

MORTGAGE *basics*

A MORTGAGE GUIDE

BEAUSOLEIL REALTY GROUP | 336-810-7030



BEAUSOLEIL REALTY GROUP | HOMESBYBRG.COM

C O N T E N T S



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Beausoleil Realty Group

REAL ESTATE COMPANY

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Beausoleil Realty Group is a locally owned, women-led real estate agency serving Alamance County and the surrounding area. We are committed to delivering a personalized, transparent, and service-focused experience for every client. Whether you're buying, selling, or exploring financing options, our team is here to guide you with integrity, expertise, and care.



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01

8 STEPS TO *home* OWNERSHIP



EIGHT STEPS

to home ownership

01 SET A BUDGET & START A HOME FUND

Determine how much you can realistically afford to pay toward a mortgage each month. Other than what you spend on rent, write down everything you spend money on each month. These are your non-housing expenses. Next, subtract your non-housing expenses from your net take-home pay. Your goal would be to stay well under this number. The further your mortgage payment falls below this number, the safer you'll be.

02 CHECK YOUR CREDIT REPORTS & SCORES

Your credit score can make or break your chances of getting a mortgage loan. Make sure there aren't any errors or inaccuracies. If there are, dispute them ASAP. When looking at your FICO score, you'll probably need a score of at least 640 to qualify for a mortgage loan.

03 SELECT THE BEST TYPE OF MORTGAGE LOAN FOR YOU

FHA. Conventional. ARM. Fixed-rate...there are many choices with different rates, fees and time periods. Determine how long you might be living in the home and select a term that would best fit that need. A longer stay might warrant a fixed rate vs. an adjustable rate might suit a shorter stay better.

Do you want to make a larger down payment of 10% on a conventional loan, and pay a smaller amount of mortgage insurance each month? Or ... do you want to make a smaller down payment of 3.5% for an FHA loan, and pay more in mortgage insurance every month? Ultimately a mortgage expert can help you decide what will be best for your situation.

04 GET PRE-APPROVED & START SHOPPING

A lender will determine whether or not you're qualified for a loan, and how much the lender is willing to give you. Once this is determined you will receive a letter informing you what you have been pre-approved for and this will help you decide what price range of homes you should be looking at.

EIGHT STEPS

to home ownership

06 INSPECTIONS

After an offer is accepted, you will hire a home inspector. An inspection is a non-invasive examination of the house, including the visible portions of the roof, foundation, plumbing, electrical system, & heating/cooling system. This is done entirely for your benefit and gives you a better picture of a home's true condition.

08 CLOSING

When the property is transferred from the seller to the buyer, you are said to have "closed escrow." Closing involves a lot of paperwork & the distribution of funds. The seller gets paid, and if applicable, agents receive their commissions, and the lender fees will be paid. Make sure you have saved up enough money to cover your closing costs. Your lender will give you a written estimate of these costs in advance, always saving over that estimated amount. Lastly, you will walk away with the keys to your new house.

05 MAKE AN OFFER

When you've found a house that meets all your wants and needs, you're ready to make an offer! Your offer should be based on comparable sales of similar homes that have sold in the same area recently. Negotiations will begin and an agreement will be reached.

07 APPRAISAL

A mortgage lender has a lot at stake in this investment, therefore they want to make sure the home is worth the amount that you agreed to pay. The lender will have the home appraised to determine its current market value. If the lender determines the home is worth less than the agreed price, the lender might withhold financing.





02

current
MARKET STATS



statistics

NOVEMBER 2019 - NOVEMBER 2020

OUR STATISTICS

THE MARKET



AVG. LIST
PRICE

\$510,000

\$410,000



AVG. SALE
PRICE

\$500,000

\$398,000



LIST TO SALE
RATIO

98%

97%



AVG. DAYS ON
MARKET

23

46



03



TYPES OF *mortgages*



TYPES OF *mortgage* LOANS*

	WHO QUALIFIES	DOWN PAYMENT	UPFRONT MORTGAGE INSURANCE	MONTHLY MORTGAGE INSURANCE	MINIMUM CREDIT SCORE
Conventional	Anyone who meets the minimum credit and income levels.	At least 3%	REQUIRED if under 20% down	REQUIRED if under 20% down	640
VA Department of Veteran Affairs	Veterans Personnel with honorable discharge Reservists & National Guard Surviving Spouses	NONE	NONE	NONE	580
USDA Department of Agriculture	Someone who is buying a home in a USDA -designated area.	NONE	2% of the loan amount. Can be rolled into loan amount.	REQUIRED	640
FHA Federal Housing Administration	Anyone who meets the minimum credit and income levels.	At least 3.5% of purchase price	1.75% of loan amount	REQUIRED	580-640
203K Federal Housing Administration	Anyone who plans to purchase a fixer-upper or needs to renovate their home and meets credit & income requirements	At least 3.5% of purchase price	1.75% of loan amount	REQUIRED	580-640

*Consult with a lender to verify above data & addition loan options.



04

POSSIBLE
costs



8 POSSIBLE

*associated costs**

*not a complete list

Buying a Home

EXPENSE #1

down payment

Many first time home buyers believe they have to put 20 percent down on a home. But that's far from true. There are loan programs that let you buy with as little as 3.5 percent down.

EXPENSE #2

home inspections

According to the U.S. Department of Housing and Urban Development, a typical home inspection costs \$500 to \$1000, depending on the area and size of the home. In almost all cases, it's well worth it for a buyer to perform an inspection.

EXPENSE #3

property taxes

Property taxes will depend on the state and county where your home is. Real estate property taxes are paid annually and usually between 0% and 2.5% of your home price

EXPENSE #4

insurance

HOME OWNERS INSURANCE- Homeowners insurance is designed to help cover costs if any substantial damage happens to your home.

MORTGAGE INSURANCE- If you have put down less than 20% down payment, lenders will charge you mortgage insurance as a way to minimizing the risk to them.

EXPENSE #5

closing costs

Buyers closing costs typically add up to about 3% to 5% of the home's purchase price. Closing costs depend on your unique transaction. Sometimes closing costs can be negotiated. However, as a buyer in today's market, you'll typically be expected to cover the closing costs.

EXPENSE #6

monthly mortgage payment

This amount will vary widely, depending on the sale price of your home, the amount of your down payment, mortgage rates, and what fees are included in your payment.

EXPENSE #7

home renovations

It is very rare to purchase a home and have it perfectly move-in ready. Be sure to have money set aside for some painting and appliances.

EXPENSE #8

Maintenance

It is very important to maintain your new home to retain its value and build equity. Over time it will be necessary to service major systems and do general annual maintenance.

POSSIBLE

associated costs

Selling a Home

EXPENSE #1

updates to prepare for sale

Most homes need to do a fresh coat of paint and update some things to get their home in tip top shape for sale

EXPENSE #2

negotiated repairs

repairs to the home negotiated between seller and buyer after inspections.

EXPENSE #3

title fees

These are the taxes you'll pay when the title for the home changes from you to your buyer at closing.

EXPENSE #4

HOA fees

If you live in a neighborhood with HOA costs, you will need to make sure you've paid up to the close date.

EXPENSE #5

owner's title insurance

protects the new owner from issues with your home's title. This provides peace of mind to the future owner from the financial burden should there be a dispute over the property or because of outstanding liens from contractors, creditors, or the government.

EXPENSE #6

prorated property taxes

When selling a home, you are responsible for prorated property taxes due up to the date of the sale, at which point the buyer will take over.

EXPENSE #7

realtor commissions

Often, the seller pays the real estate agent commissions which usually total between 4 and 6% but is always negotiable.

EXPENSE #8

attorney closing fees

Closing fees cover managing the closing. This includes recording, signing and holding all funds. Escrow providers charge either a flat fee typically \$500-\$1000 depending on where you live.



05

MORTGAGE *terms*



mortgage terms

AMORTIZATION

Amortization is an accounting technique used to periodically lower the book value of a loan or intangible asset over a set period of time.

APPRAISAL

An appraisal is a valuation of property, such as real estate, a business, collectible, or an antique, by the estimate of an authorized person.

CERTIFICATE OF TITLE

A certificate of title is a state or municipal-issued document that identifies the owner or owners of personal or real property.

DEBT-TO-INCOME RATIO (DTI)

The debt-to-income (DTI) ratio is a personal finance measure that compares an individual's monthly debt payment to his or her monthly gross income.

EQUITY

Equity is the amount of money that would be returned to a company's shareholders if all of the assets were liquidated and all of the company's debt was paid off.

ESCROW

Escrow is a legal concept describing a financial instrument whereby an asset or escrow money is held by a third party on behalf of two other parties that are in the process of completing a transaction.

GOOD FAITH ESTIMATE

A disclosure from your lender that outlines all of the costs associated in obtaining a mortgage.

HAZARD INSURANCE (HOMEOWNER'S INSURANCE)

Hazard insurance is coverage that protects a property owner against damage caused by fires, severe storms, earthquakes, or other natural events.

MORTGAGE RATE LOCK

A mortgage rate lock is an agreement between a borrower and a lender that allows the borrower to lock in the interest rate on a mortgage for a specified time period at the prevailing market interest rate.

LIEN

A lien is a legal right granted by the owner of property, by a law or otherwise acquired by a creditor. A lien serves to guarantee an underlying obligation, such as the repayment of a loan.

LOAN-TO-VALUE RATIO (LTV)

The loan-to-value (LTV) ratio is an assessment of lending risk that financial institutions and other lenders examine before approving a mortgage.

MORTGAGE INSURANCE

Mortgage Insurance is an insurance policy which compensates lenders or investors for losses due to the default of a mortgage loan.

TERM

Period over which a loan agreement is forcible to be collected. Also, this includes the before or at the end of which the loan should either be repaid or renegotiated for another term amount.

TITLE INSURANCE

Title insurance is a form of indemnity insurance that protects the holder from financial loss sustained from defects in a title to a property.



06

DO'S
and
DON'TS



The do's and don'ts *when buying a home*

DO

DO get pre-approved

Pre-approval helps to make sure you are shopping for homes in the right price range and helps to speed along the process when you find the home of your dreams and you want to place an offer.

DO

DO check your credit report

You may be surprised to find unknown credit inquiries. Which can negatively impact your credit score. It's best to get this cleaned up before applying for a home loan.

DON'T

DON'T change jobs.

Most investors require 30 full days of paystubs or payment history, so changing jobs no matter how much better the salary may be will delay closing until the 30-day paperwork is obtained.

DO

DO continue paying credit cards and any other debt

Paying or not paying your credit card bills regularly and staying current while paying down debt effects your FICO score. Your FICO score is key to getting the best interest rate and securing the best loan for your home.

DON'T

DON'T make any new major purchases

You do not want to make any major purchases with any credit cards or loan until after you have closed on the home purchase. These purchases can absolutely delay closing. If you have any questions contact your mortgage lender prior to making a purchase.





06

TESTIMONIALS



REVIEWS



"Jen has an amazing ability to listen and understand what you really want in a home. She picked up on little details we hadn't even thought to mention, and that made all the difference in finding the right place."

"Sabrina was incredibly patient as we searched for the right home. She worked around our busy schedule and always came prepared with great options. We truly felt like she cared about finding the best fit for us."

"Working with Jen felt easy. She's organized, quick to respond, and really knows the local market. We always felt confident having her in our corner."



"Valerie made the process of buying our home so much less stressful than we expected. She explained every step clearly and kept us updated the whole way. We always felt like she had our best interest in mind."

"From start to finish, Sabrina was professional, approachable, and detail-oriented. She anticipated our questions before we asked them and kept everything moving smoothly right up to closing."

"What stood out most about Valerie was her honesty and responsiveness. She told us the truth about the market and helped us make confident decisions. We never felt pressured—just supported."

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