

Dream Team Mortgage GUIDE

YOUR COMPLETE HOME-BUYERS GUIDE TO UNDERSTANDING MORTGAGES

DO'S & DONT'S

TYPES OF LOANS

PRE-QUALIFICATION
VS. PRE-APPROVAL

GETTING PREAPPROVED

INTEREST RATES EXPLAINED



DREAM TEAM MORTGAGE

Turning Dreams Into Home

THE IMPORTANCE OF UNDERSTANDING THE MORTGAGE PROCESS

It's easy to get overwhelmed when you're planning to buy a home.

We get it, that is the reason we are committed to making your home buying experience as easy and transparent as possible, without being completely automated and impersonal. With so much of your hard-earned money on the line, now's the best time to seek advice from a trusted home loan expert, Dream Team Mortgage.



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Turning Dreams Into Home

THE HOME BUYING PROCESS IN 10 EASY STEPS

- 1 CHOOSE A REALTOR®**
- 2 GET PRE-APPROVED**
- 3 FIND YOUR DREAM HOME AND MAKE AN OFFER**
- 4 ESCROW DEPOSIT**
- 5 BUYERS LOAN APPLICATION**
- 6 HOME INSPECTION AND REQUEST FOR REPAIRS**
- 7 PURCHASE INSURANCE AND WARRANTY**
- 8 BUYERS LOAN APPROVAL**
- 9 PRE-CLOSING WALKTHROUGH/CLEAR TO CLOSE**
- 10 SIGN CLOSING DOCUMENTS**

Congrats, Welcome Home



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PRE-QUALIFICATION OR PRE-APPROVAL? *explained*

A PRE-QUALIFICATION IS NOT AN “APPROVAL”.

A PRE-QUALIFICATION SUGGESTS THAT BASED ON A CREDIT REVIEW AND THE BORROWERS **STATED** INCOME AND ASSETS THEY MAY QUALIFY WITHIN THE ACCEPTABLE GUIDELINES FOR A MORTGAGE.

A PRE-QUALIFICATION IS SUBJECT TO ALL BORROWER INFORMATION BEING VERIFIED AND DOCUMENTED.

PRE-QUALIFICATION OR PRE-APPROVAL?

explained pt. two

A PRE-APPROVAL IS BASED ON AN AUTOMATED UNDERWRITING SYSTEM AND A PRELIMINARY REVIEW OF THE BORROWERS CREDIT, ASSETS, INCOME, AND SUPPORTING DOCUMENTATION.

A PRE-APPROVAL STATES THE AMOUNT THE BORROWER IS QUALIFIED FOR, THE MONTHLY PAYMENT, AND THE INTEREST RATE BASED ON THE BORROWERS INCOME, DEBT, ASSETS, AND CREDIT HISTORY.

A PRE-APPROVAL IS SUBJECT TO ALL BORROWER INFORMATION BEING VERIFIED AND DOCUMENTED.



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GETTING PRE-APPROVED

document requirements



DRIVERS LICENSE (FRONT AND BACK)



LAST 2 YEARS OF W2'S AND/OR 2019 AND 2020
BUSINESS AND PERSONAL TAX RETURNS



LAST 30 DAYS OF PAYSTUBS



AWARD LETTERS (SOCIAL SECURITY,
PENSIONS OR DISABILITY)



2 MONTHS OF BANK STATEMENTS



RETIREMENT ACCOUNT STATEMENT



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TYPES OF LOANS

explained

CONVENTIONAL

This is the most common loan option and meets the needs of most people. Due to lack of government backing for these, they do require better credit to qualify, but the cost is considerably lower than most comparable government-backed loans.

FHA

If you don't qualify for a conventional loan, take a deeper look at this option. These loans are backed by the government and have a lower down payment requirement, credit score threshold, and income qualification. It might fit what you need!

VA

Do you or have you served in the U.S. military? If so, you'll want to look at this option because it's a great loan product that's an earned benefit offered to all active duty and retired military personnel. It has highly competitive pricing, no mortgage insurance requirement, the option to wrap the down payment into the loan principal, and further benefits extended to disabled vets.

USDA

This loan is designed for rural borrowers, making it ideal for those who may not be able to get conventional financing. It's managed by the Rural Housing Service and offers flexible credit criteria.

NON-TRADITIONAL

Several types of loans fit into this category, including: jumbo, zero score, interest only, adjustable rate, etc. If conventional methods of homeownership are not an option for you, then a non-traditional loan might be an alternative for you. These loans offer versatile methods of financing for select borrowers.



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WHAT ABOUT *interest rates?*

INTEREST RATES ARE A HOT TOPIC WHEN YOU'RE LOOKING TO BUY A HOME. DID YOU KNOW THAT ON ANY GIVEN DAY, MANY DIFFERENT THINGS CAN IMPACT INTEREST RATES?

HERE ARE THE MAIN VARIABLES THAT CAN AFFECT YOUR RATE:

1. Home price and loan amount: Your home price minus your down payment will determine how much you'll borrow which helps pin down how much the interest rate will be.
2. Down payment: Generally, a higher percentage down payment equals a lower interest rate. The more money you put down, the more stake you have in the property.
3. Loan term: Shorter terms (like a 15-year or a 20-year) generally have lower interest rates than a 30-year term.
4. Interest rate type: Interest rates come in two basic types: fixed and adjustable. Fixed rates do not change over time. Adjustable rate mortgages (ARMs), on the other hand, have an initial fixed period then go up or down based on the market. For example, a 5-year ARM loan will have a fixed rate for the first 5 years and then the rate will fluctuate from the 6th year onward.
5. Loan type: Different categories of loans have different rates.
6. Credit score: Primarily based on credit report information usually from credit bureaus. Typically, this is called your FICO score and is based upon your credit history.

Tips for:

MORTGAGE FINANCING

Always check with your lender before doing any of the following prior to **closing** on your home:



MAKING A BIG PURCHASE

Avoid making major purchases, like buying a new car or furniture, until after you close on the home. Big purchases can change your debt-to-income ratio that the lender used to approve your home loan and could throw the approval into jeopardy.

OPENING NEW CREDIT

Do not open any new credit cards or get a loan without speaking to your lender first.

MISSING PAYMENTS

Pay your bills on time to keep your credit score from dropping.

CASHING OUT

Avoid any transfers of large sums of money between your bank accounts or making any undocumented deposits - both of which could send "red flags" to your lender.

KEEP THE SAME JOB

Don't begin looking for new work during the process of purchasing your home.



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OUR COMMITMENT

Dream Team Mortgage

DREAM TEAM MORTGAGE IS
COMMITTED TO GOING ABOVE
AND BEYOND TO HELP,
**consistently providing you
with the expert guidance
you deserve throughout the
home buying process.**

