

A COMPLETE GUIDE FOR
**FIRST TIME
HOME BUYERS**



Commercial & Residential

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HOMEBUYERS

WHAT YOU NEED TO KNOW TO GET STARTED

FINANCING

Starting the mortgage loan process is a crucial step in buying a home if you plan to finance the purchase. This should be done in advance, even before the bidding process takes place.

LOAN OPTIONS

Talk with loan officers at financial institutions, mortgage companies, or savings and loan institutions to review the types of loans that are available and/or applicable to you and compare the rates of each.

FIRST-TIME HOMEBUYER

You may have the potential to qualify for mortgage programs with little money down, low interest rates or federal programs that give beneficial rates. Loan officers can go over these programs and help you determine which program you may qualify for.

FINANCIAL HISTORY

Having a good credit history and limited debt could help you obtain a better loan rate. Alternatively, if your current credit score is less than ideal, your financial representative can give you tips and tools to better your score and qualify for a better rate.

PREAPPROVAL LETTER

When you have chosen a loan officer, dependent upon your loan, the next step is to get preapproved and obtain a preapproval letter. To do so, your loan officer will need to examine your credit files and discuss exactly how much you can borrow. It is important to discuss your preapproval letter with your chosen real estate professional before you begin looking for homes.

WHY DO I NEED A REAL ESTATE PROFESSIONAL?

One of the largest investments you will ever make is in real estate. A real estate professional is trained to research homes that meet your specific wants and needs, preview those homes, give you access to them, and help you narrow down the list of potential properties for purchase. Each home is different, and things like contract terms, financial options, inspection costs and closing costs can all vary. When you are ready to purchase a home, a real estate professional will guide you through the process to ensure the best outcome. When selling as an owner, numerous complications can arise. It can be difficult to navigate these various complexities, so having a knowledgeable real estate professional on your team is a key tool for a successful transaction.

KEY PROFESSIONALS

IN A REAL ESTATE TRANSACTION

Knowledgeable, customer-focused professionals are available to answer your title and settlement questions. Throughout the home selling process, you may also encounter the following industry specialists who are able to professionally answer questions in their area of expertise.

REAL ESTATE AGENT

Licensed by the state to represent parties in the transfer of property.

HOME INSPECTOR

Objectively and independently provides a comprehensive analysis of a home's major systems and components.

LOAN OFFICER

A representative of a bank or other financial institution. They help customers identify their borrowing options and understand the terms of their loan.

APPRAISER

Works on behalf of a lender and provides a market analysis of the subject property. An appraiser's finding is subjective and combined with market findings of sold properties within the surrounding neighborhood.

INSURANCE AGENT

Helps a homebuyer determine the homeowners protection coverage needed and finds the right homeowners insurance policy to fit those needs.

REAL ESTATE ATTORNEY

Can give advice on all legal aspects of the real estate transaction. Additionally, they are able to draft and review contracts, help decide how to take title, and assist with the closing process. Use of an attorney to review the contract and title documents is optional.

ESCROW OFFICER

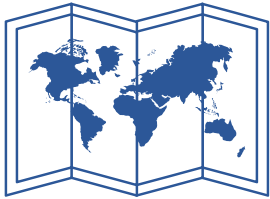
An independent third-party who works with all participants to facilitate a successful closing of a real estate transaction. At closing, the escrow officer will collect the purchase money funds from the buyer and lender as well as the settlement costs from each party. They disburse the funds in accordance with the closing documents and record the necessary documents to transfer ownership of the property.

CLOSING/TITLE AGENT

Performs title searches to ensure a clear title so a title insurance policy can be issued. The title company also facilitates the transfer of real estate by sending original transfer documents to the county clerk for recording.

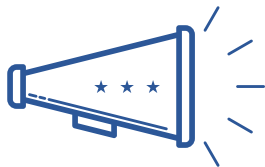
WHY DO I NEED TO USE A REALTOR?

REAL ESTATE PROFESSIONALS GUIDE YOU THROUGH THE HOME BUYING AND SELLING PROCESS.



AN EXPERT GUIDE

When buying or selling a home, there are extensive forms, reports, disclosures and other technical documents that a real estate professional can guide you through. An expert helps prevent delays and costly mistakes.



AN ADVOCATE

Real estate professionals have a fiduciary responsibility to put their client's interests first. A realtor is bound by law to negotiate, advise and inform you of all pertinent information to help you come to an agreement that is in your best interest.



AN OBJECTIVE OPINION

A real estate professional can provide you with data, facts, school ratings, zoning information, utilities, etc. to help you decide which property has everything you need, and can use this information in marketing your home, if selling.



AN EXTENSIVE RESOURCE

Real estate professionals not only provide their expert knowledge, but that of their network as well—from access to information before it appears on MLS to recommending other professionals that can help get your property ready after you buy or before you sell.

Home Buyer's Checklist

Buyer's Name(s): _____

Price Range: MIN \$_____ - MAX \$_____

Desired Neighborhoods/School Districts:

Bedrooms: _____ Bathrooms: _____ Square Footage: _____

House Style: ☐ Cape Cod ☐ Colonial ☐ Farmhouse ☐ Log Cabin ☐ Multi-level ☐ Ranch
☐ Split-Level ☐ Tudor ☐ Victorian ☐ Other: _____

FEATURES	DESIRED	HIGHLY DESIRED	MUST-HAVE
Cul-de-Sac Street			
Garage			
Fenced-in Yard			
Pool			
Deck and/or Patio			
Front Porch			
Hardwood Floors			
Open Floor Plan			
Finished Basement			
Updated Bathroom(s)			
Spa Bath			
Master Bathroom			
Eat-in Kitchen			
Granite Counter tops			
Kitchen Island			
Kitchen Appliances Included			
Fireplace			
Central Air			
Washer/Dryer Included			
Office			
Walk-in Closet			
Security System			
Dining Room			

Other: _____

What can you afford?



Step 1 Monthly Income

Wages, salaries, business income after expenses _____

Interest, dividends or rental income _____

Other income (alimony, child support, pensions, or Social Security) _____

Total Monthly Income (Step 1)

\$ _____

Step 2 Monthly Non-Housing Expenses

Car payment and insurance _____

Cell phone _____

Student loan _____

Credit card _____

TV/Internet/Netflix/Etc. _____

Groceries/Gas/Other _____

Travel/Recreation/Fun Money _____

Child care _____

Monthly bank loan payments (other than a mortgage) _____

Alimony or child support you owe _____

Savings and investments _____

Total Monthly Non-Housing Expenses (Step 2)

\$ _____

Step 3 Amount Available for Monthly Housing Expenses

Total monthly Income (Step 1) _____

Minus Total Non-Housing Expenses (Step 2) _____

Equals Amount Available for Monthly Housing Expenses (Step 3)

\$ _____

Step 4 Monthly Estimated Housing Expenses

Mortgage loan payment (principal and interest – see chart) _____

Property taxes _____

Mortgage insurance _____

Homeowner's insurance (liability, flood, fire) _____

Utilities (heat, water, electricity, gas, trash removal) _____

Maintenance and repairs _____

Other (assessments, homeowner's association dues) _____

Total Monthly Estimated Housing Expenses (Step 4)

\$ _____

Compare Step 3 and Step 4 totals.

The Total Monthly Estimated Housing Expenses (Step 4) should not exceed the Amount Available for Monthly Estimated Housing Expenses (Step 3).



Loan Application Checklist

Don't let the loan application process prevent you from making an offer on the home of your dreams! Be ahead of the game by having all your documents organized and ready to give your loan originator.

Here is a checklist of documents and materials you will need in order to apply for a mortgage:

Purchase contract and property information

- o Copy of the sales contract
- o Mailing address and property description
- o Contact information for access to the property
- o Plans and specifications (new construction only)

Personal information

- o Social Security number
- o Age
- o Years of schooling
- o Marital status
- o Number and ages of dependents
- o Current address and telephone numbers
- o Addresses for the past seven years
- o Current housing expenses (Rent, mortgage, insurance, taxes)
- o Name and address of landlord or mortgage holder for past two years

Employment history and income

- o Two years of employment history, with complete details of each job
- o Recent pay stubs and two years of W-2 forms
- o Complete tax returns and financial statements if self-employed
- o Written explanation of employment gaps
- o Records of dividends and interest received
- o Proof of other income

Assets

- o Complete information on all bank and money accounts
- o Two months of bank statements
- o Current values of stocks, bonds, mutual funds and other investments
- o Vested interests in retirement funds
- o Value of life insurance
- o Information on vehicles you own
- o Information on real estate you own
- o Value of significant personal property you own

Liabilities

- o Itemized list of all current debts (loan, credit cards, and other bills)
- o Written explanation of past credit problems
- o Full details of bankruptcy during the last seven years

Fees

- o Credit report and appraisal fees

Mortgage Do's & Don'ts

While you are considering the purchase of a new home, you need to be aware of what things might adversely affect your loan. Your credit, income and assets are verified after you submit your application and in some instances right before closing. Following these tips throughout the loan process can be very important.

DO CALL YOUR MORTGAGE CONSULTANT

If you are unsure if something will impact your loan, call your representative.

DO KEEP ORIGINAL DOCUMENT

Keep originals of all pay-stubs, bank statements and other financial documents.

DO PAY ALL YOUR BILLS ON TIME

Late payments on current accounts like mortgage, car payment, charge cards, etc. will impact your credit score which identifies your likeliness to repay your debts. Make your mortgage payments on time but call your loan representative before you make any payments that are scheduled within two weeks of closing.

DON'T APPLY FOR NEW CREDIT or INCREASE ANY CREDIT LIMITS

Avoid making major purchases such as cars, lines of credit for furniture, appliances, computers, etc. If you receive an invitation to apply for new lines of credit or to increase existing credit, don't respond. If you do, that company will pull your credit report and this will have an adverse effect on your credit score.

DON'T MAX OUT or OVER CHARGE EXISTING CREDIT CARDS

Running up credit cards is the fastest way to bring a credit score down. Try to keep credit cards below 30% of the available limit.

DON'T CONSOLIDATE DEBT or CLOSE CREDIT CARD ACCOUNTS

This may change your qualification ratio of debt to available credit which also affects your credit score. You want to keep an active beneficial credit history on your record. If you really want to do these things, do it after you close your mortgage loan.

DON'T RAISE RED FLAGS

Don't co-sign on another person's loan or change your name and address. The less activity that occurs while your loan is in process, the smoother the process will be.

DON'T CHANGE JOBS

Employment stability is a big factor in the underwriting process. Quitting, changing jobs or even changing positions in same company can greatly impact your loan approval. Inform us immediately of any changes to your job, position or income.

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Monthly Payment Estimate



The chart below shows the estimated monthly mortgage repayment amounts based upon a 30 year loan.

INTEREST RATE

LOAN AMOUNT

	3%	3.25%	3.5%	3.75%	4%	4.25%	4.5%	4.75%	5%	5.25%	5.5%	5.75%	6.5%	6.625%	6.75%	6.875%	7%
\$50,000	\$210.80	\$217.60	\$224.52	\$231.56	\$238.71	\$245.97	\$253.34	\$260.82	\$268.41	\$276.10	\$283.89	\$291.79	\$316.03	\$320.16	\$324.30	\$328.46	\$332.65
\$60,000	\$252.96	\$261.12	\$269.43	\$277.87	\$286.45	\$295.16	\$304.01	\$312.99	\$322.09	\$331.32	\$340.67	\$350.14	\$379.24	\$384.19	\$389.16	\$394.16	\$399.18
\$70,000	\$295.12	\$304.64	\$314.33	\$324.18	\$334.19	\$344.36	\$354.68	\$365.15	\$375.78	\$386.54	\$397.45	\$408.50	\$442.45	\$448.22	\$454.02	\$459.85	\$465.71
\$80,000	\$337.28	\$348.17	\$359.24	\$370.49	\$381.93	\$393.55	\$405.35	\$417.32	\$429.46	\$441.76	\$454.23	\$466.86	\$505.65	\$512.25	\$518.88	\$525.54	\$532.24
\$90,000	\$379.44	\$391.69	\$404.14	\$416.80	\$429.67	\$442.75	\$456.02	\$469.48	\$483.14	\$496.98	\$511.01	\$525.22	\$568.86	\$576.28	\$583.74	\$591.24	\$598.77
\$100,000	\$421.60	\$435.21	\$449.04	\$463.12	\$477.42	\$491.94	\$506.69	\$521.65	\$536.82	\$552.20	\$567.79	\$583.57	\$632.07	\$640.31	\$648.60	\$656.93	\$665.30
\$125,000	\$527.01	\$544.01	\$561.31	\$578.89	\$596.77	\$614.92	\$633.36	\$652.06	\$671.03	\$690.25	\$709.74	\$729.47	\$790.09	\$800.39	\$810.75	\$821.16	\$831.63
\$150,000	\$632.41	\$652.81	\$673.57	\$694.67	\$716.12	\$737.91	\$760.03	\$782.47	\$805.23	\$828.31	\$851.68	\$875.36	\$948.10	\$960.47	\$972.90	\$985.39	\$997.95
\$175,000	\$737.81	\$761.61	\$785.83	\$810.45	\$835.48	\$860.89	\$886.70	\$912.88	\$939.44	\$966.36	\$993.63	\$1,021.25	\$1,106.12	\$1,120.54	\$1,135.05	\$1,149.63	\$1,164.28
\$200,000	\$843.21	\$870.41	\$898.09	\$926.23	\$954.83	\$983.88	\$1,013.37	\$1,043.29	\$1,073.64	\$1,104.41	\$1,135.58	\$1,167.15	\$1,264.14	\$1,280.62	\$1,297.20	\$1,313.86	\$1,330.60
\$225,000	\$948.61	\$979.21	\$1,010.35	\$1,042.01	\$1,074.18	\$1,106.86	\$1,140.04	\$1,173.71	\$1,207.85	\$1,242.46	\$1,277.53	\$1,313.04	\$1,422.15	\$1,440.70	\$1,459.35	\$1,478.09	\$1,496.93
\$250,000	\$1,054.01	\$1,088.02	\$1,122.61	\$1,157.79	\$1,193.54	\$1,229.85	\$1,266.71	\$1,304.12	\$1,342.05	\$1,380.51	\$1,419.47	\$1,458.93	\$1,580.17	\$1,600.78	\$1,621.50	\$1,642.32	\$1,663.26
\$275,000	\$1,159.41	\$1,196.82	\$1,234.87	\$1,273.57	\$1,312.89	\$1,352.83	\$1,393.38	\$1,434.53	\$1,476.26	\$1,518.56	\$1,561.42	\$1,604.83	\$1,738.19	\$1,760.86	\$1,783.64	\$1,806.55	\$1,829.58
\$300,000	\$1,264.81	\$1,305.62	\$1,347.13	\$1,389.35	\$1,432.25	\$1,475.82	\$1,520.06	\$1,564.94	\$1,610.46	\$1,656.61	\$1,703.37	\$1,750.72	\$1,896.20	\$1,920.93	\$1,945.79	\$1,970.79	\$1,995.91
\$325,000	\$1,370.21	\$1,414.42	\$1,459.40	\$1,505.13	\$1,551.60	\$1,598.80	\$1,646.73	\$1,695.35	\$1,744.67	\$1,794.66	\$1,845.31	\$1,896.61	\$2,054.22	\$2,081.01	\$2,107.94	\$2,135.02	\$2,162.23
\$350,000	\$1,475.61	\$1,523.22	\$1,571.66	\$1,620.90	\$1,670.95	\$1,721.79	\$1,773.40	\$1,825.77	\$1,878.88	\$1,932.71	\$1,987.26	\$2,042.50	\$2,212.24	\$2,241.09	\$2,270.09	\$2,299.25	\$2,328.56
\$ 375,000	\$1,581.02	\$1,632.02	\$1,683.92	\$1,736.68	\$1,790.31	\$1,844.77	\$1,900.07	\$1,956.18	\$2,013.08	\$2,070.76	\$2,129.21	\$2,188.40	\$2,370.26	\$2,401.17	\$2,432.24	\$2,463.48	\$2,494.88
\$400,000	\$1,686.42	\$1,740.83	\$1,796.18	\$1,852.46	\$1,909.66	\$1,967.76	\$2,026.74	\$2,086.59	\$2,147.29	\$2,208.81	\$2,271.16	\$2,334.29	\$2,528.27	\$2,561.24	\$2,594.39	\$2,627.72	\$2,661.21
\$425,000	\$1,791.82	\$1,849.63	\$1,908.44	\$1,968.24	\$2,029.02	\$2,090.74	\$2,153.41	\$2,217.00	\$2,281.49	\$2,346.87	\$2,413.10	\$2,480.18	\$2,686.29	\$2,721.32	\$2,756.54	\$2,791.95	\$2,827.54
\$450,000	\$1,897.22	\$1,958.43	\$2,020.70	\$2,084.02	\$2,148.37	\$2,213.73	\$2,280.08	\$2,347.41	\$2,415.70	\$2,484.92	\$2,555.05	\$2,626.08	\$2,844.31	\$2,881.40	\$2,918.69	\$2,956.18	\$2,993.86
\$475,000	\$2,002.62	\$2,067.23	\$2,132.96	\$2,199.80	\$2,267.72	\$2,336.71	\$2,406.76	\$2,477.82	\$2,549.90	\$2,622.97	\$2,697.00	\$2,771.97	\$3,002.32	\$3,041.48	\$3,080.84	\$3,120.41	\$3,160.19
\$500,000	\$2,108.02	\$2,176.03	\$2,245.22	\$2,315.58	\$2,387.08	\$2,459.70	\$2,533.43	\$2,608.24	\$2,684.11	\$2,761.02	\$2,838.95	\$2,917.86	\$3,160.34	\$3,201.55	\$3,242.99	\$3,284.64	\$3,326.51
\$525,000	\$2,213.42	\$2,284.83	\$2,357.48	\$2,431.36	\$2,506.43	\$2,582.68	\$2,660.10	\$2,738.65	\$2,818.31	\$2,899.07	\$2,980.89	\$3,063.76	\$3,318.36	\$3,361.63	\$3,405.14	\$3,448.88	\$3,492.84
\$550,000	\$2,318.82	\$2,393.63	\$2,469.75	\$2,547.14	\$2,625.78	\$2,705.67	\$2,786.77	\$2,869.06	\$2,952.52	\$3,037.12	\$3,122.84	\$3,209.65	\$3,476.37	\$3,521.71	\$3,567.29	\$3,613.11	\$3,659.16

Payments are based on a 30-year loan term and are rounded up to the nearest whole dollar.

Payments do not include insurance, property taxes, homeowner association dues and private mortgage insurance, if applicable.

STEPS IN A REAL ESTATE TRANSACTION

What happens in a real estate transaction from start to finish.

1. Buyer connects with licensed real estate professional
2. Buyer connects with a lender if a loan is needed
3. Buyer signs contract and provides earnest money funds
4. Agent delivers contract to title company with earnest money funds
5. Buyer orders termite and mechanical inspections
6. Title company opens file and orders title commitment and taxes
7. Title company obtains payoff information from seller's lender
8. Title company orders survey if new one is required
9. Title company reviews title commitment for title defects
10. Title company issues title commitment to buyer and buyer's lender
11. Loan approval received from buyer's lender
12. Closing date is set with escrow officer at title company
13. Buyer orders homeowners insurance policy
14. Title company receives loan closing instructions from buyer's lender and prepares documents and closing statements
15. Closing occurs
16. The transaction is funded; funds are distributed

AFTER CLOSING, THE TITLE COMPANY DOES THE FOLLOWING:

Returns or faxes required documents to lender for their approval. All lenders require this before funds are disbursed.

Receives and disburses all money from lender, including payment of all taxes, any bank charges, attorney's fees, title company fees and any other accrued expenses in connection with the closing.

Has legal documents recorded in the office of the county clerk.

Prepares and issues title policies and sends to lender and owner.



Moving Checklist

Before the Move

- ☐ Arrange for movers
- ☐ Notify your utility services at both your current and future residence
- ☐ Research and contact service providers at your new residence (e.g. Internet, Cable, Phone)
- ☐ Complete change-of-address form at the post office
- ☐ Start using up items that cannot be moved, such as frozen food, bleach and aerosols
- ☐ Begin packing items you don't use often
- ☐ Arrange for home insurance
- ☐ Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost in the move
- ☐ Donate or sell items that you do not wish to move
- ☐ Pack an essentials bag
- ☐ Measure furniture and come up with a plan on where you want everything in the new home
- ☐ Empty and defrost refrigerator
- ☐ Clean your current living space
- ☐ Give your landlord your new address in case he/she needs to forward stray mail

After the Move

- ☐ Clean your new home
- ☐ Change the locks to outside doors
- ☐ Check smoke detectors and replace batteries, if needed
- ☐ Be sure that all utility services are turned on and in your name (Electric, Gas, Water, Basin and Drainage, Garbage, etc.)
- ☐ Arrange times for cable and internet providers to come and install
- ☐ Change your address on your bank accounts, credit cards, driver's license, vehicle registration, voter's registration, etc.
- ☐ Notify your employer of your new address and new local tax ID
- ☐ Store all of your home's closing documents in a safe place
- ☐ Find and store manuals for the home's appliances and systems
- ☐ Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost after the move
- ☐ Meet your neighbors
- ☐ Unpack and enjoy your new home!