



THINKING ABOUT BUYING A HOME

**Fabulous –  
you're in the  
right place**

**Your  
home  
purchase  
expert**



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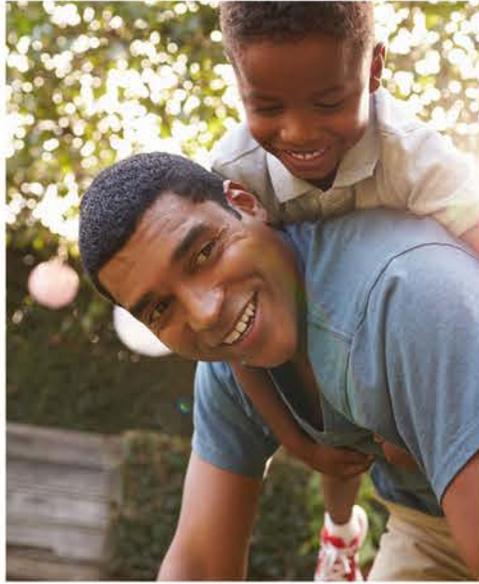
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**THE AARON ABED TEAM**  
CROSSCOUNTRY MORTGAGE™



## Setting the tone

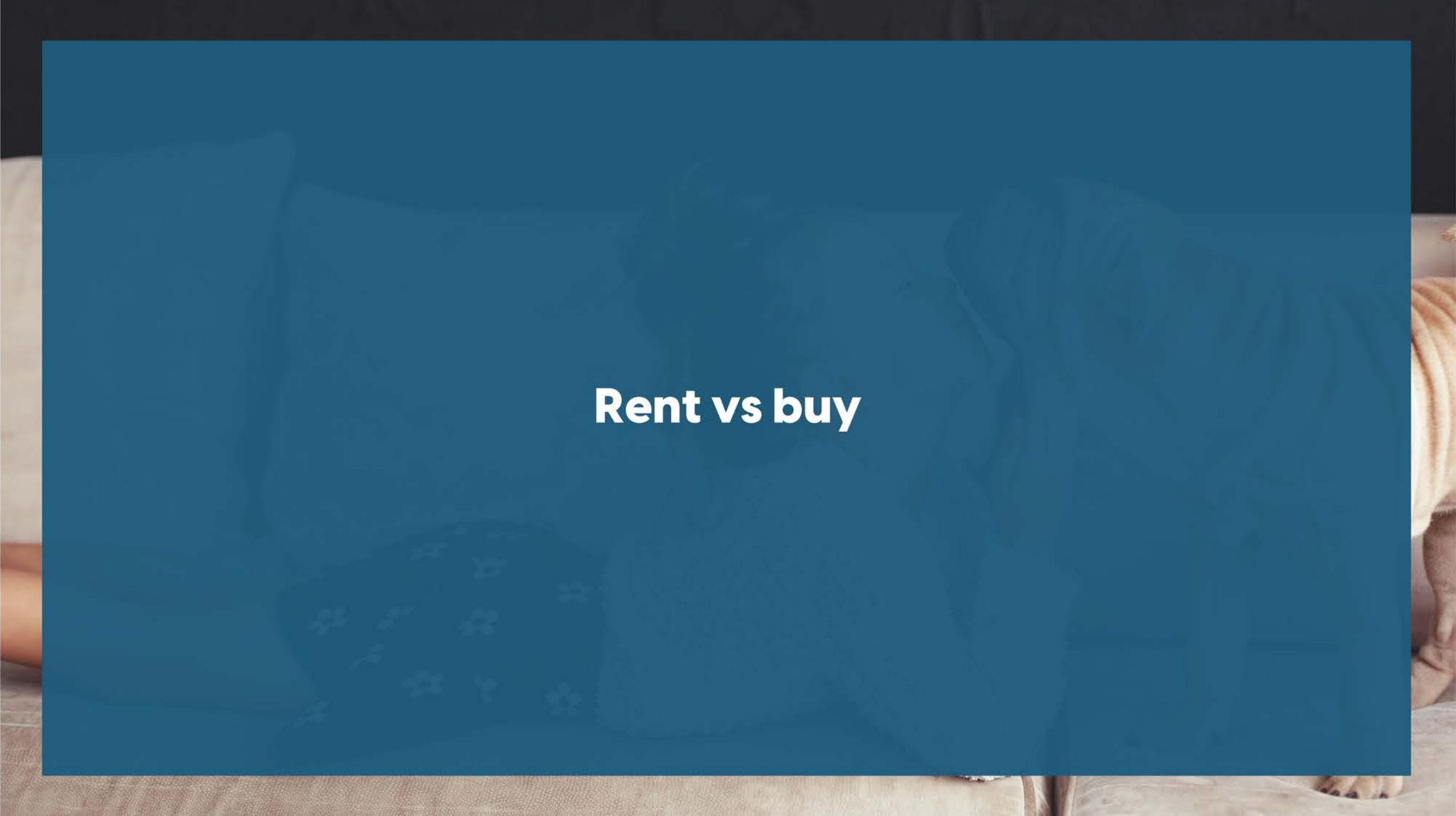
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Ask questions.  
Have fun.



# Agenda

- Rent vs. own
- Bonus to buying
- Assess & plan
- Mentally & emotionally
- Financially
- The homebuyer roadmap
- Q&A

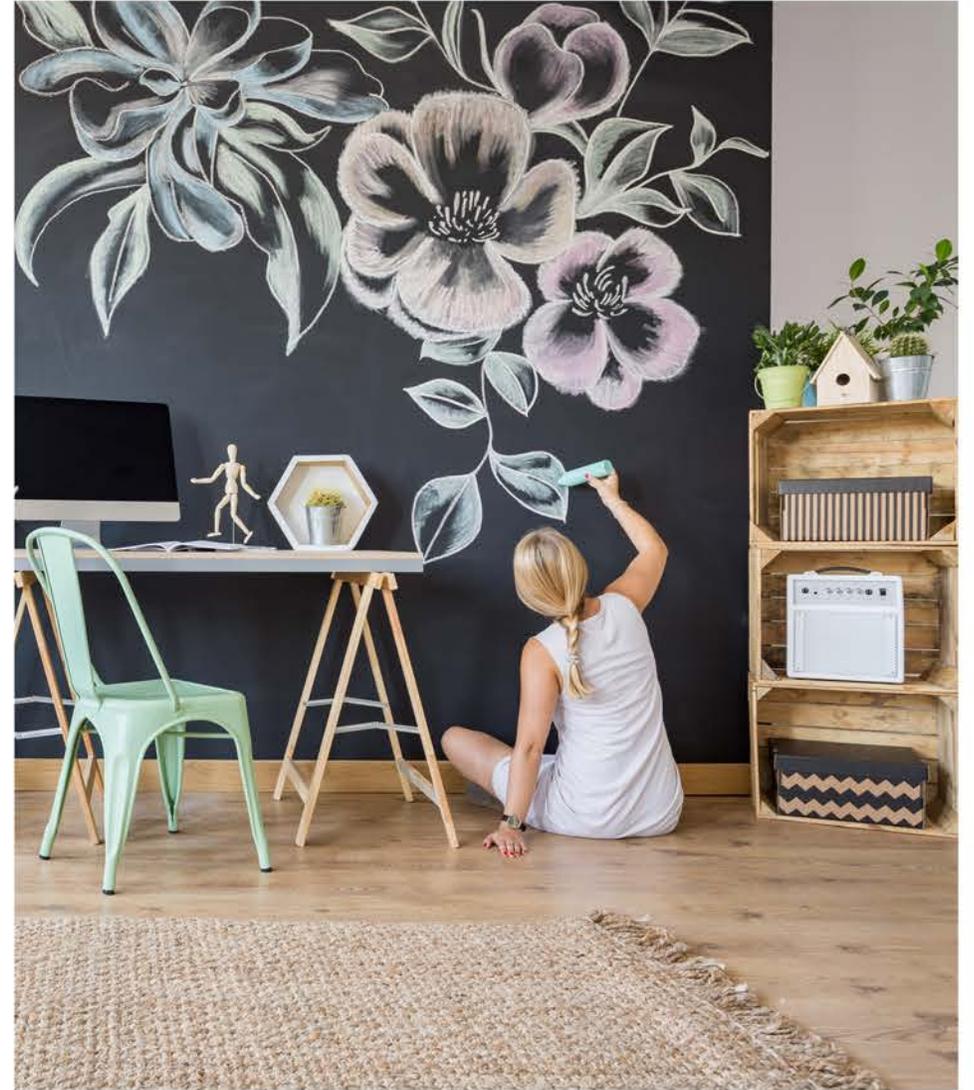


# Rent vs buy

## Bonus to buying

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- Tax benefits
- Build equity/wealth
- Pride of ownership
- Family and stability
- It's **yours** – pets, neon yellow walls, **your** rules





## Assess & plan

The earlier you can sit down with a mortgage professional, the more success you can ensure when it's time to make an actual offer.

**Mentally &  
emotionally**

**Financially**

# Mentally & emotionally

- What's your "why"? Is renting on the rise? Are you growing your family? Building equity? Moving for work?
- Do you plan on staying in the home for a few years?
- Are you purchasing with a partner or someone you are confident in sharing this commitment with?
- How much work would you be willing to put into a home?



# Financially

Think like a lender

CROSSCOUNTRY MORTGAGE



## Credit

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The higher your credit score, the better the rates and greater the options you'll have.



## Monthly Survival Number (MSN)

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How much does it cost to be you each month?



## Cash

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After putting aside 6-12 months of your MSN, how much can you put toward the down payment?



## Income

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Do you have a consistent earning history?



## Debt-to-Income (DTI)

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The ratio of your monthly debt against your income.

Typically, the lower your DTI, the more financing options you have.

## WHAT MAKES UP YOUR credit score?

A credit score or FICO (Fair, Isaac and Company) is a 3-digit numerical evaluation, ranging from 350-850, assessing your credit worthiness based on credit history and current credit accounts. The score, along with your existing debt, income, and employment status, is a factor of your mortgage approval.





## 740+

Excellent. Leads to premium rates and loan programs.



## 680 - 739

Very good. Creates ease in obtaining new credit.



## 640 - 679

Can suggest a second look from some lenders and may require added documentation.



## 639 & lower

Fair/challenging. May be difficult to obtain financing. (VA and FHA offer more flexible credit requirements.)

# Credit score quick guide

### BONUS CREDIT TIPS:

## Ways to improve your credit score

- Pay all bills on time
- Don't apply for too many new credit lines
- Don't max out credit cards
- Keep older credit lines open

## CCM TIP

# 1 in 5 Americans find **errors** on their credit reports

Credit report mistakes can lead to disqualifications. Monitor your own credit score as this could influence your ability to get a loan.

Rombach, A. (2017, January 5) CFPB Credit Reporting Complaints – Data & Report.  
Retrieved from <https://lendedu.com/blog/credit-reporting-complaints>



# Your monthly survival number (MSN)

How much does it cost to be you each month?

**CCM TIP:** We recommend having 6-12 months of survival funds set aside after the down payment. Life happens!

Rent/mortgage	<input type="text"/>	Trash pickup	<input type="text"/>
Auto	<input type="text"/>	Groceries	<input type="text"/>
Student loans	<input type="text"/>	Doctor	<input type="text"/>
Credit cards	<input type="text"/>	Giving/charity	<input type="text"/>
Home utilities	<input type="text"/>	IRA	<input type="text"/>
Phone	<input type="text"/>	Money market	<input type="text"/>
Cable/internet	<input type="text"/>	401(k)	<input type="text"/>
Dry cleaning	<input type="text"/>	Other: _____	<input type="text"/>
Yard maintenance	<input type="text"/>	Other: _____	<input type="text"/>
Day care	<input type="text"/>	Other: _____	<input type="text"/>
Cell phone	<input type="text"/>	Other: _____	<input type="text"/>
Insurance	<input type="text"/>	MSN total:	<input type="text"/>

$$\$ \underline{\hspace{2cm}} \text{ x } \mathbf{6} = \underline{\hspace{2cm}}$$

MSN  6 MONTHS OF SURVIVAL FUNDS

$$\$ \underline{\hspace{2cm}} \text{ x } \mathbf{12} = \underline{\hspace{2cm}}$$

MSN  12 MONTHS OF SURVIVAL FUNDS

# Your cash

After putting aside 6-12 months of your MSN, how much can you put toward the down payment?

	CONVENTIONAL	GOVERNMENT FHA, VA, & USDA	JUMBO
MINIMUM % DOWN PAYMENT	3%	0%-3.5%	5%
MAXIMUM LOAN AMOUNT	<b>\$766,550</b> Standard Conventional for single family	<b>\$498,257</b> Standard FHA for single family	<b>\$5M**</b>
GIFT FUNDS	100% of funds needed for down payment and closing can be gift funds.	100% of funds needed for down payment and closing can be gift funds.	100% of funds needed for down payment and closing can be gift funds.

\*Higher in some counties.

\*\*Max loan amount not available at minimum down payment.



## CCM TIP

**While calculating your down payment, remember to include closing costs. They can add up to thousands of dollars, typically 2%–5% of the purchase price of your home.**

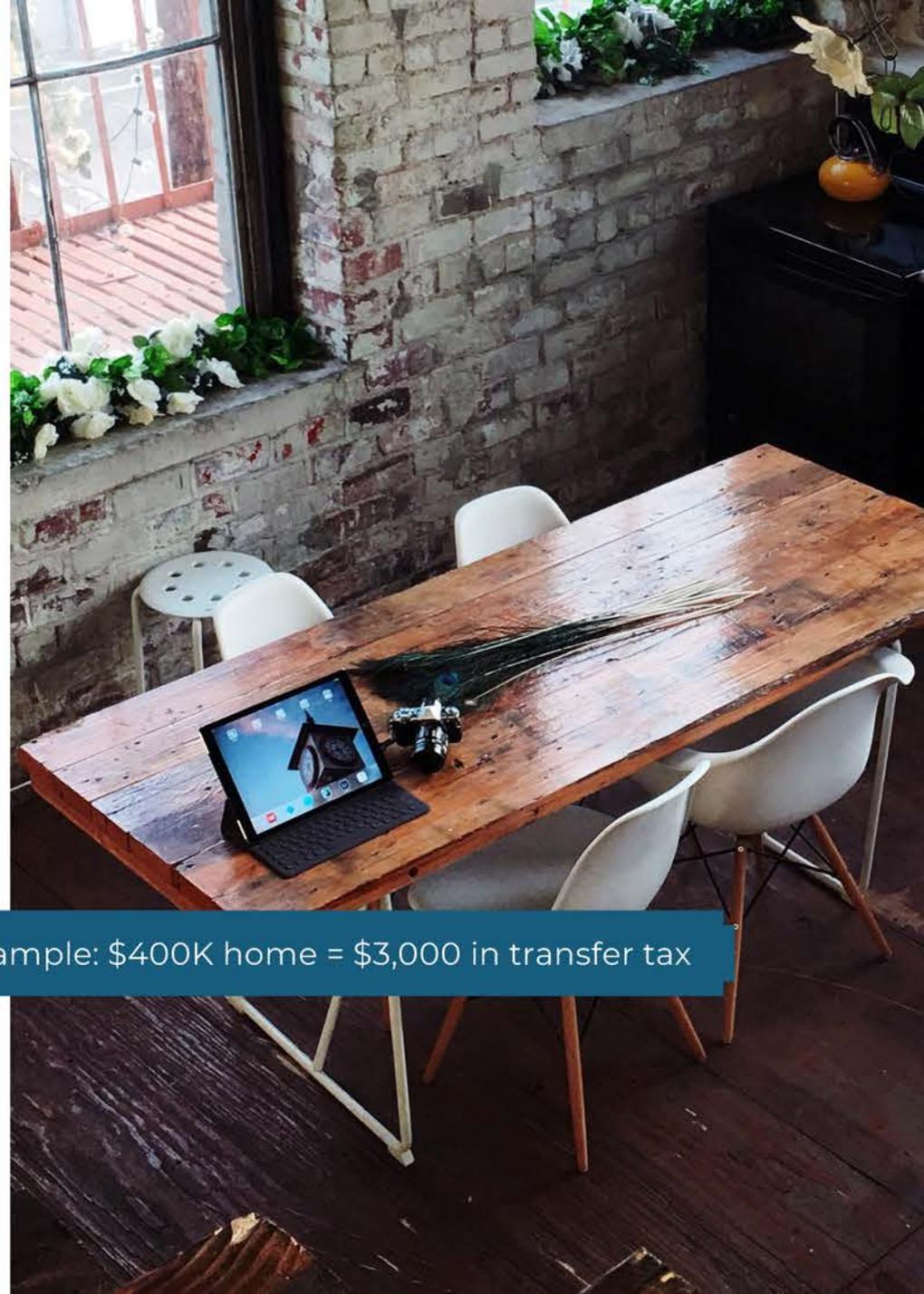
You may want to also budget for moving expenses, repairs, and renovations.



# Closing expenses

~2% - 5% of your purchase price

Home inspection	\$300–\$1,000
Appraisal	\$350–\$550
Homeowners insurance	\$600–\$1,800
Lender	\$1,000–\$1,500
Title	\$2,500–\$3,750
Transfer tax	\$7.50/every \$1K

A photograph of a rustic dining area. A long, dark wood dining table is set with a laptop displaying a house listing, a camera, and some greenery. The table is surrounded by white chairs. The background features a brick wall and a window with a flower box. A teal text box is overlaid at the bottom of the image.

Example: \$400K home = \$3,000 in transfer tax

# Your income

To assess your ability to make payments in the future, we will review your paystubs and tax returns for the last 2 years to ensure your income has been consistent and stable. If your income is variable because your self-employed or paid on commission, that's okay too! We'll likely request additional documentation.

Do you have a consistent earning history?



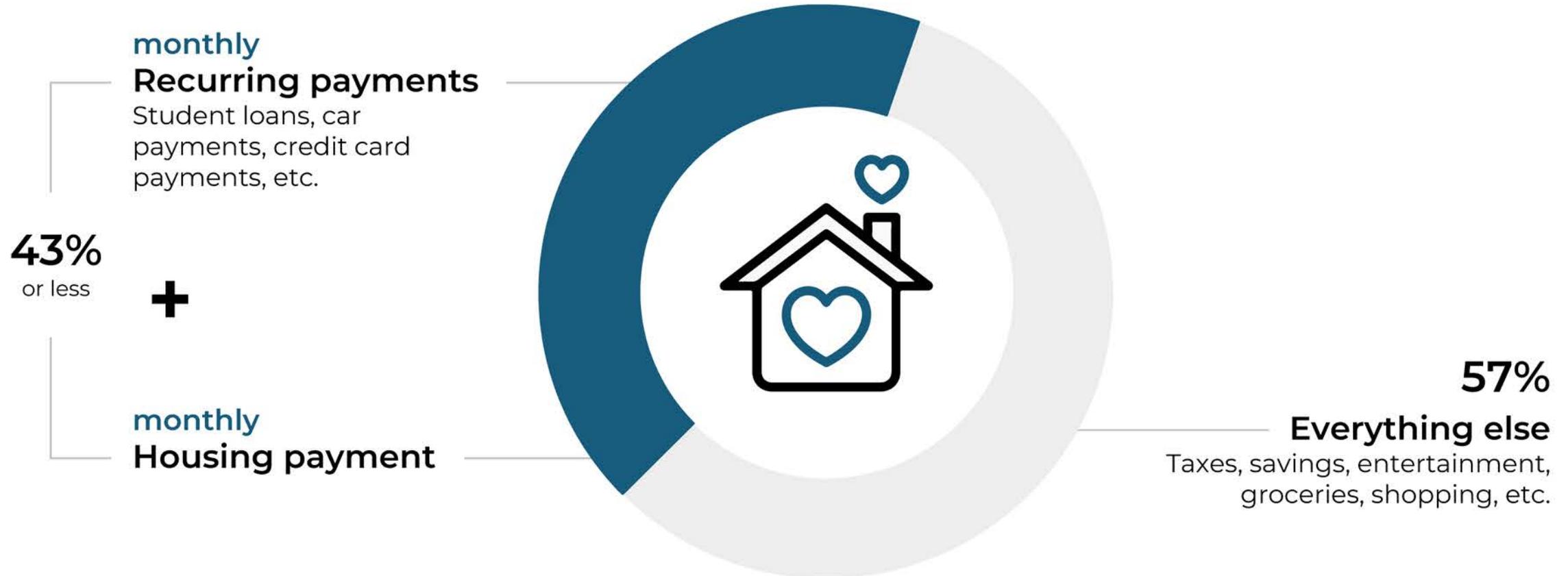
**CCM TIP:** If you're in the loan process, don't change jobs if you can avoid it. Lenders are required to ask about gaps in your employment history.

If a job change is inevitable, tell us as soon as possible.



# Debt to income (DTI)

This is the ratio of your monthly debt against your income. Typically, the lower your DTI, the more financing options you have.



## CCM TIP

**Keeping your DTI ratio low will help ensure you can afford your debt repayments and give you the peace of mind that comes from handling your finances responsibly. It can also help you be more likely to qualify for credit for things you really want in the future.**

**Ways to reduce your DTI:** Increase your income, pay off your debt, avoid taking on more debt, and postpone large purchases. Recalculate your DTI monthly to see if you're making progress.

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# What makes up your monthly payment?

- **Principal** – a portion of the amount borrowed or remaining unpaid
- **Interest** – the amount charged by the lender for borrowing money
- **Taxes** – the amount charged by the municipality based on the value of the property
- **Homeowners insurance** – a policy that protects you against financial loss in the event of property damage

## Additional costs (if applicable)

### **Mortgage insurance:**

A contract that protects the lender against loss caused by a borrower's default on a government or conventional home loan.

### **Mortgage Insurance Premium (MIP):**

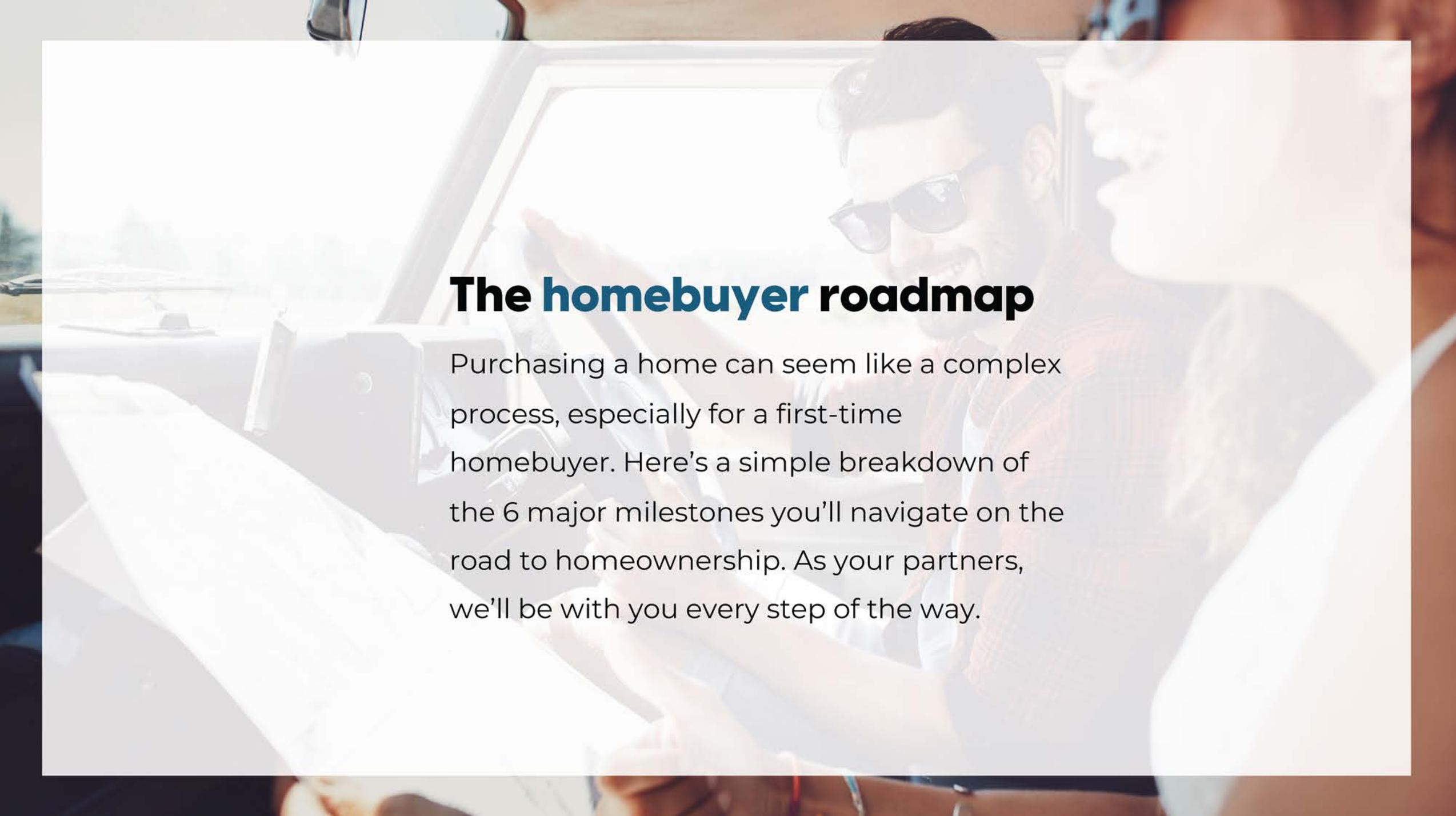
The amount paid by a borrower for mortgage insurance until a certain equity level is reached.

### **Private Mortgage Insurance (PMI):**

Mortgage insurance provided by a private company to protect lenders against loss if a borrower defaults.

### **Homeowners association dues:**

Depending on the type of property you buy, you may have to pay these additional fees.

A man wearing sunglasses and a woman are sitting in the front of a car. They are both looking at a tablet computer that the man is holding. The woman is pointing at the screen. The background shows a bright, sunny day outside the car window.

## The **homebuyer** roadmap

Purchasing a home can seem like a complex process, especially for a first-time homebuyer. Here's a simple breakdown of the 6 major milestones you'll navigate on the road to homeownership. As your partners, we'll be with you every step of the way.

# The homebuying who's who

**These are your team members on  
the road to homeownership!**

- Loan Officer
- Real Estate Agent
- Appraiser
- Attorney
- Title Company
- Home Inspector
- Home Insurance Agent

## Meet with your lender



**Meet 6-12 months before you intend to purchase.**

Now is the time to determine your budget and financial preparedness before looking for a home.



## Pre-qualify vs Pre-approve?

A **pre-qualification** is a simple calculation of the amount of home you can afford. It's based on information you provide with little or no supporting documentation to fully assess your financial ability.

A **pre-approval** is a document generated by your lender supporting your ability, as a buyer, to repay your forthcoming mortgage. It often involves a complete loan application. It provides a summary of valuable information to your real estate agent, including the amount you can afford, and other applicable conditions.

# Pre-approval positives

## **Determine your budget**

With a pre-approval, you get an estimate of your qualified loan amount —  
you can then shop for homes within your budget

## **Gain greater buying power**

You'll stand out as a qualified buyer who can make a strong offer which gives  
you an advantage over other home shoppers who are not pre-approved

## **Avoid setbacks**

You can find out which of your qualifications you can improve to ensure a smooth closing

## **Save time**

When you find the home of your dreams, you can lock your loan terms earlier and get to closing more quickly



Your lender will ask for the following documents:



**Payroll check stubs - 30 days**

If paid monthly, provide 2 consecutive months



**Tax returns – 2 years: 1040, W-2, 1099**

If applicable, provide corporate returns



**Assets – 2 months’ most recent bank statements**



**Copy of photo ID**



**Credit check**

Your lender will need your name, home address, date of birth, and social security number

\*Self-employed borrowers may need to provide additional documentation

## Find a home

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Meet with your agent to determine your wants vs. needs. Go in search of your perfect home 3-6 months before you intend to buy.

### **Your agent can help you be realistic about “perfect”:**

- Cosmetic fixes vs. structural issues
- Property taxes
- Neighborhood crime rates
- Quality of the schools
- Proximity to major interstates and public transportation

## Make an offer

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Once you've found your dream home, **work with your agent** to negotiate a price and schedule a home inspection.

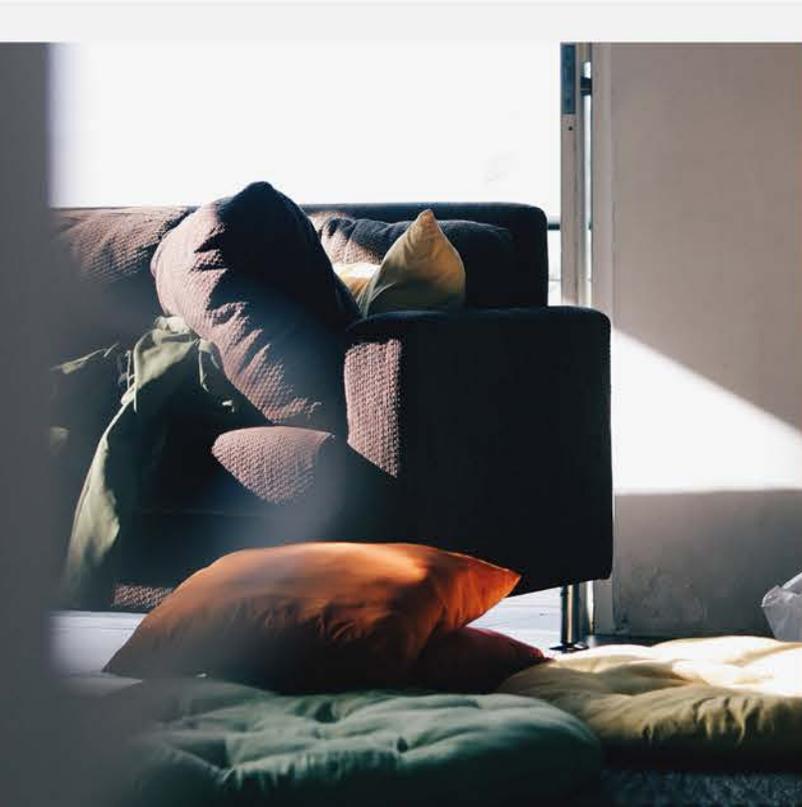
- Your agent will know how much other homes are selling for in the neighborhood and will fight for the fairest price.
- The inspection will confirm there aren't any hidden problems with the foundation, plumbing, heating, cooling, and electrical systems.
- If you want anything that's not nailed down to be included in the sale, especially the appliances, it must be stated in the contract.

**Apply for  
a mortgage**

Your application will provide us with any remaining financial information we'll need and lock your interest rate until the closing date.

# Homebuying do's & don'ts

Here are a few tips to help avoid problems while purchasing a home



## Do

- Inform us of any changes in employment or compensation
- Continue to pay your rent, mortgage, and credit cards on time
- Keep a paper trail of funds moving from accounts
- Notify us of any changes in your finances
- Notify us of any travel plans during the application process

## Don't

- Change or quit your job
- Co-sign for anyone
- Transition from your current employer to self-employed
- Apply for or close out any credit cards
- Max out any credit cards – do maintain a low balance and avoid large purchases
- Move funds from account to account (all transfers will require a paper trail)

## Underwriting & appraisal

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We'll verify your application information, assess your credit and collateral, and order an appraisal to ensure you're not overpaying.

### The underwriting process:

- An underwriter will complete an initial review within 48 hours
- If any conditions are required, we will work with you to clear conditions within 2 days
- Your loan will return to an underwriter for final review and a clear to close (CTC)
- The processor will inform all parties of the CTC and verify the closing date and time

## Closing

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Time to celebrate! After all the paperwork is signed, you'll receive the keys to your new home.

### Arrive prepared:

- Plan to review the final documents to confirm the rate and loan amount
- Bring a cashier's check or prearrange a wire transfer to cover the closing costs and down payment
- Bring your photo ID and possibly a Social Security card to confirm your identity

# Home inspection vs home appraisal

	HOME INSPECTION	HOME APPRAISAL
WHAT IS IT?	Determines the <b>condition of the property</b> you're buying.	Determines the <b>value of the home</b> you're buying.
WHEN DO YOU GET IT?	Order an inspection after your offer is accepted.	We'll order an appraisal when your loan is in underwriting.
HOW MUCH DOES IT COST?	<b>Approx.</b> \$250-\$400	<b>Approx.</b> \$450-\$600

# your closing cost breakdown

Closing costs vary according to the specifics of your transaction but can typically include the following:

- **Origination fee:** A fee paid to a lender for processing a loan application (generally between 0.0% to 1.0% of the loan amount).
- **Title insurance and fees:** Ensures transfer of ownership and protects against financial loss in the event of a future claim on the property.
- **Pre-pays:** Covers mortgage interest due between your closing date and your first mortgage payment. May also include your first year of homeowners insurance.
- **Escrow costs:** Fee to set up an account where a two-month reserve for property taxes and homeowners insurance is collected and held for payment when due.
- **Appraisal fees:** The cost of an independent appraisal of the property.
- **Transfer taxes:** The city, county or state's fee for the change of ownership in a property.
- **Recording fee:** Paid to the county clerk for recording the deed and mortgage and changing the property tax billing.
- **Points:** Fees paid to the lender for a reduced interest rate.
- **Other fees:** Anything else you may have to pay at closing. Speak with us to understand any additional costs.

# Q&A



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Equal Housing Opportunity. All loans subject to underwriting approval. Certain restrictions apply. Call for details. All borrowers must meet minimum credit score, loan-to-value, debt-to-income, and other requirements to qualify for any mortgage program. CrossCountry Mortgage, LLC NMLS3029 ([www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org)). See <https://crosscountrymortgage.com/licensing-and-disclosures/state-disclosures/> for a complete list of state licenses. 2039102 86ayq9hek

# Q&A



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