

# TIME TO BUY



LET'S WORK TOGETHER



Bismarck - 701-222-2217

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[www.BHGAllianceGroup.com](http://www.BHGAllianceGroup.com)

# “Expect Better”



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Each Office Independently Owned and Operated

# YOUR FULL SERVICE COMPANY

**“Expect Better”**

## Mission Statement

Better Homes and Gardens Real Estate Alliance Group offers superior quality service to our Clients and Customers. We are committed to excellence in servicing our community for life.

### My Service for Buyers:

- I will provide a wide selection of homes and neighborhoods to make you more comfortable with the final decision.
- I will do a market analysis on the chosen home to help determine reasonable terms on your offer to purchase.
- I want my buyers to be completely satisfied with their new homes as to location, affordability, structural soundness and preferred amenities.

We Take The Worry Out of Buying  
Your Home.

**Better  
Homes**  
and Gardens.  
REAL ESTATE

ALLIANCE  
GROUP

# BENEFITS OF BUYER AGENCY

## **Loyalty**

The REALTOR® must act in your best interests.

## **Obedience**

The REALTOR® must follow your lawful instructions.

## **Disclosure of All Material Facts**

Examples (but not limited to):

- Relationships between REALTOR® and other parties
- Existence of other offers
- Seller's motivation or circumstances
- Property's estimated fair market value
- Legal affect of important contract provisions

## **Confidentiality**

The REALTOR® must not reveal any discussions, facts, or information disclosed by you. However, this does not preclude the agent's obligation to be fair and honest in dealing with all parties.

## **Accounting in Dealings**

The earnest money is deposited in the Broker's trust account.

## **Reasonable Skill and Care**

The REALTOR® will show you all properties that meet your needs so that you can make an informed purchasing decision. The real estate agent will help compare prices and features and disclose material facts known to the agent.

# BENEFITS OF WORKING WITH A REALTOR®

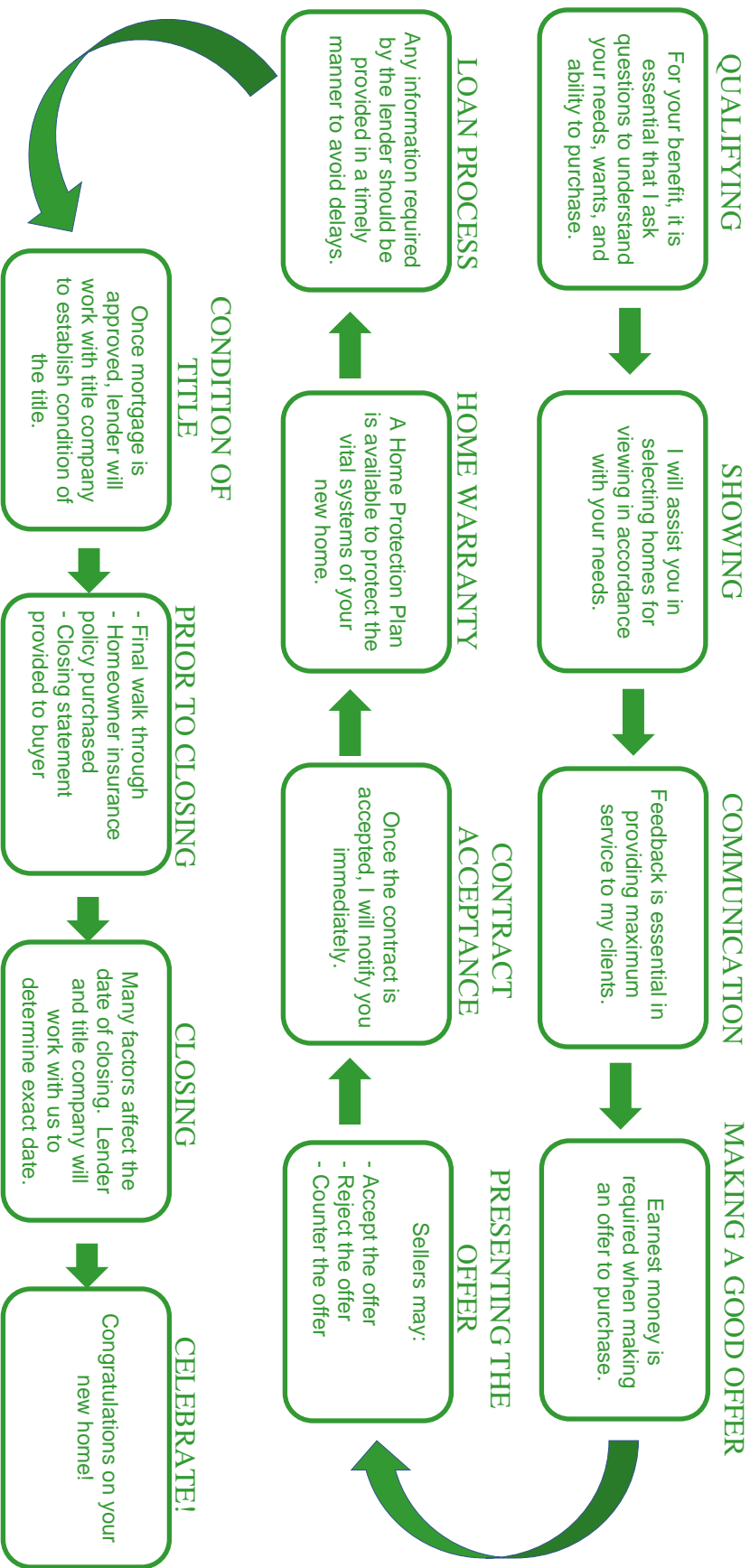
Purchasing a home is one of the largest investments you will probably ever make. There are many decisions to be made on things such as: cost of the home, where and how to finance the home, how to insure a clear title, etc.

Professional REALTORS® belong to the National Association of REALTORS® and conform to its strict Code of Ethics along with state and local regulations.

When purchasing a home, here is what a REALTOR® will do for you:

- **A REALTOR®** will help you with decisions on home purchase.
- **A REALTOR®** will preview the homes available through the Multiple Listing Service and will evaluate them for you.
- **A REALTOR®** can often suggest simple changes that may make the home more suitable for you.
- **A REALTOR®** will supply you with information on real estate taxes, costs, zoning restrictions, etc.
- **A REALTOR®** has no emotional ties to homes, can be objective about them and can point out advantages and disadvantages while answering your questions.
- **A REALTOR®** will advise what personal and financial data you will need at the loan application, etc.
- **A REALTOR®** will familiarize you with the closing process.
- **THERE IS NO COST TO YOU AS A PURCHASER TO TAKE ADVANTAGE OF YOUR REALTOR'S KNOWLEDGE AND EXPERTISE.**

# The Homebuying Process





# ITEMS NEEDED FOR A CREDIT APPLICATION

## **Employment**

Addresses for two full years

Gross monthly income

W-2s

Proof of pensions, retirement, disability or Social Security

Proof of income from rentals, investments, etc...

Proof of child support or alimony paid/received

Year to date pay stub

If self-employed: Two years 1040 Tax Returns  
(Three years if first time home owner)  
Current year profit and loss statement

## **Creditors**

Each creditor's name, address and type of account

Account numbers

Monthly payments and approximate balances

Amount of childcare expenses

## **Banking**

Names and addresses of savings institutions

Account numbers for all accounts

Type of accounts and present balances

## **Miscellaneous**

List of assets in stocks, bonds, land

Life insurance cash value (documented if used as cash down payment)

If applicant is selling a home, a copy of sales contracts

Social Security numbers for all parties

Veterans - Certificate of Eligibility & DD-214

Cash or check to pay for application fee

## **REALTORS®**

Copy of sales agreement

Copy of listing on property

# QUALIFYING INFORMATION

## INCOME (GROSS: BEFORE TAXES TAKEN OUT)

|                  |                 |
|------------------|-----------------|
| Buyer #1/Monthly | \$ _____        |
| Buyer #2/Monthly | \$ _____        |
| Other/Monthly    | \$ _____        |
| <b>TOTAL</b>     | <b>\$ _____</b> |

## FHA, VA, HFA

|                     |          |
|---------------------|----------|
| 29% House Payment = | \$ _____ |
| 41% Total Debt =    | \$ _____ |

## CONV-FIXED OR ARM

|                     |          |
|---------------------|----------|
| 28% House Payment = | \$ _____ |
| 36% Total Debt =    | \$ _____ |

## TOTAL OBLIGATIONS MONTHLY

|                      |                 |
|----------------------|-----------------|
| Auto Payments        | \$ _____        |
| Auto Payments        | \$ _____        |
| Student Loans        | \$ _____        |
| Boat/Camper Payments | \$ _____        |
| Visa Card            | \$ _____        |
| Master Card          | \$ _____        |
| Other Credit Cards   | \$ _____        |
| Other Expenses       | \$ _____        |
| <b>TOTAL</b>         | <b>\$ _____</b> |



# FACTS ABOUT POINTS, PREPAIDS AND CLOSING COSTS

## **Points:**

Points are a prepaid to a lender to decrease the interest rate charged for the loan. One point is one percent of the loan amount.

### **\*Who pays the points?**

Points are negotiated between the buyer and seller with either party paying all or a portion of the points.

## **Prepays:**

Prepays would include such items as: homeowner's insurance, real estate taxes and private mortgage insurance.

## **Closing Costs:**

Closing costs would be items such as: origination fees, appraisals, title companies' fees, attorney opinions and processing fees.

### **\*Why should a seller pay these fees?**

By paying some of these fees a seller opens the door to a greater number of buyers and improves the opportunity to make a sale.

# LOAN PROCESSING

After you have completed a loan application, the lender will begin the process of assembling and verifying all the information required for the underwriter to make the decision.

This step requires patience!

## Five Major Components of Loan Processing

1. **Credit Check** - The lender will order a detailed Mortgage Residential Credit Report from one of the three major credit reporting agencies. This report provides a detailed summary of your previous credit history.
2. **Verification of Income and Employment** - The lender will usually require verification of at least two years of employment. This verification will include the length of time with each employer and previous and current YTD earnings. The employer will also be asked to indicate whether or not employment is likely to continue and if there is any overtime, bonus or commission income that is applicable.
3. **Verification of Deposit** - The lender will verify account balances for the past two or three months for any accounts that you may use to pay your down payment and closing costs. The lender may also require that you explain any large deposits, which may be indicative of borrowed funds.
4. **Verification of Housing Expenses/Rent** - The lender will usually verify two full years of rental history for 1<sup>st</sup> time homebuyers. A written notice will be sent to your current landlord and possibly previous landlord asking them to verify the dates of occupancy, monthly rent payments, any late payments and any additional comments they may wish to provide.
5. **Appraisal** - The lender will order an appraisal of the home you wish to purchase to be done by a licensed appraiser. This will provide the lender with written documentation of the value of the home so that he may determine the loan-to-value ratio.

# BUYER'S MORTGAGE QUALIFICATION GUIDE

To calculate the mortgage amount for which you qualify:

1. Enter the monthly principal and interest payment from the chart below \_\_\_\_\_
  2. Add the monthly real estate tax.....\_\_\_\_\_
  3. Add the monthly insurance payment.....\_\_\_\_\_
- TOTAL BASIC MONTHLY HOUSING COST.....\_\_\_\_\_

*The total basic monthly housing cost must not exceed 28% of the gross monthly income, or*

| GROSS<br>YEARLY INCOME | 28% OF GROSS<br>MONTHLY INCOME | 36% OF GROSS<br>MONTHLY INCOME | 41% OF GROSS<br>MONTHLY INCOME |
|------------------------|--------------------------------|--------------------------------|--------------------------------|
| \$30,000               | \$700                          | \$900                          | \$1025                         |
| \$35,000               | \$817                          | \$1,050                        | \$1,196                        |
| \$40,000               | \$933                          | \$1,200                        | \$1,367                        |
| \$45,000               | \$1,030                        | \$1,350                        | \$1,538                        |
| \$50,000               | \$1,167                        | \$1,500                        | \$1,708                        |
| \$60,000               | \$1,400                        | \$1,800                        | \$2,050                        |
| \$70,000               | \$1,633                        | \$2,100                        | \$2,392                        |
| \$80,000               | \$1,867                        | \$2,400                        | \$2,733                        |
| \$90,000               | \$2,100                        | \$2,700                        | \$3,075                        |
| \$100,000              | \$2,333                        | \$3,000                        | \$3,417                        |

| Monthly Payments of Principal & Interest<br>(Based on 30 Year Term) |         |         |         |         | Monthly Payments of Principal & Interest<br>(Based on 15 Year Term) |         |         |         |         |
|---|---------|---------|---------|---------|---|---------|---------|---------|---------|
| Mortgage<br>Amount  | 3%      | 4%      | 5%      | 6%      | Mortgage<br>Amount  | 3%      | 4%      | 5%      | 6%      |
| \$150,000   | \$632   | \$716   | \$805   | \$899   | \$150,000   | \$1,035 | \$1,109 | \$1,186 | \$1,265 |
| \$200,000   | \$843   | \$954   | \$1,073 | \$1,199 | \$200,000   | \$1,381 | \$1,479 | \$1,581 | \$1,687 |
| \$250,000   | \$1,054 | \$1,193 | \$1,342 | \$1,498 | \$250,000   | \$1,726 | \$1,849 | \$1,976 | \$2,109 |
| \$300,000   | \$1,264 | \$1,432 | \$1,610 | \$1,798 | \$300,000   | \$2,071 | \$2,219 | \$2,372 | \$2,531 |
| \$350,000   | \$1,475 | \$1,670 | \$1,878 | \$2,098 | \$350,000   | \$2,417 | \$2,588 | \$2,767 | \$2,953 |
| \$400,000   | \$1,686 | \$1,909 | \$2,147 | \$2,398 | \$400,000   | \$2,762 | \$2,958 | \$3,163 | \$3,375 |
| \$450,000   | \$1,897 | \$2,148 | \$2,415 | \$2,697 | \$450,000   | \$3,107 | \$3,328 | \$3,558 | \$3,797 |
| \$500,000   | \$2,108 | \$2,387 | \$2,684 | \$2,997 | \$500,000   | \$3,452 | \$3,698 | \$3,953 | \$4,219 |

# HOW REALTORS® GET PAID

- REALTORS® are independent contractors and get paid on commission (fee for service).
- REALTORS® do not get paid until the closing of the transaction.
- All commissions are paid to the real estate firm at closing - typically the seller pays this fee.
- The commission (fee for service) is usually a percentage of the total commissions received at closing.
- The real estate firm pays the REALTOR® a percentage of the total commissions received at closing.
- Some buyers may decide to pay the commission (fee for service) for certain types of representation on individual properties.

# AFTER THE PURCHASE AGREEMENT

Between the time the contract is signed and the closing, the buyers and sellers will do the following:

- If not preapproved, the buyer applies for financing with a lender.
- The lender requires an appraisal of the house to make sure that the value of the property is in accordance with the loan amount.
- The buyer orders a professional property inspection (negotiated or stated in the contract).
- The buyer's financing is approved.
- The buyer and seller, through their lender, establish the date and place for closing.
- The buyer and seller contact utility companies to transfer services.
- The closing is performed either at a title company or bank.



# CLOSING CHECKLIST

The closing is the final step in obtaining your mortgage. Closing costs usually include but not limited to fees for surveys, public record updates, appraisal, legal document work, title search, credit report, homeowners/flood insurance, loan origination fee, title insurance and etc.

## *Before You Close:*

- Schedule a final walk through to determine that all agreed upon repairs and other contingencies have been completed.
- Review all closing documents and your purchase agreement.
- Know what your closing expenses will be at closing.
- Contact utility companies to have services switched to your name.

## *At the Closing:*

- Have a **cashier's check or wire transfer** for funds needed to close. \$50,000 or over 3 days certified funds
- **Bring a photo ID.**
- Keys will be provided for your new home and any adjacent buildings on your property.

