homeowner's insurance. If your property has HOA (homeowner's association) dues, that is typically paid for outside of your mortgage.

Once my offer is accepted, what should I do?

Celebrate and focus on moving into your new home! Your realtor will send me a copy of the contract and I will touch base with you to discuss next steps. Unless you've gone through the full underwriting process already, this is the stage at which this process will begin. You'll begin shopping for homeowner's insurance (which I also offer to provide assistance with). After completing any necessary home inspections, we'll order the appraisal and gather any additional documents & information needed to prepare for your loan to be funded on closing day.

FAQ's:

PMI, First Time Buyer & Down Payment Assistance

What is PMI, and will I need to have it?

PMI is private mortgage insurance, which protects the lender in the event of the mortgagor defaulting on their payments. For Conventional loans, this is required for down payments of less than 20% of the purchase price. For FHA loans, with down payments of 3.5%–9.99%, PMI is required for the life of the loan, and for down payments of 10% or more, PMI is required for 11 years.

For Conventional loans, PMI can be removed upon request once your loan balance reaches 80% of the appraisal value. It will automatically fall off when your loan balance reaches 78% of the value of the home.

Certain loan programs allow you to pay a lump sum for the PMI up front instead of monthly but it's vital to evaluate your long-term goals with me before deciding if this is a beneficial option for you.

Who is considered a first time buyer?

For most loan programs, a first time buyer is defined as a person who has not had their name on a mortgage OR deed of any property in the last 3 years.

What programs are available as a first time buyer?

Many first time buyer programs offer lower down payment options ranging from 0%–3% of the purchase price. (Down payment assistance programs addressed below). Certain programs offer reduced interest rates.

Who is eligible for down payment assistance?

Down payment assistance is available for eligible buyers who meet the specific requirements of the programs offered in their purchasing area. Many of these programs require the buyer to have a credit score of 640 or above, earn less than the income threshold for the county they are purchasing in, and are a first-time buyer.

How do down payment assistance programs work?

Each down payment assistance program is unique and has varying terms. For many (*but not all*) programs, a grant is provided for a percentage of the purchase price. The amount of the grant is placed as a 2nd lien on the home and may or may not have monthly payment required. The grant can be forgiven after the initial mortgage has been paid for 10 years, and is pro-rated after 5 years. Please note: this is based on the initial mortgage period so if the homeowner refinances or sells the property within the first 10 years, a portion or all of the grant may need to be repaid.

Continued on next page.

FAQ's:

Down payments

How do down payment assistance programs work? *Continued*

Some down payment assistance programs have higher closing costs and interest rates. If down payment assistance is granted, the buyer will typically still be responsible for associated closing costs and prepaids, unless covered by a seller credit. The buyer may also be required to complete homebuyer education courses.

Where can my down payment come from?

For primary residence purchases, eligible sources include (but not limited to): checking, savings and other deposit accounts owned by the borrower(s), 401(k)'s and eligible retirement accounts, investment accounts such as stocks or bonds, gift funds (monetary gift from a family member or close friend with proper documentation), a gift of equity (the seller gifting a designated amount of equity established in the home with proper documentation), proceeds from selling personal property such as a vehicle (with proper accompanying documentation), or down payment assistance programs.

Where can my down payment NOT come from?

Including but not limited to: Undocumented cash. Personal loans (can vary based upon the loan program). Credit cards. Funds from a business account unless adequately documented and approved by the lender. Proceeds from illegal activities. Unverified gift funds.

IMPORTANT: Discuss with me where the funds for your down payment will be coming from before depositing anything outside of your regular payroll into your accounts. Additional documentation and steps may be required.

When will I know the exact amount needed on closing day?

We will provide our best estimate of what amount will be needed on closing day throughout the process. However, once under contract, this number can be very fluid as there are many moving pieces with property taxes, homeowner's insurance, title fees, HOA set-up fees (if applicable), and other 3rd party costs that lenders and realtors don't control.

Final numbers will be balanced with the title company 1-3 days before closing.

FAQ's:

Mortgage Payment Changes & Escrow

Can my mortgage payment ever change?

With a fixed rate mortgage, your principal & interest will never change. However, property taxes and homeowner's insurance can change over time.

If my property taxes or homeowner's insurance increases and impacts my mortgage payment, how will I be notified?

Each year, the county will provide you a copy of your property tax bill. If your mortgage is escrowed, you do NOT need to pay the bill. However, it's highly recommended you keep a copy of it for your records and compare to your previous tax bill. Your homeowner's insurance premium renews annually. Your homeowner's insurance agent/company should provide you an update on your premium, but often, they will send the bill directly to the servicer without notifying you. The insurance broker I recommend will contact you each year with a review of your renewal policies available.

If the new property taxes or homeowner's insurance is higher than the previous year's bill, your escrow account may be short the next time the bill is paid. Each year, you will receive an escrow analysis which shows the prior year's debits and credits along with the projected debits and credits and any necessary adjustments to your escrow payment to accommodate for any changes.

What can I do to prevent having an escrow shortage? Is there any way to keep my payment from ever increasing due to a change in escrow?

First, please ask your realtor or I if we see a large disparity between the current property taxes compared to typical tax assessed values. Depending on the county you live in, the county re-assesses property taxes every 1-2 years and part of their assessment is reviewing the most recent sale price of the home. Therefore, if the current tax bill is based off an assessed value that is lower than the price you are purchasing the home for, the tax bill will "catch up" to that sales price once re-assessed. We can help you crunch numbers to evaluate where your property tax bill may adjust to in the coming year so you know what to prepare for. (No matter what, in due time, tax bills always "catch up" to current county assessed values!)

You have the option to pay extra towards your escrow either monthly or one-time at any point throughout the year. Doing so can help prevent escrow shortages if property taxes or homeowners insurance increases. However, it's important to note that the mortgage servicer is federally regulated to ensure your escrow account does not have too much or too little in the account at any period during the year based upon taxes and insurance available at the time. So an alternative recommendation is to place this in your own separate savings account to be used to pay an escrow shortage if needed.

Continued on next page

FAQ's:

Escrow & Credit Reports

What can I do to prevent having an escrow shortage? Is there any way to keep my payment from ever increasing due to a change in escrow? *Continued*

Please note, that if you pay the escrow shortage in one lump-sum, it can prevent your mortgage payment from increasing quite a bit, but if property taxes and/or homeowners insurance have increased, the escrow portion of your mortgage payment will increase according to the new amounts.

In short, since property taxes and homeowners insurance are ever-changing, there is no true way to ever keep your escrow payment from increasing. However, there are steps you can take to ensure you're protected from over-paying these by shopping around for homeowner's insurance each year when your policy renews (the insurance broker I recommend will automatically do this for you and make contact with you to review) and if you feel there's viable reason to dispute your property taxes, you can do this with your corresponding county. Your realtor can assist you with pulling additional information and data to support your dispute with the county.

If I recently paid off or paid down a debt, how long until that is reflected on my credit?

This depends on when the creditor reports the updated balance or payment to the credit bureaus, but most creditors report once every 30 days so depending on when you made the payment during this cycle, it often can take as long as 30-60 days. If you have recently made a large payment or paid off a debt, it's helpful to mention that to your loan officer in case that impacts your qualification.

If I'm planning to make a large payment or pay off a loan, should I wait to apply until after?

Since it can take 30-60 days (or more in some cases) for payments to be updated, I do not encourage waiting to apply solely to see if your credit score increases first. In fact, depending on how long the loan has been open, the type of loan and your unique credit history, paying off a debt may not increase your score or be the best thing to do. Depending on your circumstances, it may be more beneficial to use those funds towards your down payment than to pay off debt. Every situation is unique so I strongly encourage applying and talking through your plans BEFORE paying off large debts. We can do a "soft inquiry" on your credit to get the information we need to put our plan together.

FAQ's: Credit Scores

What is the difference between a “soft” and a “hard” credit inquiry?

A “hard inquiry” or “hard credit pull” requires your permission and can impact your credit score, while a “soft inquiry” or “soft credit pull” does not require your permission and does not impact your credit score. A hard pull credit report will provide a thorough view of your credit history and payment habits including county court judgements, defaulted loans and previous credit inquiries, while soft inquiries may not include this information. Please note: If only a soft inquiry is done on your credit to establish the preapproval, a hard credit pull will at a minimum, be required upon going under contract and beginning the underwriting process.

How much does a credit inquiry impact my score and how long does it stay on my credit report?

A “hard inquiry” is the only type of inquiry that impacts credit scores and the impact it can have may vary from person to person based upon their unique credit history, but generally it only impacts it by 5 points or less.

A “hard inquiry” will typically remain on your credit history for 2 years, but typically only impacts your score for 1 year.

Will the credit score I see online be the same as what my loan officer sees when they pull my credit?

Many consumers use credit monitoring websites and apps such as Credit Karma, Experian, TransUnion, Equifax or their credit card companies credit score tracking tools to monitor their credit score.

Using these websites is highly encouraged to keep track of generally where your credit score stands, but more importantly to monitor that everything being reported is accurate. However, these are not an accurate representation of the credit score your lender will see when you apply for a mortgage. This is because the credit bureaus (Experian, TransUnion & Equifax) having different scoring modules used for mortgage financing inquiries. Since a mortgage is likely the largest debt you’re going to take out during your life, the way the credit bureaus determine your credit score is different than when you apply for an auto loan, credit card, installment loan, etc.

FAQ's: Interest Rates

What impacts my interest rate?

There are many factors that impact your interest rate that are unique to your particular situation. For example, your credit score. There are several tiers of credit score "ratings", each impacting the rate you qualify for, with a 780 or above, being the highest tier (i.e. helps lower your rate).

Your down payment. There are also various tiers of down payment ranges that qualify you for a lower interest rate. For example, putting 25% is actually going to get you a better interest rate than 20% down. (Most people don't know that! They think 20% is the threshold).

Your program type. There's an incredibly wide range of programs, all of which, have their own unique interest rate (for example, conventional rates vary from FHA rates).

Type of property. For example, a condo has a higher interest rate than a single family residence.

The use of property. Primary residence use properties will have a lower rate than an investment property, 2nd home or vacation home.

So, if you have a friend or a family member say "oh, I got an X rate", please remember that not only is their credit score, income, down payment, loan program, etc. likely a different loan makeup than yours, how long ago they got that rate will make a big difference, because rates change on a daily basis.

Is there a way to lower my interest rate?

There are various ways to do this, but what is an option for you *and* what the *best* option for you, will depend heavily on your circumstances and timeframe. There are certain ways you can do this with the appropriate amount of time. For example, increasing your credit score. By taking certain steps, you may be able to increase your credit score and qualify for a better rate or program. Keep in mind, the timeframe this takes will depend on what steps need to be taken, how much that will require you to pay down or pay off, and how long it takes your credit report to be updated.

Another way is putting more money down. As mentioned previously, putting 25% will likely offer a lower rate than putting 5% down.

And finally "discount points". (See next section)

FAQ's:

Discount Points & Mortgage Recast

What are discount points and should I buy them?

Discount points is an up front fee you can pay to buy down your interest rate. How much you can buy down your interest rate and how much it costs, will vary based upon your loan amount, loan program and the current market.

One discount point costs 1% of your loan amount, but not to be confused with it *lowering* your interest rate by 1%. To lower your interest rate by one full percentage point, you may have to pay 2-3 points or more (i.e. 2%-3% of your loan amount).

Whether or not this is something you should do depends on your goals both short-term and long-term. Is a lower monthly payment or lower cash out of pocket more important to you? How many months will it take you to recoup the savings of how much you're saving on a monthly basis? (*That is your "break-even" point*). Do you believe interest rates are going to go down in the near future? And if so, do you plan to refinance? These are a few of the questions we will talk through together to see what's the best strategy to fit your goals.

Is there any way to lower my monthly payment after I close?

Possibly! Refinancing is always an option but will include closing costs each time you refinance, so to reduce the cost but still lower your monthly payment is through a "mortgage recast" explained in the next paragraph. Another way is removing PMI (private mortgage insurance) once your loan balance reaches 80% of the value of the home (for conventional loans. This is not an option for certain programs such as FHA).

You might also be able to lower your payment by locating a cheaper homeowner's insurance policy.

What is a mortgage recast?

This different than a mortgage refinance and is not available for every program, but most conventional loans allow you to apply a one-time, large principal payment and your loan is recalculated or "re-amortized" to reduce your monthly payment. Your interest rate and remaining term remain the same. So, if you have 29 years and 6 months left when you "recast", your remaining term when the recast is complete, will still be 29 years and 6 months. This is a very simple, streamlined process. There is a short document you complete and turn in with how much you want to apply towards your principal and pay a \$250 (*roughly, this cost can vary*) one-time fee.

FAQ's: Appraisals

What is the purpose of an appraisal?

The primary purpose of an appraisal is to determine the value of the home and protect you from over-paying for a home. An appraiser will research a multitude of data including "comps" which are property's comparable in size, proximity and features to the home being appraised, including what those homes have sold for within recent history (often in the past 6-12 months).

The appraisal also confirms if the condition of the property meets the loan program requirements. The appraiser will be looking for "safety and soundness" concerns. They certainly will not be doing as in-depth of an inspection as your other home inspections, but they will be looking for things that are obvious concerns. Such as exposed electrical wiring, major foundation cracks, mold or water damage, missing flooring (tripping hazard), etc.

How long does it take to get the appraisal back?

This can vary from situation to situation, but typically once ordered, the appraisal inspection report is returned within 1-1.5 weeks.

What happens if the appraisal comes in higher than I purchased the home for?

First, this means you bought the home at a great price! It also means that you're walking in with instant equity. The sellers are never notified of the appraisal value unless you or your realtor decide to disclose that to them for any reason. Plus, you're under a legal contract for an agreed-upon price by all parties so the sellers can't increase the price solely off an appraisal coming in high

What if the appraisal comes in low?

This will depend on how your contract was written and the terms you and the sellers agreed upon. Some contracts will include an "appraisal gap" which means the buyers will cover a deficit on the appraisal value up to a certain dollar amount - this is something your realtor will discuss with you before writing the contract. If one was included, you as the buyer will pay the difference between the purchase price and the appraisal value.

If an appraisal gap was not included, your realtor will advise you on the best way to handle. That could include approaching the sellers to adjust the purchase price, coming to a mutual compromise, or cancelling the contract (if the legal verbiage in your contract allows for that).

FAQ's: Underwriting

What is an underwriter and what do they do?

The underwriter's role is to ensure your file meets the requirements for the loan program so that your loan is approved for funding on closing day. The underwriting stage is to cross the T's and dot the I's that your income, credit, assets, and property meet the standards for the agency backing your loan. For Conventional loans, this is Freddie Mac or Fannie Mae or for FHA loans, it's the Federal Housing Administration. The underwriter will determine what documentation and information needs to be in your file to comply with your loan programs standards. Even for very well-qualified buyers, it's very normal to be asked for additional information or documents during the underwriting process.

How long does the underwriting process take?

This can depend on the complexity of each unique transaction, but typically between 2-3 weeks.

What does it mean to get “fully approved through underwriting” before going under contract on a home?

This is when a hypothetical purchase scenario is drawn up using estimated details including an estimated purchase price, down payment, interest rate, property taxes, homeowners insurance, etc. The buyers income, credit, assets and other qualifying factors are reviewed thoroughly by underwriting to satisfy all the requirements for their loan to be funded on closing day for the specific loan program they are using. Once fully approved, the buyer can place an offer and close in 2 weeks or less instead of the standard 30 day timeframe because the only thing left is ensuring the property purchased meets the necessary loan requirements. Going through the underwriting process prior to going under contract does not obligate them to any specific terms nor obligates them to borrow a certain amount. It's typically recommended to be fully approved through underwriting for an amount more than you plan to borrow. Because once an underwriter ensures the buyer has the ability to repay a certain amount, they will automatically qualify for anything below that.

To a seller, a buyer who is “fully approved” through underwriting is considered a significantly stronger buyer than someone who is “pre-approved” because it substantially reduces the risk of their financing falling through once accepting their offer. It also allows the closing timeline to be cut in half (or more) and many sellers are eager to close as quickly as possible.

FAQ's:

Pre-payment penalty, ARM's & 1st payment due date

Can I be charged any pre-payment penalties?

No, you can pay your loan off at any time without a penalty.

How can I cut down on the interest I pay over the life of the loan?

Paying semi-monthly instead of one payment per month. Whether or not this is allowed, can vary from program to program.

Making one-time additional principal payments can significantly reduce the amount of interest accrued over the life of the loan.

Making an additional \$100 principal-only payment each month can save over \$50,000 in interest, and pay off the mortgage 4 years early. I can also assist you with amortization calculations to play with scenarios for your specific loan.

What is an adjustable-rate mortgage (ARM)?

An adjustable rate mortgage has an interest rate that is fixed for a period of time, then adjusts with the market. Most ARM's offer a fixed interest rate for 3, 5 or 7 years, then adjusts annually or semi-annually (up or down) with current market conditions. There are minimums and maximum caps set for how high or low the interest rate can go. I will help you assess whether or not this is a good program to consider based upon your specific circumstances. It's important to understand the risks involved with this type of program versus a fixed mortgage.

When will my first mortgage payment be due?

Typically, you will have one full month plus any additional days remaining in the current month before your first payment is due. For example, whether you close on January 1st, or January 31st, your first mortgage payment will be due on March 1st. You will have the full month of February plus any days remaining in the month of closing without a payment due.

However, the day of the month you close on, will impact your total cash due on closing day because it will affect the amount of pre-paid interest collected. Part of your "prepaids" include the per diem (daily interest) accrued from the day of closing to the last day of the month. So for example, if you close on the 1st of the month and there's 31 days in the month, prepaid interest for 31 days will be collected at closing. If you close on the 31st of the month, only 1 day of prepaid interest will be collected.

FAQ's: Refinancing

Can I refinance my loan at any time?

Your loan can be refinanced at any time but typically, there are costs involved with refinancing (title work fees, recording fees with the county, new appraisal if applicable, etc.) so it's important we work through the numbers together to ensure refinancing is beneficial based upon your unique circumstances and goals.

If I want to refinance to lower my interest rate, how much should the rates drop for it to be beneficial to do so?

This will vary from situation to situation. Despite common myths of golden rules that the interest rate needs to drop by "x" amount to be beneficial, this is going to differ from loan to loan. A 1% savings in rate on a \$100,000 loan amount is going to look much different than on a \$400,000 loan.

It's also important to take into consideration the cost for refinancing vs. the savings. When considering these factors, it's also important to evaluate how long you plan to stay in the home and what interest rate projections are forecasting for the near future.

And most importantly, it's going to vary based upon each homeowner's goals. For example, for one homeowner, saving \$100 per month on their payment may be worth it to them to refinance. While for others, that could be much more.

What increments are mortgage rates available in?

All mortgage rates are in .125% increments. For example, 6%, 6.125%, 6.25%, 6.375%, 6.50%, 6.625%, 6.75%, 6.875%, 7%, etc.

How much does .25% in rate impact my monthly payment?

\$100,000 loan amount = \$16 per month (approximate)
\$200,000 loan amount = \$32 per month (approximate)
\$300,000 loan amount = \$48 per month (approximate)
\$400,000 loan amount = \$64 per month (approximate)
\$500,000 loan amount = \$80 per month (approximate)
\$600,000 loan amount = \$96 per month (approximate)
\$700,000 loan amount = \$112 per month (approximate)
\$800,000 loan amount = \$128 per month (approximate)
\$900,000 loan amount = \$144 per month (approximate)
\$1,000,000 loan amount = \$160 per month (approximate)

FAQ's: Student Loans, & Post Closing Information

How much do student loans impact me qualifying?

This depends upon the loan program you qualify for. It also depends on what minimum monthly payment reports on your credit and if any late payments have been reported to your credit. If your student loan payment is deferred or reports a minimum monthly payment of \$0, most loan programs will calculate 0.50%-1% of the total loan balance as a minimum payment towards your debt to income ratio.

Can I make my mortgage payment online?

Absolutely! After closing, I will email you a link and payment instructions where you can set up your online account and enroll in auto pay if you wish. You will also receive a payment coupon at closing and will receive payment information in the mail.

Will Fairway send me any junk mail after closing?

No. The ONLY thing we will mail is payment information and any applicable servicing transfer notices. However, after closing, you will unfortunately receive an excessive amount of junk mail. This is because a purchase is considered public record with the county and many companies watch for this information to send solicitations for their services. Typically, these include offers for home warranties, life insurance and certified copies of title work. Many of them appear to come from Fairway referencing our name but have no affiliation. They may include verbiage like "Urgent!" "Final notice" "We've been trying to contact you regarding your mortgage" in an effort to create urgency to call them. You are welcome to send a picture of any mail you receive to me or your realtor at any time to confirm the legitimacy!

Will Fairway keep my loan, or who will I contact after closing if I have questions?

Fairway retains the majority of our loan servicing. However, if your loan servicing happens to be transferred, I will always be here as your point of contact for the life of the loan. I will also be the one to personally assist you with any refinances or future purchasing needs. After you've done one loan with us, it makes the process that much easier for all future loans!



HELPFUL “DOs AND DON'Ts” WHEN APPLYING FOR A MORTGAGE

▶ **DOs**

DO Keep originals of or be able to access all pay stubs, bank statements and other important documents on employer/bank websites.

DO Provide your earnest money deposit from your own personal bank account or acceptable gift funds. Please talk to your Loan Officer or Loan Coordinator for additional clarification. This will present a very difficult problem if not managed properly in the beginning.

DO Provide all documentation for the sale of your current home, including the sales contract, the closing statement and an employer relocation/buy-out program, if applicable.

DO Notify your Loan Officer or Loan Coordinator if you plan to receive gift funds for closing. Gift funds are acceptable only if certain criteria are met. Advances from credit cards for down payment/closing costs are never acceptable.

DO Notify your Loan Officer or Loan Coordinator of any employment changes such as a recent raise, promotion, transfer or change of pay status (for example, salary to commission).

DO Be aware that a new credit report could be pulled just prior to closing.

▶ **DON'Ts**

DON'T Close or open any asset accounts or transfer funds between accounts without talking with your Loan Officer about the proper documentation required for your loan. For example, before transferring all funds from your savings to your checking, check with your Loan Officer.

DON'T Deposit any monies outside of your automated payroll deposits, particularly cash or sale of personal property, without notifying your Loan Officer or Loan Coordinator. Many guidelines require substantial documentation as to the source of these deposits.

DON'T Change jobs/employers without inquiring about the impact this change might have on your loan.

DON'T Make major purchases prior to or during your contract, such as a new car, furniture, appliances, etc. as this may impact your loan qualification.

DON'T Open or increase any liabilities, including credit cards, student loans or other lines of credit during the loan process as it may impact your qualifying loan amount.



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WHAT IS A CREDIT SCORE AND WHY IS IT IMPORTANT WHEN APPLYING FOR A MORTGAGE?

Your credit score is a numerical representation of your statistical likelihood to repay the credit that is extended to you. Your score is a snapshot of a specific moment in time but can and will change with new actions and the passage of time. Credit scores range from 300–850 with 300 being low and 850 being high. The higher the credit score, the more favorable your credit history will be viewed when applying for new credit or applying for a refinance of existing credit.

HOW YOUR CREDIT SCORE IS DETERMINED

Payment History = 35%

- Late payments will damage your score.
- A positive history will improve your score.
- The severity and quantity of delinquencies will also impact your score.

Amount Owed = 30%

- Too many credit cards with high balances can lower a score.

Length of Credit History = 15%

- The longer the history, the better.
- How long have your credit accounts been established?
- How long has it been since you used certain accounts?

New Credit = 10%

- Research shows that opening several credit accounts in a short period of time represents greater risk, especially for people who do not have a long established credit history.

Types of Credit in Use (Healthy mix) = 10%

Example of ideal credit mix:

- 2 installment loans
- 3 revolving accounts with balances
- Balances on revolving debt below 30% of the high credit amount
- No collection accounts
- No public records
- No foreclosures
- No late payments

HOW TO MAINTAIN FAVORABLE SCORES

Monitor your credit. Order a copy of your free credit report from each of the three major bureaus at least annually from www.annualcreditreport.com.

Pay all of your bills on time or early. Even a 30-day late notice on a small credit card can have a significant negative impact on your scores.

Don't co-sign loans! Their late payments are your late payments and will negatively impact YOUR credit scores!

Don't close old revolving accounts no longer in use. It helps your scoring when established accounts are open with zero balances.

Don't open new accounts unless absolutely necessary. (Inquiries may or may not affect your score depending on the rest of your credit history.)

Report fraud immediately. If you find yourself the victim of fraud, immediately contact the credit bureaus, your credit card companies, banks and the FTC at www.ftc.gov.

Do not extend or open new credit accounts while in the mortgage application process to purchase or refinance a home.



ADDITIONAL CREDIT EDUCATION RESOURCE:

My favorite resource for up to date credit education is at: MyFico.com – Hyperlink to website.



RENT *or* BUY?

Monthly Rent	After 2 Years	After 5 Years	After 10 Years	After 15 Years
\$1,400	\$33,600	\$84,000	\$168,000	\$252,000
\$1,600	\$38,400	\$96,000	\$192,000	\$288,000
\$1,800	\$43,200	\$108,000	\$216,000	\$324,000
\$2,000	\$48,000	\$120,000	\$240,000	\$360,000
\$2,200	\$52,800	\$132,000	\$264,000	\$396,000
\$2,400	\$57,600	\$144,000	\$288,000	\$432,000
\$2,800	\$67,200	\$168,000	\$336,000	\$504,000
\$3,000	\$72,000	\$180,000	\$360,000	\$540,000
\$3,200	\$76,800	\$192,000	\$384,000	\$576,000

The chart above demonstrates how much your rent payments could add up over the years, which is money that you could be investing in the home of your dreams.

Deciding to buy, especially if your mortgage payment will be higher than your current rent, can feel like a really tough decision. You may be having a hard time determining if it's a smart move. You may be sitting there thinking, 'do I really want to buy when interest rates are "high"?' I get it! To many, this can feel like an overwhelming decision. But it's important to step back and look at the big picture and evaluate your long-term goals. **How much interest are you paying on rent?** 100%. Quite literally, 100%.

If you rent at \$2,000/month, in just 5 years, that's \$120,000 spent with no return on your investment! Getting into a home will help you build wealth through equity gained over the years through home appreciation (plus paying down your mortgage). So an important question to consider is how long you want to be helping someone else create wealth through paying rent with your hard earned money, or when are you ready to start putting that money back in your pocket and have your investment benefit **YOU?**

Closing Day

What You Should Bring

A GOVERNMENT-ISSUED PHOTO ID

The title company will need a non-expired valid proof of identification such as a Driver's License or State Issued ID

FUNDS FOR CLOSING

We will provide you the final amount needed for closing, including instructions for providing your payment to the title company in the form of a Cashier's Check or Wire Transfer (personal checks or cash is not accepted).

ELECTRONICALLY SIGN DOCUMENTS

For most of our closings, we will send an email between midnight-8am on closing day with a portion of your documents to sign electronically. This will make signing at the title company extremely quick and easy! The title company will provide a copy of all signed documents.



THANK YOU!

*Let's
connect!*

