



First – Time Home Buyer Seminar
*Presented by: **Northern Bank** (NMLS 472275)*

The Cost of Renting

- \$2,855.00 = 1 month rent for 1-2 bedroom apartment
- 3% annual rent increase
- Approximate amount spent after 5 years: \$171,300.00
- Net equity gain: \$0.00
- Nothing to show for the rent spent after a 5 year period
- Limited to no tax deductibility



Please note: All loan requests are subject to credit approval.

Advantages of Owning a Home

- Homes typically increase in value allowing for a long term financial investment
- Pride & joy of owning a home of your own
- The interest, property taxes and in most cases mortgage insurance is tax deductible (consult with your tax advisor)
- Your costs are predictable and more stable than renting because they're ideally based on a fixed-rate mortgage.
- Build equity



Please note: All loan requests are subject to credit approval.

Renting vs. Owning

Purchase Price: \$250,000 | Down Payment: 3%

<u>Monthly Payment Analysis</u>				
		<u>Rent</u>		<u>Own</u>
Loan Amount		N/A	\$	339,500
Rate		N/A		6.625%
Annual Percentage Rate(APR)		N/A		6.737%
Term (months)		N/A		360
Principal & Interest (P&I)		N/A	\$	2,173
Property Tax		N/A	\$	350
Hazard Insurance		N/A	\$	100
Mortgage Insurance (MI)		N/A	\$	n/a
Total Monthly Payment	\$	1,300	\$	2,623
Est. Tax Benefit		0	\$?
Est. Net Payment after Taxes		1300	\$	TBD



Please note: All loan requests are subject to credit approval.

What Will My Monthly Payment Be?

- What will my mortgage payment include?
 - PITI / MI – PrinIncipal, Interest, Taxes, Insurance and in some cases, Mortgage Insurance

PAYMENT BREAKDOWN	
Term/Product	30 Year - Fixed Rate Mortgage
Price/Value	\$ 350,000
Interest Rate/Annual Percentage Rate	6.625%/6.737%
Loan Amount (3% Down)	\$ 339,500
P&I***	\$ 2,173
Property Tax	\$ 350
Hazard Insurance:	\$ 100
Mortgage insurance (MI):	\$ n/a
Total Monthly Payment	\$ 2,623
***Payments do not include amounts for taxes and insurance premiums (if applicable).	
Your actual payments may be greater.	



Please note: All loan requests are subject to credit approval.

Home Buyer Road Map

- START: by attending a Home Buyer Seminar
- APPLY: for a Preapproval
- FIND: a Buyer's Agent
- SEARCH: Start searching for your new home
- OFFER: Make a strong offer
- INSPECT: Have a Home Inspection done
- NEGOTIATE: Based on the results of the Home Inspection
- CONTRACT: Have your draft P&S reviewed by an attorney
- SIGN: Your Purchase & Sale Agreement
- APPLY: For a mortgage
- APPROVED: Receive your lender's Commitment Letter
- CLOSE: Sign your loan documents
- **OWNERSHIP!**



Please note: All loan requests are subject to credit approval.

Ready to Buy?

- Do you have a steady income stream?
- Are you able to pay all of your bills on time?
- Do you have enough cash savings for a down payment?



Please note: All loan requests are subject to credit approval.

Loan Application (1003)

- Mortgage Type & Property Information
- Borrower (s) Information
- Employment & Income
- Assets & Liabilities



Please note: All loan requests are subject to credit approval.

Mortgage Type and Property Information

I. TYPE OF MORTGAGE AND TERMS OF LOAN						
Mortgage Applied for:	<input type="checkbox"/> VA	<input type="checkbox"/> Conventional	<input type="checkbox"/> Other (explain):			Agency Case Number
	<input type="checkbox"/> FHA	<input type="checkbox"/> USDA/Rural Housing Service				Lender Case Number
Amount \$	Interest Rate %	No. of Months	Amortization Type:	<input type="checkbox"/> Fixed Rate	<input type="checkbox"/> Other (explain):	
				<input type="checkbox"/> GPM	<input type="checkbox"/> ARM (type):	

II. PROPERTY INFORMATION AND PURPOSE OF LOAN					
Subject Property Address (street, city, state & ZIP)					No. of Units
Legal Description of Subject Property (attach description if necessary)					Year Built
Purpose of Loan	<input type="checkbox"/> Purchase	<input type="checkbox"/> Construction	<input type="checkbox"/> Other (explain):		
	<input type="checkbox"/> Refinance	<input type="checkbox"/> Construction-Permanent	Property will be:	<input type="checkbox"/> Primary Residence	<input type="checkbox"/> Secondary Residence
				<input type="checkbox"/> Investment	
<i>Complete this line if construction or construction-permanent loan.</i>					
Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a + b)
	\$	\$	\$	\$	\$
<i>Complete this line if this is a refinance loan.</i>					
Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
	\$	\$		Cost: \$	
Title will be held in what Name(s)			Manner in which Title will be held		Estate will be held in:
					<input type="checkbox"/> Fee Simple
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)					<input type="checkbox"/> Leasehold (show expiration date)



Please note: All loan requests are subject to credit approval.

Borrower Information

Borrower				III. BORROWER INFORMATION				Co-Borrower			
Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)							
Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School				
<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include <input type="checkbox"/> Separated single, divorced, widowed)		Dependents (not listed by Co-Borrower) no. ages		<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include <input type="checkbox"/> Separated single, divorced, widowed)		Dependents (not listed by Borrower) no. ages					
Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.				Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.							
Mailing Address, if different from Present Address				Mailing Address, if different from Present Address							
<i>If residing at present address for less than two years, complete the following:</i>											
Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.				Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.							



Please note: All loan requests are subject to credit approval.

Employment & Income

Borrower		IV. EMPLOYMENT INFORMATION		Co-Borrower		
Name & Address of Employer	<input type="checkbox"/> Self Employed	Yrs. on this job		Name & Address of Employer	<input type="checkbox"/> Self Employed	
		Yrs. employed in this line of work/profession				
					Yrs. employed in this line of work/profession	
Position/Title/Type of Business	Business Phone (incl. area code)			Position/Title/Type of Business	Business Phone (incl. area code)	

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Freddie Mac Form 65 7/05
Page 1 of 5
Fannie Mae Form 1003 7/05

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$	Rent	\$	
Overtime				First Mortgage (P&I)		\$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$	\$	\$	Total	\$	\$

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income *Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.*

B/C		Monthly Amount
		\$



Please note: All loan requests are subject to credit approval.

Assets & Liabilities

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant's spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed Jointly Not Jointly

ASSETS	Cash or Market Value			
Description		Liabilities and Pledged Assets. List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Cash deposit toward purchase held by:	\$			
<i>List checking and savings accounts below</i>		LIABILITIES	Monthly Payment & Months Left to Pay	Unpaid Balance
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months	\$
Acct. no.		Acct. no.		
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months	\$
Acct. no.		Acct. no.		
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months	\$
Acct. no.		Acct. no.		



Please note: All loan requests are subject to credit approval.

Pre-Approval Process

4 C's used to determine Mortgage Approval



Please note: All loan requests are subject to credit approval.

Pre-Approval Process (cont'd)

Documents needed for Preapproval

- **Most recent paystubs (30 days)**
- **2 years w-2's (most recent)**
- **Last 2 years tax returns**
- **2 months of bank statements (most recent)**



Please note: All loan requests are subject to credit approval.

Pre-Approval Process (cont'd)

Financing Options:

- Conventional Loans
 - Fixed Rate
 - Adjustable Rate
- Government-Backed Loans (FHA & VA)
- MassHousing Mortgages
- Adjustable Rate Mortgages (ARM)
- Mortgage Insurance (MI | PMI)
- Discuss different program benefits with your loan officer.
- Submit application
- Receive your Preapproval Letter



Please note: All loan requests are subject to credit approval.

Protect Your Credit Rating

Once you have applied DO NOT

- Have your credit pulled for any reason
- Open any new credit
- Charge any big ticket items
- Shop for furnishings for your new home
- Close any credit cards
- Pay-off or pay down any accounts without consulting with your Loan Officer.



Please note: All loan requests are subject to credit approval.

Find a Buyer's Agent to help you Shop for your dream home



- Single Family
- Multi – Family
- Condominium



Please note: All loan requests are subject to credit approval.

Make & Negotiate Offer

- The negotiation process of an offer made may take some time and go back and forth before a deal is reached.
- Your Buyer's Agent is the best person to help you in this process.



Please note: All loan requests are subject to credit approval.

Get a Home Inspection



- Home Inspections are an important part of the home buying process
- Qualified home inspectors work with buyers to help you learn more about the home you are purchasing, and help decide whether or not to move forward.



Please note: All loan requests are subject to credit approval.

Signing the Purchase & Sale Agreement (P&S)

- Home Inspection results are discussed and an opportunity may arise to renegotiate, which should be included in the P&S.
- Before signing the P&S, have lender's attorney (or your own attorney) review and add Buyer's Addendum.
- Commitment and closing dates are agreed upon and are included in the P&S.



Please note: All loan requests are subject to credit approval.

Financing



Application / Disclosures

- Uniform Residential Loan Application (1003)
- Loan Estimate (LE)



Appraisal

- Estimated market value of the subject property

Title Work

- Ensures the property has a clean ownership history

Processing

- All required documents are collected & organized

Underwriting

- Verification of documents to ensure eligibility



Please note: All loan requests are subject to credit approval.

Receive Mortgage Approval *(Commitment Letter)*

- Your lender issues you your Commitment Letter
- Discuss any Approval Conditions with your Loan Officer.
- You may want to get an extension to protect your deposit.
- Any and all remaining conditions are sent to underwriting for final review
- Your loan is 'cleared to close'



Please note: All loan requests are subject to credit approval.

Closing

- The closing will take place at an agreed upon location. (Registry of Deeds, Attorney's Office, or local Real Estate office).
- All final closing documents are to be signed and all monies are collected

CONGRATULATIONS!! You are now the owners of a new home!



Please note: All loan requests are subject to credit approval.



Northern Bank's Guide to Homeownership

1. Submit Preapproval Application
2. Receive your Preapproval
3. Choose a Buyer's Agent
4. Shop for your dream home
5. Make an offer
6. Get a home inspection
7. Have draft P&S reviewed by an attorney
8. Sign a Purchase & Sale Agreement (P&S)
9. Receive Mortgage Commitment Letter
10. Close and move into you new home

Please note: All loan requests are subject to credit approval.

Need More Information?

Call or e-mail me anytime!

Donna Koulas

Assistant Vice President/Residential Loan Officer

606 Main Street, Suite 2001

Reading, MA 01867

Phone: (978) 689-5267

E-mail: dkoulas@nbtc.com

NMLS: 697227

Start your Preapproval now by logging in to:

www.nbtc.com/dkoulas.html



Please note: All loan requests are subject to credit approval.

25

Member FDIC

