

Homebuyer's Handbook



Understanding the home buying process

Buying a home is one of life's most exciting events – and is still one of the smartest investments you can make. But the process of finding, buying and financing your new home can be confusing and, sometimes, overwhelming. That's why we've developed this handbook to guide you through each step of your home purchase and financing process.

The **Mid-American Financial Group's** expert mortgage loan officers will make sure that arranging your home financing is a positive experience. We'll listen closely to your needs and offer personalized, professional advice to help you make the right financial decisions. Buying a home can be surprisingly simple when you work with **Mid-American Financial Group!**

Six Steps of the Home Buying Process

The key to making the home buying and financing process a little easier is to take it one step at a time.

1 Setting Your Sights

Determine your borrowing potential by visiting with a **MAFG** mortgage loan officer to prequalify. By prequalifying, you are able to verify your borrowing potential for extra confidence when negotiating with the seller. [Find a Mortgage Loan Officer near you.](#)

2 Finding the Right House

Compare the merits of the homes and neighborhoods that interest you. When you decide on the right house, you and the seller will then agree on a purchase price and sign a contract.

3 Getting Ready to Apply

Use our [Pre Application Form](#) to gather the information you need to bring to the meeting with your lender. Being prepared streamlines the application process so you can move into your new home sooner.

4 Apply for the Loan

You can apply online or meet with your local **MAFG** mortgage loan officer to complete the application – if you haven't done so during prequalification. When you have your income, assets and debts handy as outlined on the application checklist, this step goes very smoothly. Your lender will discuss how our full range of financial services may benefit you.

5 Getting Approved

We will gather and evaluate information to support your application (verification of employment, income, assets, credit history & property appraisal). Upon approval, we send you a commitment letter that outlines the terms and conditions of your loan and a checklist of items you need for closing. **We** arrange title work, inspections, settlement figures and other closing documents.

6 Closing

During your closing appointment, you sign various legal documents, your loan is funded, the seller is paid, and the title to the home is transferred to you.

As you continue through this handbook, these steps are explained in greater detail. If you run across a term that doesn't make sense, check out our online [Loan Glossary](#) or make a list of questions and your **MAFG** mortgage loan officer will be happy to help you.



What's Next?

Work with your lender to review your financial situation as you discover what home price ranges are within your budget.

1 Determine How Much You Can Afford

The first step in the home buying process is to determine the mortgage you can afford and the approximate price range you should consider as you look for your new home. Simply talk to your Mid-American Financial Group mortgage loan officer or check out a Mortgage Calculator.

To determine your estimated mortgage payment, you'll need the following information:

- Home price
- Downpayment (how much money you can pay towards the house now)
- Mortgage term (years on the loan)
- Interest rate
- Annual property tax
- Annual home insurance

2 Getting Prequalified

Work with your local MAFG mortgage loan officer to get prequalified prior to looking for your home. Prequalification allows you to select the best financing plan early in the home buying process and gives you extra clout in the negotiation process.

3 Other Qualification Considerations

Credit rating – Your ability to repay a loan is an important factor that will be considered before a lender approves your application. Your credit history will be closely reviewed. A record of timely payments will help your ability to get a loan. If your credit history is poor, consider establishing good credit or providing documentation supporting your ability to make payments on a timely basis before applying for a mortgage loan.

Employment history – Lenders want to know how long you've worked at your present job, as well as how much experience and education you've gained in your field. Full consideration is given to your ability to maintain employment and other sources of verifiable income.

Downpayment – You will be asked to supply proof that you have enough funds for an adequate downpayment as well as the source for those funds.

Market value –The property will be appraised by an independent/unbiased appraiser. Mortgage lenders will use the appraisal, in some cases, to evaluate the margin of safety between the current market value of the home and the amount of money they will loan for a specific property.



4 Private Mortgage Insurance (PMI)

Benefits to the buyer – Private mortgage insurance may allow you to buy a home sooner and can greatly increase your buying power. Because PMI lessens the lender's risk in loaning to you, you may be able to make a smaller downpayment (5% or less, compared to 20% without PMI).

Payments – Who pays for PMI? Usually the borrower makes ongoing monthly payments (with no upfront costs), which are included in the mortgage payment, not unlike tax escrow and hazard insurance premiums. Or, the borrower can also make an upfront payment at closing, in which case the lender pays the insurer. Mortgage insurance may be released from your monthly payments once your loan meets specific guidelines.

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Apply for the Loan - Call Us

Once you've found the right home, agreed on a purchase price and signed the contract with the seller, you can apply for a mortgage loan. To prepare for your application process, here are a few suggestions to make things go as smoothly as possible.

1 Schedule Your Appointment

Call your local MAFG mortgage loan officer and schedule an appointment to begin the loan application process and determine the mortgage that best meets your needs.

2 Complete Your Application Checklist

Make sure you're prepared by having all the Application Items. Your application cannot be processed until all information is available, so it's in your best interest to come prepared.

3 Fill Out Your Mortgage Application

You can complete a loan application online or with your local mortgage loan officer. Don't worry if you can't complete the entire form on your own; we can help you finish it during your meeting. If you have been prequalified, your mortgage loan officer has some of this information available, but organizing it on the application will speed up the process.

4 Closing Costs

In every real estate transaction, there are additional costs you pay at the closing of the loan. Your mortgage loan officer will provide a Good Faith Estimate of your closing costs and proposed monthly mortgage payments at the time you apply for your loan. The actual charges will be contained in the settlement statement prepared for loan closing.



Getting the Right Mortgage for You

To meet your needs, Mid-American offers a wide selection of home loan programs. Your mortgage loan officer will work closely with you to determine the program that is right for you.

Fixed-rate mortgages – This type of mortgage assures you the same monthly payment for principal and interest over a fixed number of years. If you choose a shorter-term loan, your monthly payment is higher but you pay less interest overall and build equity faster. With a longer-term loan, your monthly payments are lower. Your mortgage lender will provide you with the current terms and annual percentage rate before you lock in your interest rate.

Adjustable-rate mortgages (ARMs) – Offering an initial lower interest rate and lower payments, ARMs can make it easier to qualify for a larger mortgage for your new home. Our ARM has a built-in cap that limits how much the rate can adjust to protect you from unexpected changes. However, your interest rate and payment on an ARM can go up or down at predetermined intervals, depending on an index that reflects the economy and interest rates. ARM adjustment periods vary in length by program.

FHA and VA loans – These government-backed loans are great for first-time homebuyers because they require less cash for a downpayment and closing costs that may allow you to buy a home sooner or qualify for a higher loan amount.

- For standard FHA (Federal Housing Administration) loans, there is no income ceiling, but there is a government-set maximum loan amount that varies by county. The downpayment for an FHA loan is typically 3% of the sale price.
- VA (Department of Veterans Affairs) loans are available to eligible veterans with no downpayment and a government-set maximum loan amount. VA loan eligibility doesn't expire and can be reused.

As an experienced VA and FHA lender, you can rely on our direct endorsement and VA automatic approval authority to process your application much faster than lenders not offering this capability.

Lot loans – Mid-American has one of the best financing programs available for purchasing your lot. Our lot loans feature:

- Flexible rate and program options
- Ability to finance up to 85% of the purchase price (requirements may apply)
- A 60-day rate lock

Construction Only Loans – Construction Only Loans are available for a term of up to 12 months.* On the maturity date, the full outstanding balance of the loan is due and payable. These loans involve no permanent financing or commitment to permanent financing. Advantages include:

- Financing up to 80% loan-to-value
- Take up to nine months to build; make payments to cover interest only*
- Many permanent loan programs available - If you opt for a Construction Only Loan, Bremer has a wide variety of permanent financing options. For rates and other details, talk to your mortgage loan officer.



Other Mortgage Loan Programs

In addition to the programs listed above, you may be eligible for other home loan programs that have been created to provide first-time homebuyers with downpayment and closing cost assistance. These programs typically have specific guidelines you need to meet, but can be helpful in getting the assistance you need to get into your home sooner. Consult your mortgage loan officer about assistance programs in your area.

We Look Forward to Saying ... Welcome Home!

In the end, working closely with a mortgage lender you can trust is the best way to wade through the details of the home buying process. If you have questions about completing your mortgage application or about the home loan process, don't hesitate to contact a [Mid-American mortgage loan officer near you](#), or call us at 513.771.7177 or toll free at 800.669.0166!



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