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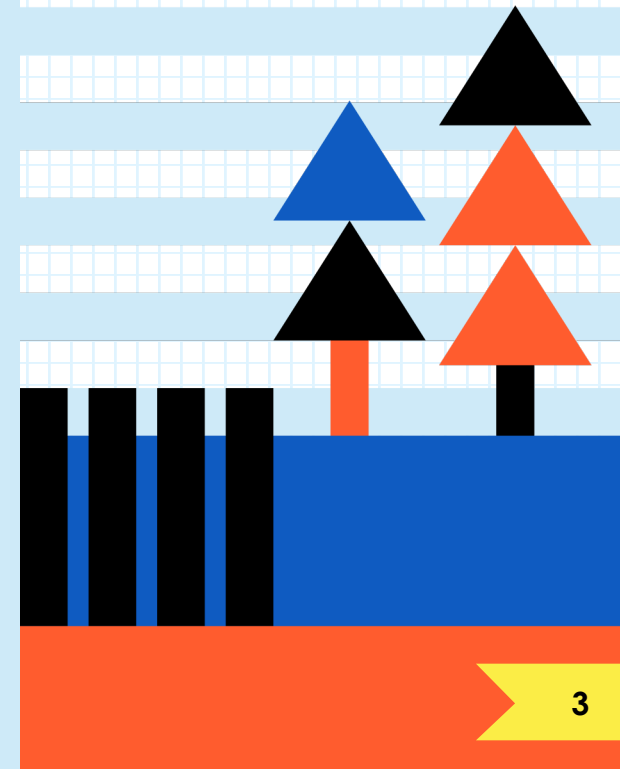
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How to buy a home

Today's agenda

- **Getting ready to buy a home**
- **Buying your home**
- **Getting your mortgage**
- **Closing your home loan**
- **Being a successful homeowner**





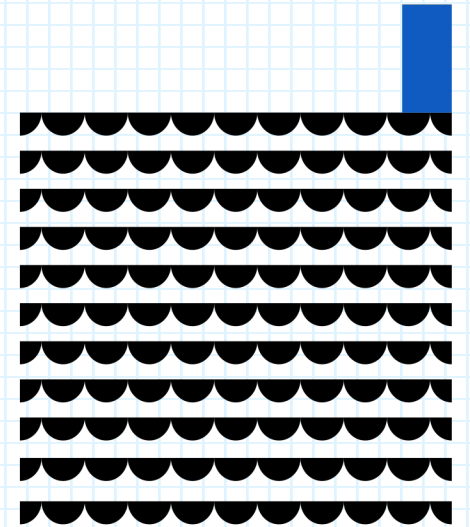
Chapter 1

Getting ready to buy a home

Credit

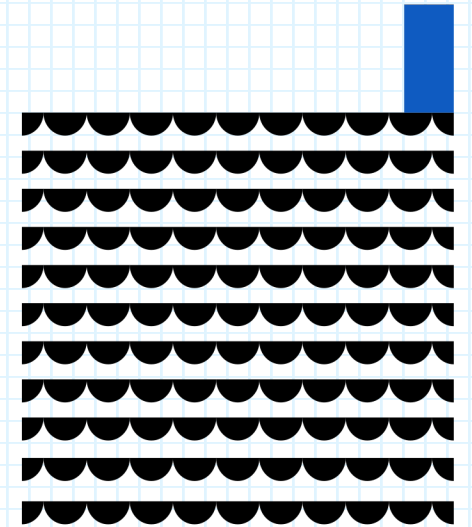
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- What is credit?
- How do you establish good credit?
- How to improve your credit
- Check your credit reports once a year



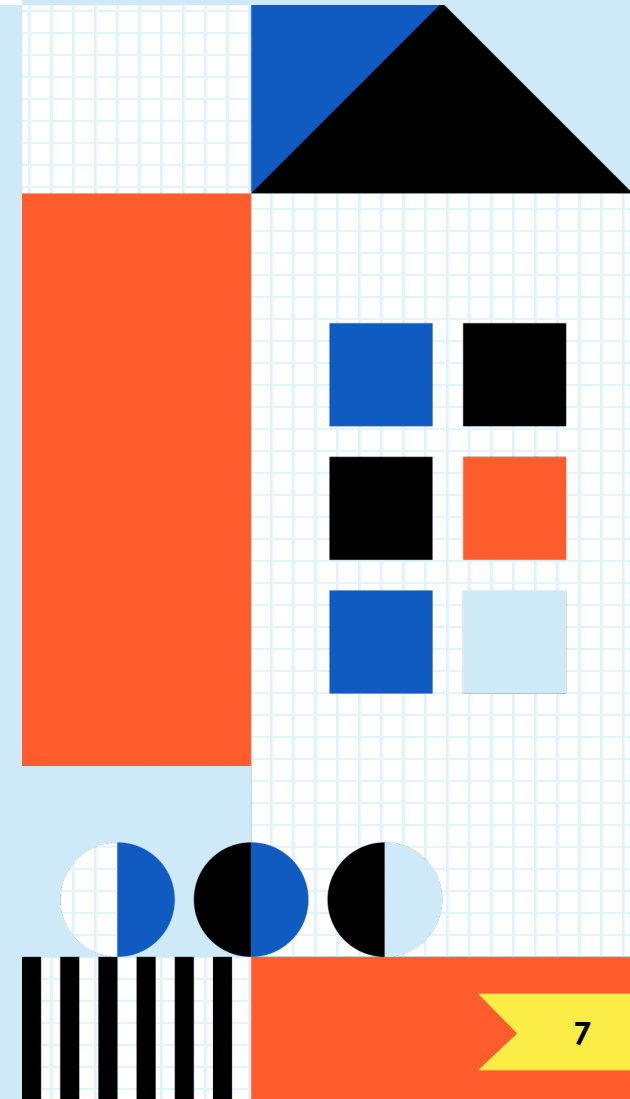
Saving and budgeting

- Sticking to a budget doesn't have to hurt
- Identify your expenses
- Put it in writing
- Make simple, logical changes



Prequalifying for a mortgage

- **Helps you know what you can afford**
 - Purchase price of home
 - Monthly mortgage payment
 - How much you'll need for a down payment
- **Documents you may need to provide:**
 - Tax returns and W-2s
 - Employment history
 - Paycheck stubs
 - Statements from savings & checking accounts



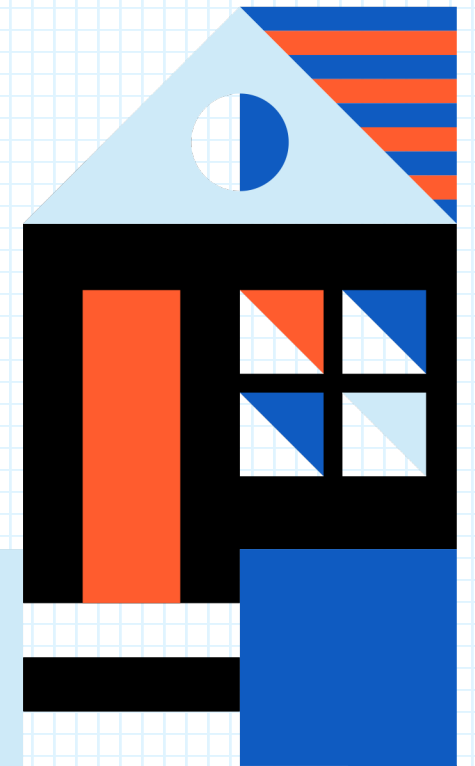


Chapter 2

Buying your home

What to look for in a home

- **Must-haves vs. nice-to-haves**
- **What to consider**
 - Location and neighborhood
 - Taxes
 - Age of home
 - Utilities
 - Condition & maintenance concerns
 - Size & space



Who helps you buy a home?

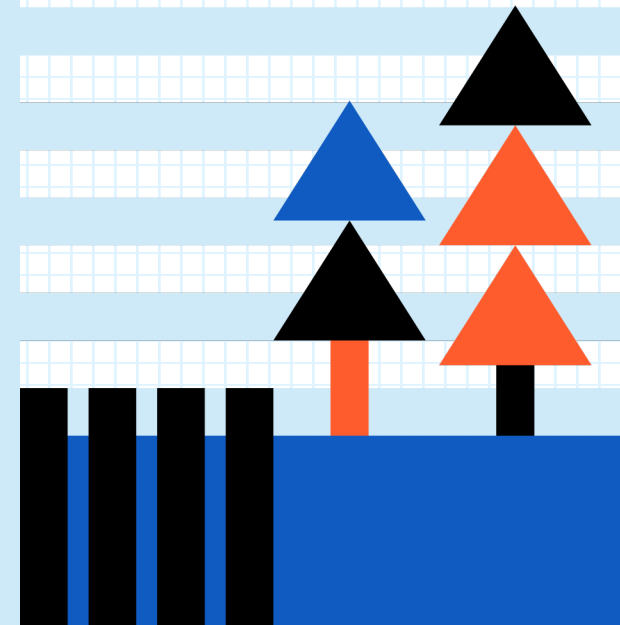
- **Real estate agent**
 - Buyer's agent vs. seller's agent
 - Be clear on your expectations and criteria
- **Loan officer**

Making an offer

- What influences the amount of your offer?
- Contingencies
- Counteroffers

Home inspections

- Takes about 2-3 hours
- Your offer should include a home inspection contingency
- Negotiating tool
- Seller's condition report
- Also helps you understand the home





Expenses during the mortgage process

Prior to close

- Earnest money
- Home inspection
- Application fee
- Appraisal fee

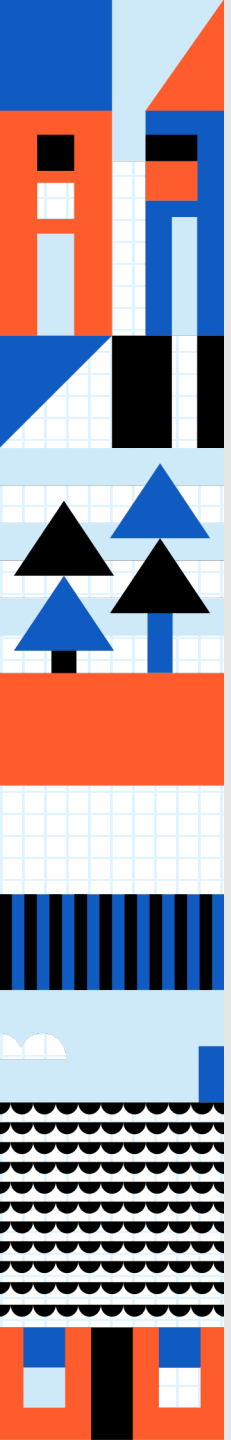
At closing

- Closing costs
- 1 year of homeowners insurance
- Escrow



Chapter 3

Getting your mortgage



Your monthly mortgage payment

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Principal

The portion of the payment that is used to reduce the loan balance

Interest

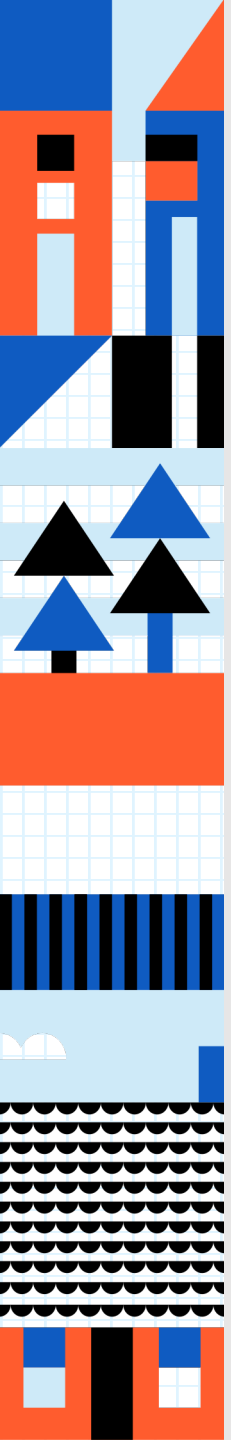
The portion of the payment used to pay interest that is due

Taxes

Usually one-twelfth of the annual property tax bill

Insurance

Usually one-twelfth of the annual mortgage and homeowners insurance bills



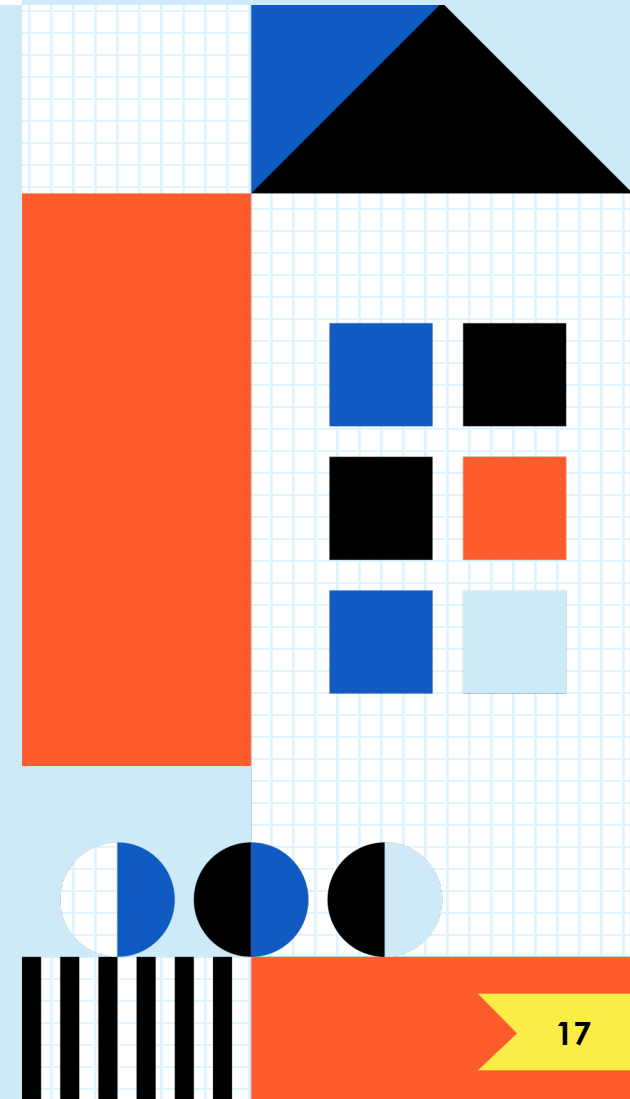
Types of mortgages and home loans

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- **Fixed-rate**
 - Most popular type
- **Nonfixed-rate**
 - Also known as adjustable-rate mortgages (ARMs)
 - Make sure you fully understand the term

Down payment options

- Initial investment in your home
- Minimum usually 3-5%
- If you put less than 20% down, loan options include:
 - VA (Veterans Administration)
 - FHA (Federal Housing Administration)
 - Conventional with private mortgage insurance (PMI)

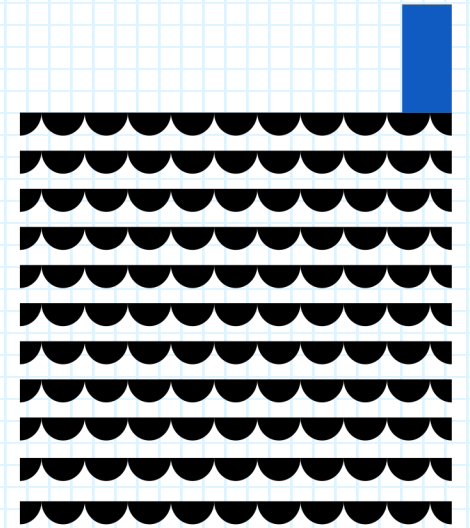


Private mortgage insurance

- Not the same as homeowners insurance
- PMI can help you:
 - Buy a home sooner
 - Increase your buying options
 - Reserve funds
- PMI may be cancelled

Homebuyer rights

- Fair Housing Act
- Predatory Mortgage Lending



Mortgage application

- **Documents you may need to provide:**
 - Tax returns and W-2s
 - Employment history
 - Paycheck stubs
 - Statements from savings & checking accounts

Mortgage application

- Documents lender provides to you:
 - Loan Estimate
 - Commitment Letter

Processing and underwriting

- Loan is reviewed by processor
- Loan sent to underwriter for approval

At either stage, you might need to provide additional info.

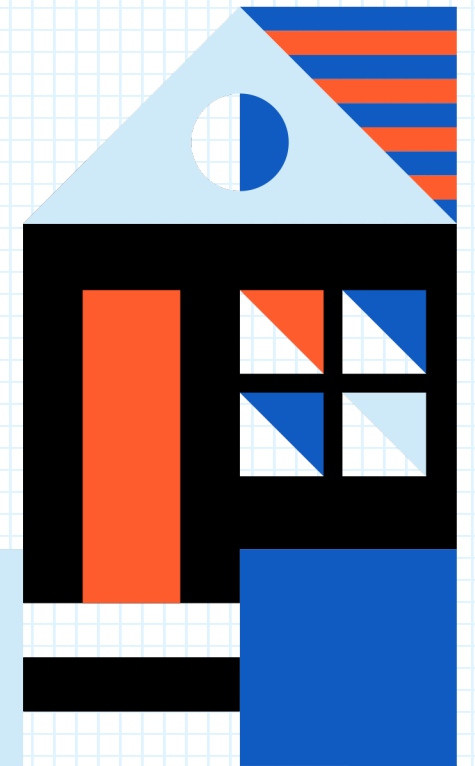


Chapter 4

Closing your home loan

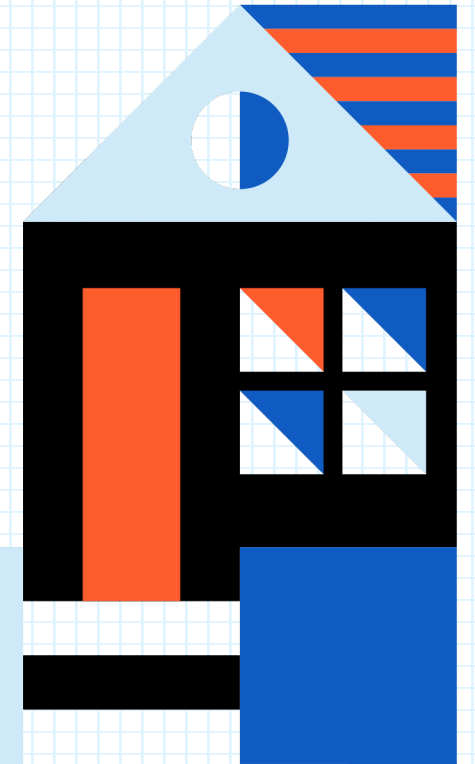
Preparing for closing

- **What to bring:**
 - Proof of homeowners insurance
 - Certified check for down payment and closing costs
- **Review your Closing Disclosure carefully**



During closing

- **Closing officer will review and have you sign:**
 - Mortgage Note
 - Mortgage related documents
 - Closing Disclosure
- **Closing officer will go over costs and distribute checks**
- **You'll get your keys!**



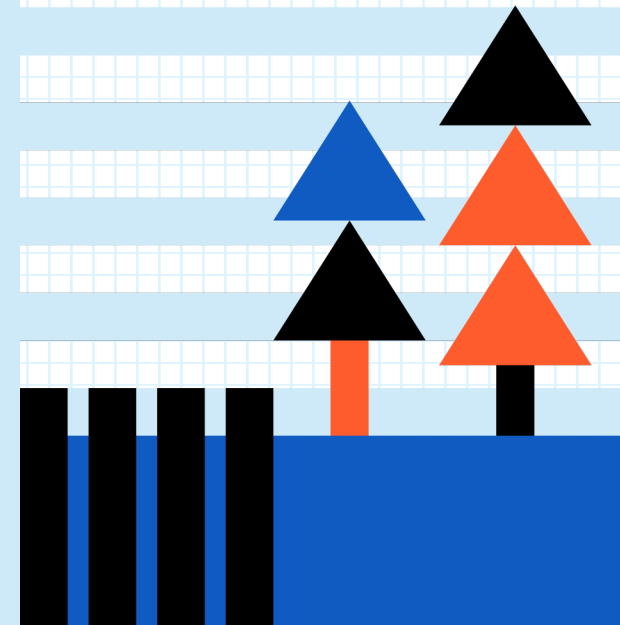


Chapter 5

Being a successful homeowner

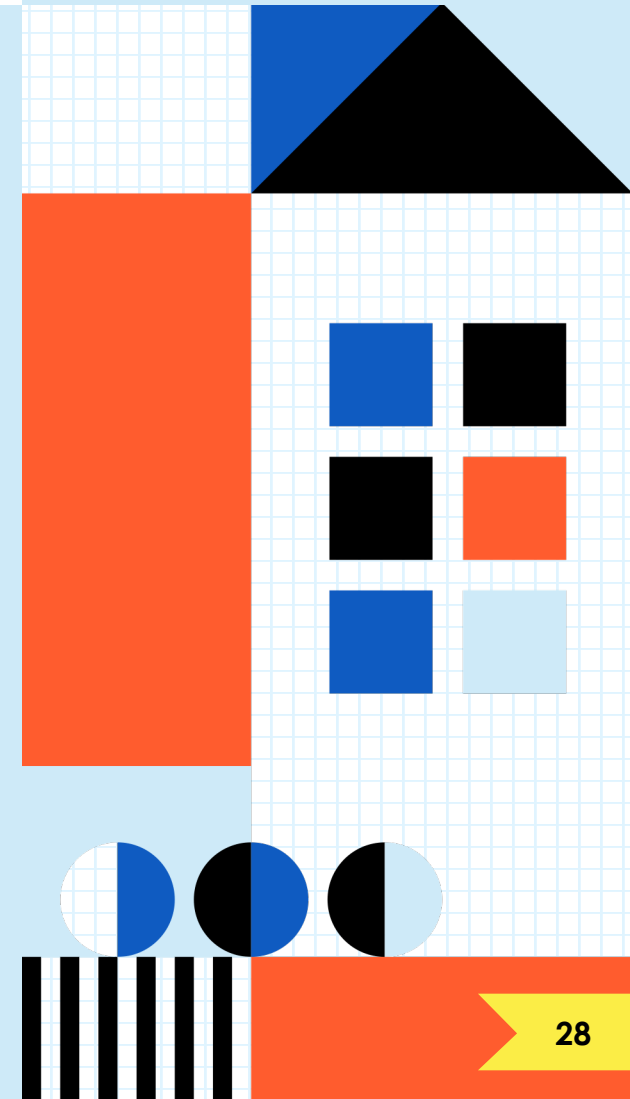
Maintaining your home

- **You're responsible for:**
 - Lawn and garden
 - Snow removal
 - Pest control
 - Routine maintenance
- **You may need to purchase:**
 - Outdoor equipment
 - Power tools
 - Appliances
 - Furniture, paint or window treatments



Financial responsibility

- Budget for more than your mortgage
- Expect the unexpected
- Establish a reserve



Enjoy your home!