

11

STEPS TO HELP YOU BUY A HOME



Simple tools, tips, and advice to
open the doors to your dream home.

Fulton Bank

Fulton Mortgage Company
A Division of
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THE JOURNEY TO YOUR NEW HOME STARTS HERE.

Buying a home is an exciting step for your future and an awesome accomplishment, but can be filled with complexity and responsibility. Whether you're a first-time buyer or are looking for your second home, this step-by-step guide helps make the home buying experience easier.

You'll find tips and advice from mortgage professionals who've helped thousands find and buy a new home. This guide will help you:

- Put your financial house in order before you apply for a loan
- Determine a price range that's realistic and comfortable for you
- Select the right real estate professional
- Be house smart when you're touring homes
- Get a home appraisal and negotiate repairs
- Craft a competitive offer with your agent or mortgage professional

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Money Matters

1 SAVE, SAVE, SAVE

It may seem obvious, but saving for your down payment should be your first step. The costs associated with buying a home can add up quickly, so the more you save, the better. Most mortgage lenders require a cash down payment, plus you'll have to pay closing costs (typically 2% to 5% of the purchase price), home inspections, and appraisals. You can prepare for this financial blitz by saving as much cash as possible on the run-up to your home purchase. Set up automatic deductions from your paycheck to go directly to a "future home" savings account.



TIP: Create a savings plan and prioritize new items to purchase over time rather than charging to a credit card right away.

2 PUT YOUR FINANCIAL HOUSE IN ORDER

The better financial shape you're in, the more likely you are to qualify for better mortgage rates. Know your credit standing before going into the process. You can get a report for free at [annualcreditreport.com](https://www.annualcreditreport.com). Then, assess your budget to see where you can cut spending and increase saving. Begin by collecting monthly bank statements, pay stubs, and investment statements.



TIP: Most lenders require four to six months of these documents (and W-2s) to be pre-qualified for credit. Use our Mortgage Application Checklist to get started gathering the documentation you'll need to apply.

3

GET PRE-QUALIFIED FOR A MORTGAGE

Before you even start looking at homes, it's best to learn the exact amount range you can afford. Mortgage rates and conditions can vary depending on the lender. Once you've compared rates, request a pre-approval letter that informs you what your purchase price range can be. It's a smart idea to follow the rates and be in touch with your potential lender at least once a week.



TIP: Ask your agent how to stay on top of rates. Rates change daily, and you want to have the best rate when you lock in.

4

ASSESS WHAT YOU CAN COMFORTABLY AFFORD

The bank may approve you to borrow more money than you were expecting, but that doesn't mean you should spend that amount. List all your monthly financial responsibilities in addition to your expected mortgage. Use our Budget Worksheet to help you figure out how much you can afford to pay each month.



TIP: Don't forget anticipated expenses like property taxes and homeowners insurance. If you plan to escrow taxes, they will be added to your monthly mortgage bill.



Finding the Right Home

5 LINE UP REAL ESTATE PROFESSIONALS

Now that you know you're pre-qualified and have a reasonable budget, it's time to find the right real estate agent. Choose someone qualified and knowledgeable who you also feel comfortable with. You are sure to have tons of questions about each step of the process, from choosing neighborhoods to signing your offer contract. Don't feel rushed to make a decision; meet with a few agents and spend a day with each.



TIP: Some states also require you to hire a real estate lawyer to read documents and represent you in the closing. Make sure to check the requirements where you live.

6 TOUR HOMES

Touring potential homes should be a mix of smart shopping and fun. Consider taking an online video tour (if available) to get a first impression. In many ways, your tour begins before you even pull up to the curb. Do you like the neighborhood? Are you finding convenient places to shop or eat?

As you look inside the home, keep an open mind. You might rethink what you consider to be non-negotiable features or refine your list of priorities. Your agent will likely walk you through this discovery process—do you want a house on a cul-de-sac, or within a certain school district, and are you willing to give up some things in favor of getting your must-have features? Use our Homebuying Worksheet to help keep track of your preferences.



TIP: When touring, ask the agent if a summary sheet of average monthly utility payment is available to take a look at so you can get an idea of what your potential new bills could be.

7 MAKE AN OFFER

Once you've decided on a specific property, your agent will work on your behalf to craft and submit an offer. This is step one of the negotiation process, and it's a legally binding contract. The seller will either accept your offer, make a counteroffer, or refuse (this is rare, but it can happen).



TIP: Talk to your agent about potentially including a letter or personal note with your offer. Depending on the seller, the personal touch could give your offer the edge in a bidding war.



Before You Close

8 HIRE A HOME INSPECTOR

Home inspections are often optional, unless your mortgage program (FHA, etc.) requires it. A home inspection can feel like a pricey expense, but it's worth it to ensure the house is structurally sound and in good working order. You can also call around for availability and pricing. Depending on where you live, you may want to complete air testing as well.



TIP: The major things to look out for: the foundation, the roof, the AC, and the heat. You'll want to make sure all these items are in good working order.

9 GET A HOME APPRAISAL & NEGOTIATE REPAIRS

Most mortgage companies require an appraisal and recommend appraisers who work in your area. You'll want to schedule this right away, so it doesn't hold up the financing process. Once you get your inspection report, assess any essential repairs you would like to have the seller pay for or fix. You may not have any, but an older or larger home is likely to have some maintenance that will need to be addressed.



TIP: You could negotiate with the seller and take a cash-back credit at closing and use the money to complete the project yourself.

10 ARRANGE HOMEOWNERS INSURANCE

You'll need homeowners insurance to close. Take time to call around for quotes. Some companies may be able to start with a lower amount of coverage that you can increase over the years as you gain more financial stability.



TIP: Make sure to check in with your auto insurance company; oftentimes you get discounts if you "bundle" your auto insurance and homeowners insurance.

11 TAKE FINAL WALK-THROUGH AND CLOSE

The days surrounding a close are often chaotic. Beyond the monstrous amount of paper, you might get requests for obscure information in the final hours, such as your accountant's contact. Bear with the process and be ready to celebrate when you come out on the other side as a homeowner.



TIP: During the final walk-through don't just look, test the things you'll probably use most - like appliances, lights, doors, and garbage disposals.



CELEBRATE!

Congrats. You did it. You made it through the journey and are now a homeowner. For the moment, forget about moving day and all the other responsibilities and relish the fact that you have a place to make your very own. Crack open a bottle of bubbly and celebrate!

It may seem obvious, but it's worth emphasizing: the more homework you do before you buy a home, the better your chances of finding a home that really makes you feel at home. Also, you don't have to go on the home buying journey alone - working with a mortgage professional and a real estate agent can provide an extra measure of guidance and support.



MORTGAGE APPLICATION CHECKLIST

When you find the right home, you need to move quickly. Being prepared with the right documents will help ensure that your application process will go as smoothly as possible.

Identity Verification:

- Photo ID for all applicants
- Your address for the last two years
- If you rent, landlord's name and address for the last two years
- If you are a non-U.S. resident citizen:
 - Green card

Income Verification:

- If self-employed:
 - Profit and loss statement for the current year
 - Complete individual and business tax returns for the past two years with W-2 and 1099 forms
- If purchasing a home under housing agency programs:
 - Copies of the last three years of income tax returns
- Tax returns for the previous two years to include W-2s and all attachments
- Most recent pay stub, showing a 30-day history and year-to-date income
- Name, address, and phone number of employer for last two years
- Verification of any non-W-2 income (e.g., Social Security award letter)
- If provided the realtor with a deposit – a copy of the check

Debt Verification:

- List of liabilities (loans, credit cards, student loans, child care, etc.), including monthly payment, account numbers, balances, and addresses
- If you owned other real estate:
 - Rental agreements or leases
 - Tax returns showing any rental income for the last two years
- Other outstanding loan information:
 - Co-signer – name, address, account number, payment, balance

Asset Verification:

- List of assets (checking and savings accounts, mutual funds, IRAs, 401(k)s, etc.).
 - Include addresses, account numbers, balances
 - Three months of bank statements

Other Verification:

- Sales agreement on house or lot
- For refinances, copy of deed
- For a construction loan, the price contract, plans, and specifications



BUDGET WORKSHEET

Use this worksheet as a guide to help you figure out how much you can afford to pay on a mortgage each month. It can also help you determine where you may need to make cuts or save more.

1. Add up Monthly Income

Wages, salaries, etc.	\$ _____
Interest, dividends, etc.	\$ _____
Other income (Child support, pensions, Social Security)	\$ _____
Total Monthly Income	\$ _____

2. Add up Monthly Expenses

Student Loan	\$ _____
Auto Loan	\$ _____
Insurance (auto, life, health)	\$ _____
Credit Card	\$ _____
Cell Phone	\$ _____
Cable & Internet	\$ _____
Groceries	\$ _____
Transportation (gas, parking fees)	\$ _____
Recreation	\$ _____
Child Care	\$ _____
Child Support	\$ _____
Savings and Investments	\$ _____
Other: _____	\$ _____
Other: _____	\$ _____
Other: _____	\$ _____
Total Monthly Expenses	\$ _____

3. Determine Your Housing Budget

Total Monthly Income	\$ _____
Minus Monthly Expenses	\$ _____
Your Housing Budget	\$ _____