Thank you for considering Rockbrook Mortgage Inc. as your trusted partner in the home-buying journey. We are excited to share our *Home Buyer's Mortgage Guide* to help you understand the mortgage process and explore the options available to you.

At Rockbrook Mortgage, we pride ourselves on providing personalized service that's tailored to each client's unique needs. By combining modern technology with hands-on guidance, we ensure a smooth and efficient experience, whether you're a first-time homebuyer or a seasoned property investor.

Our access to a broad range of solid lenders and mortgage products allows us to offer solutions that meet your specific goals—from Conventional and FHA loans to VA and USDA options. We specialize in helping first-time homebuyers and serve clients across Nebraska.

Please take a moment to review the guide, and if you have any questions or are ready to get started, simply visit https://rockbrookmortgage.com/quick-start

We look forward to working with you!

Sincerely,
John Lehotyak
Owner, Mortgage Broker
Rockbrook Mortgage Inc.

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Steps to Homeownership

THE TYPICAL HOME PURCHASE PROCESS

1. **Pre-qualification -** This informally determines the maximum amount you are eligible to borrow. This is not a guarantee of a loan. The key to getting pre-qualified, is to provide your entire credit history. Not mentioning an outstanding car loan or previous credit problem can nullify the pre-qualification.
2. **Pre-approval -** Pre-approval is similar to pre-qualification, except your debt, income and credit are all verified and you are actually approved for a loan, up to a specific amount and under certain conditions and terms. Becoming pre-approved means you can search for your dream home knowing exactly how much you can afford.
3. **The Hunt -** Now that you know how much home you can afford, you can begin shopping. Ask your Real Estate Agent to search the MLS (Multiple Listing Service) daily for homes that meet your criteria.
4. **Purchase & Sale Agreement -** When you find the right home, your Agent will draft an offer that includes the terms of the sale, such as sale price, repair requests, move-in date, etc. and will present it to the seller(s). Your pre-approval letter (if applies) will typically be submitted with your offer to demonstrate that you have already been approved for a loan.
5. **Loan Application -** Once the seller accepts your offer, you will need to obtain your mortgage. Unless you have been pre-approved, you will need to complete a loan application.
6. **Documentation -** Paperwork supporting the application must be submitted. This normally includes pay stubs, 2 years' tax returns, account statements verifying the source of the down payment, funds to close and reserves. If you were pre-approved, this step was already completed.
7. **Appraisal -** Lenders require an appraisal on all home sales. This step can cause issues if there is a big discrepancy between the sale price and appraised value of the house, but this rarely occurs.
8. **Title Search -** This is the time when a search for any liens against the property is conducted. A lien may have been placed on a property to ensure payment of outstanding debts by the owner(s). All liens must be cleared before a title transfer can be completed.
9. **Property Inspection -** Most purchase loans require an inspection of the property for termite and water damage as well as possible safety hazards. Some problems may need to be addressed before the sale can be finalized.
10. **Processor's Review -** A loan processor will package all pertinent information to be sent to the underwriter, including any explanations that may be needed, such as reasons for negative credit.
11. **Underwriter's Review -** Based on the information put together by both the loan representative and the processor, the underwriter makes the final decision on whether or not a loan is approved. Lenders are looking for borrowers who will make their payments on time and for a property that will cover the cost of the investment, if a buyer defaults.
12. **Mortgage Insurance -** Many lenders require borrowers to carry private mortgage insurance when their down payment is less than 20% of the home's sale price. Even if a loan meets the standards of a lender, a mortgage insurance company could choose to deny coverage.
13. **Final Loan Approval -** In most cases, when your credit and debt-to-income ratio is good, your loan will be approved. However, in some cases, you may need to put more money down to improve the debt-to-income ratio. In addition, if the property appraises for less than the purchase price, you may need to increase your down payment to cover the difference. In some cases, repairs or improvements on the property may be required. There may also be other conditions to meet before the final loan approval and loan documents are issued.

14. **Insurance -** Lenders require fire and hazard insurance on the replacement value of the structure. If the property is located in a flood zone, flood insurance may be required. In seismically active areas, earthquake insurance may be required.
15. **Signing -** Final loan & escrow documents are signed by you (buyer) and the seller.
16. **Funding -** A wire or check for the amount of the loan will be sent to the title company.
17. **Close of Escrow / Closing -** Title transfer documents are recorded with the County Recorder.
18. **Confirmation of Recording -** The title company then authorizes the escrow company, or closing agent, to draft a check to the seller.
19. **Move In! -** You get to move in to your new home. Make sure you replace all the locks for safety.

If you have any additional questions, please contact:

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How much home can you afford?

Some factors used to determine that amount:

Credit Score/Rating – The higher your credit score, the more likely you'll qualify for a lower interest rate.

Interest Rate – The lower your interest rate, the more money you can borrow at the same monthly loan payment amount.

Down Payment – The more money you can pay up front, the less your loan amount will be. Additionally, if your down payment is 20% or more of the property value, you will not need to pay mortgage insurance, resulting in lower monthly mortgage-related expenses.

Debt-To-Income Ratios – There are two debt-to-income ratios that are used to determine your maximum loan amount:

- ***Housing ratio (or front-end ratio)*** is the percentage of your gross monthly income that is dedicated to paying your monthly mortgage-related expenses (principal and interest, property taxes, homeowner's insurance, mortgage insurance). Generally, this ratio should be 28% or lower.
- ***Total debt ratio (or back-end ratio)*** determines the percentage of your gross monthly income that is used to pay your combined monthly debts (mortgage-related expenses, credit cards, car loans, student loans, child support, etc.). Generally, this ratio should be 36% or lower.

Call today to learn more about how much home you can afford to buy!

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Do's and Don'ts during the home loan process

DO keep all existing credit card accounts open

DON'T MAX OUT or overcharge existing credit cards

DO maintain your current job/ employment (if a job change is unavoidable, contact us)

DON'T make any large deposits into any of your bank accounts

DO continue to make your rent or mortgage payments

DON'T make any large purchases, such as a car, appliances, etc.

DO notify us if you plan to receive gift funds for closing costs

DON'T co-sign for a loan or credit with another borrower

DO stay current on your existing credit and loan accounts

DON'T apply for new credit or loans of any kind

DO contact us if you are considering any decisions that may impact your financial picture

I'm here to help you through the process.

If you have any questions or concerns, contact me:

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Avoiding the Trigger Lead Trap: How to Protect Yourself When Applying for a Mortgage

When you're applying for a mortgage, it's important to know that once your credit is pulled, your information may be sold by the credit reporting agencies to large lenders as what's known as "Trigger Leads." These lenders often start bombarding you with calls, emails, and messages, promising lower costs or faster turnaround times. While some may genuinely offer competitive deals, many of these calls come from less-than-reputable sources, looking to sell you on offers that may sound too good to be true.

What Are Trigger Leads?
Trigger Leads are essentially your data being sold to lenders the moment your credit is pulled by a legitimate mortgage lender. Large companies buy these leads in near real-time and aggressively market their services to try and lure you away from your original lender. Often, their tactics revolve around flashy promises that, in reality, could come with hidden costs or unrealistic expectations. This can lead to confusion and frustration at a time when you're making one of the biggest financial decisions of your life.

How to Protect Yourself
The good news is that you can protect yourself from these unwanted calls and emails before you even apply for a mortgage. Here's how:

1. **Opt-Out of Prescreened Offers**
   Before starting your mortgage application, you can opt-out of receiving prescreened credit offers by visiting OptOutPrescreen.com. This will stop most unsolicited credit and insurance offers from coming your way for five years or permanently if you choose.
2. **Register with the National Do Not Call Registry**
   Adding your phone number to the National Do Not Call Registry can also reduce the number of telemarketing calls you receive.
3. **Stay Informed**
   For more information about Trigger Leads and how to manage prescreened credit offers, the Federal Trade Commission (FTC) provides helpful guidance in their article:

   https://consumer.ftc.gov/articles/prescreened-credit-insurance-offers

By taking these steps before applying for a mortgage, you can focus on working with your chosen lender without the hassle of unsolicited calls or offers.

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What is a Mortgage Loan Estimate?

A Loan Estimate is a three-page form that you receive after applying for a mortgage. The Loan Estimate provides important details about the loan you have requested. It must be provided to you within three business days after submitting your mortgage application.

When you receive a Loan Estimate, the lender has not yet approved or denied your loan application. The Loan Estimate shows you what loan terms the lender expects to offer if you decide to move forward. If you decide to move forward, the lender will ask you for additional financial information.

The form provides you with important information, including the estimated interest rate, monthly payment, and total closing costs for the loan. The Loan Estimate also gives you information about the estimated costs of taxes and insurance, and how the interest rate and payments may change in the future. In addition, the form indicates if the loan has special features that you will want to be aware of, like penalties for paying off the loan early (a prepayment penalty).

The form uses clear language and design to help you better understand the terms of the mortgage loan you've applied for. All lenders are required to use the same standard Loan Estimate form. This makes it easier for you to compare mortgage loans so that you can choose the one that is right for you.

For additional information, and an interactive guide to the mortgage Loan Estimate, visit:
www.consumerfinance.gov/owning-a-home/loan-estimate

If you have any additional questions, please contact:

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Four Ways an FHA Home Loan can Benefit You

FHA helps millions of Americans, especially first-time homebuyers and low-to-moderate income borrowers, achieve homeownership by providing the following benefits:

- **LOW DOWN PAYMENT:** FHA loans require as little as 3.5% down.
- **FLEXIBLE CREDIT REQUIREMENTS:** FHA loans are generally more lenient when it comes to credit requirements, making it easier for borrowers with lower credit scores to qualify.
- **COMPETITIVE INTEREST RATES:** FHA loans typically offer interest rates that compete with conventional loan rates.
- **GENEROUS LOAN LIMITS:** In 2023, the FHA loan limit for a single-family home in most areas of the country is up to $472,030. In high-cost areas, the loan limit can go up to $1,089,300.

Call today to explore your options and see if an FHA loan is the right choice for you!

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EQUAL HOUSING OPPORTUNITY

HomeReady® Mortgage

Fannie Mae's Home Affordability Loan Program

Call today for more information and to find out if you qualify

Program Highlights:

- **Low Down Payment and Flexible Sources of Funds.** Allows down payments as low as 3%, with no minimum contribution required from the buyer's own funds (on 1-unit properties).
- **Eliminates up to 1.75% in Mortgage Fee Add-ons for eligible first-time homebuyers.** Waives loan-level pricing adjustments on conventional mortgages made to first-time homebuyers.
- **Available to low- and moderate-income wage earners.** The borrowers' income must not exceed 80% of the area median income (AMI) for the property's location.
- **Cancellable mortgage insurance when home equity reaches 20%.**

Note: A HomeReady® Mortgage requires buyers to complete an online homeownership education course.

HomeReady is a registered trademark of Fannie Mae.

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