

## HOME BUYER TIPS & CHECKLIST

The most common American Dream is home ownership.

Buying a home is a very exciting big step that can be overwhelming. This brochure will provide basic information that will help you accomplish your home ownership goals.

A checklist has been provided you with resources and to help you assess your progress.

### ADVANTAGES TO OWNING A HOME

- Mortgage interest deductions
- Property tax deductions
- Build equity over time
- Home appreciation in value over time
- Privacy and pride of ownership
- Flexibility to make improvements

### BUYER CHECKLIST & ONLINE RESOURCES

- Review your credit report
- Examine finances & affordability
  - 📍 [www.c21lookingglass.com/Learn/AffordabilityCalculator](http://www.c21lookingglass.com/Learn/AffordabilityCalculator)
- Determine how much can be used as a down payment
  - 📍 Save bank statements and pay stubs
- Calculate anticipated payment
  - 📍 [www.mortgagecalculator.org](http://www.mortgagecalculator.org)
  - 📍 [www.c21lookingglass.com/Learn/MonthlyPaymentCalculator](http://www.c21lookingglass.com/Learn/MonthlyPaymentCalculator)
- Research lenders & mortgage rates
- Obtain a mortgage pre-approval
- Choose Realtor & search for homes
  - 📍 [www.c21lookingglass.com](http://www.c21lookingglass.com)
  - 📍 [www.realtor.com](http://www.realtor.com)
- Attend Open Houses
  - 📍 [www.openhouse.com](http://www.openhouse.com)

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### COMMON FINANCING OPTIONS

**Conventional Loan:** A long-term loan a lender makes for the purchase of a home. Typically requires 20% down.

**FHA Loan:** This government agency operates a variety of home-loan programs. Its most popular is the Sec. 203(b), program, which provides low-rate mortgages to buyers who make a down payment as small as 3 percent.

**VA Loan:** A program that allows most veterans to purchase a house without a down payment.

### IMPORTANT TERMS

**Balloon Mortgage:** A loan with lower monthly payments and one lump payment at the end of the term.

**Home Equity:** The market value of a home minus the any outstanding balance against the home.

**LTV:** Loan to Value ratio is the total amount of the mortgage divided by the appraised value of the property.

**Points:** Fees that a mortgage lender charges for the loan. Every point is equal to one percent of the mortgage amount. Buying points usually lowers interest rate.

**Pre-payment Penalty:** A penalty charged by the lender if loan is paid off early.

**PMI:** Private Mortgage Insurance allows the lender to recover funds in the event the borrower defaults on the loan. Usually applies if the LTV is higher than 80%.