CMG HOME LOANS



FIRST-TIME

HOME BUYER GUIDE

The Home **Loan Process**

Understand the Life of Your Loan



Meet Your Loan Officer

Getting preapproved for a loan is a key first step, so that sellers know you are ready to buy. Review your FICO score and determine your financing options. Having relevant documentation such as pay stubs, W2's, and government identification can help.



Contracting a Home

Make an offer on the home and obtain a contract on price and terms of purchase. When you have an offer accepted, provide a copy to your loan officer.



Processing

The processing team verifies the accuracy of the information provided on the application and reviews the loan request.



Underwriting

Once fully processed, underwriting begins. If there are additional supportive documents needed, the underwriter will condition those items and work closely with processing and your loan officer to satisfy those requirements.



Loan Approval

After full review, conditional approval is issued.



Closing Day and Document Signing

Once the loan is "Clear to Close," your loan officer facilitates all final procedures so that you can close your loan on time and without hassle.

Meet Your **CMG Home Loans Loan Officer**

At CMG Home Loans, our loan officers are here to act as your financial counselor throughout the lending process. Buying your first home is an exciting journey. We want to make the transaction as smooth as possible.

The CMG Home Loans Advantage

We are able to deliver personalized customer service with the resources of a local lender. Borrowers prefer working with CMG Home Loans because of our:

- Reliable Prequalifications / Preapprovals
- Competitive Rates
- Robust Menu of Loan Products
- Transparent Communication
- Dependable On-Time Closings

Benefits of **Homeownership**

Join a Community – when you move into your new home, you become part of a new community. Get to know your neighbors, and build a lasting network.

Invest in an Appreciating Asset – real estate has the tendency to appreciate over time.

Build Generational Wealth – owning a home opens the door to investments, buying power, better credit, and the ability to pass wealth on to your children.

Earn Equity through Ownership – access your home's equity when you need it through a cash-out refinance.

Renovate, Paint, or Make Home Improvements – make changes as you want, without needing landlord permission.

Save on Taxes – mortgage interest can be tax deductible*

**consult a tax advisor for professional advice*

Down Payment **Options**



Years ago, the old rule of thumb was that you needed to make a 20% down payment. That's simply no longer true. In fact, down payments made by first time buyers today average around 7%!

That's because there are a range of low down payment options today that can help you become a homeowner sooner. And while it's true you'll need to pay mortgage insurance if you put less than 20% down, it can often be worth it to start reaping the benefits of home ownership (including possible home value increases) versus renting for months or years while you save for a larger down payment. We can help you do the math!

Here are some great low down payment programs to ask us about:

- Conventional loans now have down payments as low as 3%*
- FHA loans have down payments as low as 3.5%**
- VA and USDA loans have down payments as low as 0%.

*National Association of Realtors, 2022.

*Payment example: Stated rate may change or may not be available at time of rate lock. If you bought a $350,000 home with a, 30 year loan at a fixed rate of 6.75% (6.814% Annual Percentage Rate), with a down payment of 3%, for a loan amount of $339,500, you would make 360 monthly payments of $2,202.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance, which will result in a higher payment.

**FHA Payment example: Stated rate may change or may not be available at time of rate lock. If you bought a $350,000 home with a down payment of 3.5%, for a loan amount of $337,500, on a 30 year loan at a fixed rate of 6.25% (7.521% Annual Percentage Rate), you would make 360 monthly payments of $2,078.00. Payment stated does not include taxes, homeowners insurance, and mortgage insurance which will result in a higher payment.



homefundit™

Down Payment **Gifting Reinvented**

Now, Family and Friends Can Help You Build a Larger Down Payment Online!

HomeFundIt is our exclusive platform that lets you collect down payment gifts online from anyone, and get up to $2,000 in matching funds. It makes it easy for your family and friends to help you on your homebuying journey!

Meet the Wilsons



$4,000
already saved

$4,500
gifted on HomeFundIt™ +

$8,500
new down payment

Three ways to get into your new home faster

DOWN PAYMENT GIFTING

Collect down payment gifts instantly from family and friends through the easy-to-use, online platform.

SHOP TO SAVE

Get extra pledges toward your down payment when you shop at over 1,000 participating online retailers.

$2,000 CLOSING COSTS GRANT *

Match down payment gifts $2 for every $1 received plus get BONUS dollars when you shop and share.

Here's how it works:

STEP 1
Start your campaign

STEP 2
Share your story

STEP 3
Grow your funds

STEP 4
Buy your home

WWW.HOMEFUNDIT.COM

EQUAL HOUSING LENDER

Grants available to first time home buyers, as defined by Fannie Mae. Housing counseling must be completed by HUD approved housing counselor to receive CMG Financial grant. Find a housing counselor near you by visiting https://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm. $100 is not in addition to $1500 or 1% of purchase price. Grant funds are applied to nonrecurring closing costs. If closing costs are fully paid by seller or interested party, grant funds can be used to buy down the rate. Grant funds cannot be used towards a down payment. Visit https://homefundit.com/Terms for complete terms and conditions. CMG Financial is a registered trade name of CMG Mortgage, Inc., NMLS# 1820 in most, but not all states. CMG Mortgage, Inc. is an equal opportunity lender. To verify our complete list of state licenses, please visit www.cmgfi.com/corporate/licensing and www.nmlsconsumeraccess.org.



Prequalification vs Preapproval

What's the difference and which one do I need?

Some lenders casually use "prequalification" and "preapproval" interchangeably, causing confusion. But they are an important 2-step sequence.

1 Prequalifying

"Why do I need to prequalify for a loan?" With any journey, knowing how to get where you're going is first step to know where you ARE.

Prequalifying for a loan helps you know what steps you still need to take to be ready to buy. You loan officer will give you a rough idea of how much you can afford, what programs might be right for you, and give you great advice on what next steps to take.

- Can be done on the phone
- No paperwork required
- Will not affect credit score
- Easy and fast
- No obligation
- Confidential

2 Preapproval

Before you start any serious house hunting, you'll want to get fully preapproved for a loan. Why? **It shows that you are capable of closing after an offer is accepted.** Today, an offer that doesn't have a convincing loan preapproval is unlikely to win against all-cash offers.

A preapproval uses documentation required to approve a loan, except the details of the actual property you'll be buying (which are TBD of course). Your loan officer will let you know what documents are needed for your specific situation.

What you need for preapproval:

- Income and Employment History
- Monthly Debts and Credit Score
- Source and Amount of Down Payment and Closing Costs
- Completed Loan Application

Mortgage **Terms**

My Mortgage Payment

Your monthly mortgage payment is made up of several components. This housing expense is commonly referred to as P.I.T.I. or Principal, Interest, Taxes and Insurance. Mortgage Insurance, Flood Insurance, and Homeowners Association (HOA) fees may also be a portion of your total payment.

Principal – The portion of your payment that is applied to pay down your mortgage.

Interest – A charge for the use, or loan, of money. The interest is calculated on unpaid principal balance.

Taxes – The county assessor charges property tax based on the valuation of your home. For example, in California, there are two tax installments due each year; one in November, the second in April.

Homeowners Insurance – This pays for losses from certain hazards, including fire. This standard insurance pays for replacement costs based on actual cash value.

HOA Dues – Fees paid by homeowners within a community of homes, condos, townhouses, or planned unit developments (P.U.D.). HOA dues are collected to cover the cost and maintenance of communal areas to the property.

Mortgage Insurance (MI) – Depending on your loan program or the amount of your down payment, you may be required to have MI. Anything less than 20% down — a higher note of default — requires MI. Because loans with small down payments involve substantially more risk for the lender, they require insurance as a hedge against borrower default. The cost of MI varies according to your loan type, down payment, and credit score. FHA Loans charge a fee for life-of-loan mortgage insurance, called Mortgage Insurance Premium (MIP). VA Loans charge an upfront Guaranty Fee in lieu of a monthly mortgage insurance fee.

Closing Costs

Below is an overview of the types of closing costs you may incur. When you apply for your loan, you will receive a Loan Estimate and a booklet that will explain these costs in detail. At loan closing, you will receive a Closing Disclosure summarizing your actual loan costs and fees.

Appraisal Fee – Conducted by an independent appraisal company, this pays for a statement of property value for the lender. You will receive your own copy.

Credit Report Fee – This covers the cost of the credit report that is run by an independent credit-reporting agency and is used to prequalify you for a loan and to underwrite your completed loan application.

Escrow Account – If you choose to have an escrow account, have a government-funded FHA or VA Loan, or if your down payment is less than 20%, the lender may require you to establish an account held in trust for you by the lender to pay the costs of your property taxes and insurance. Your monthly payment will include the loan Principal, Interest, Taxes, and Insurance (collectively, P.I.T.I.).

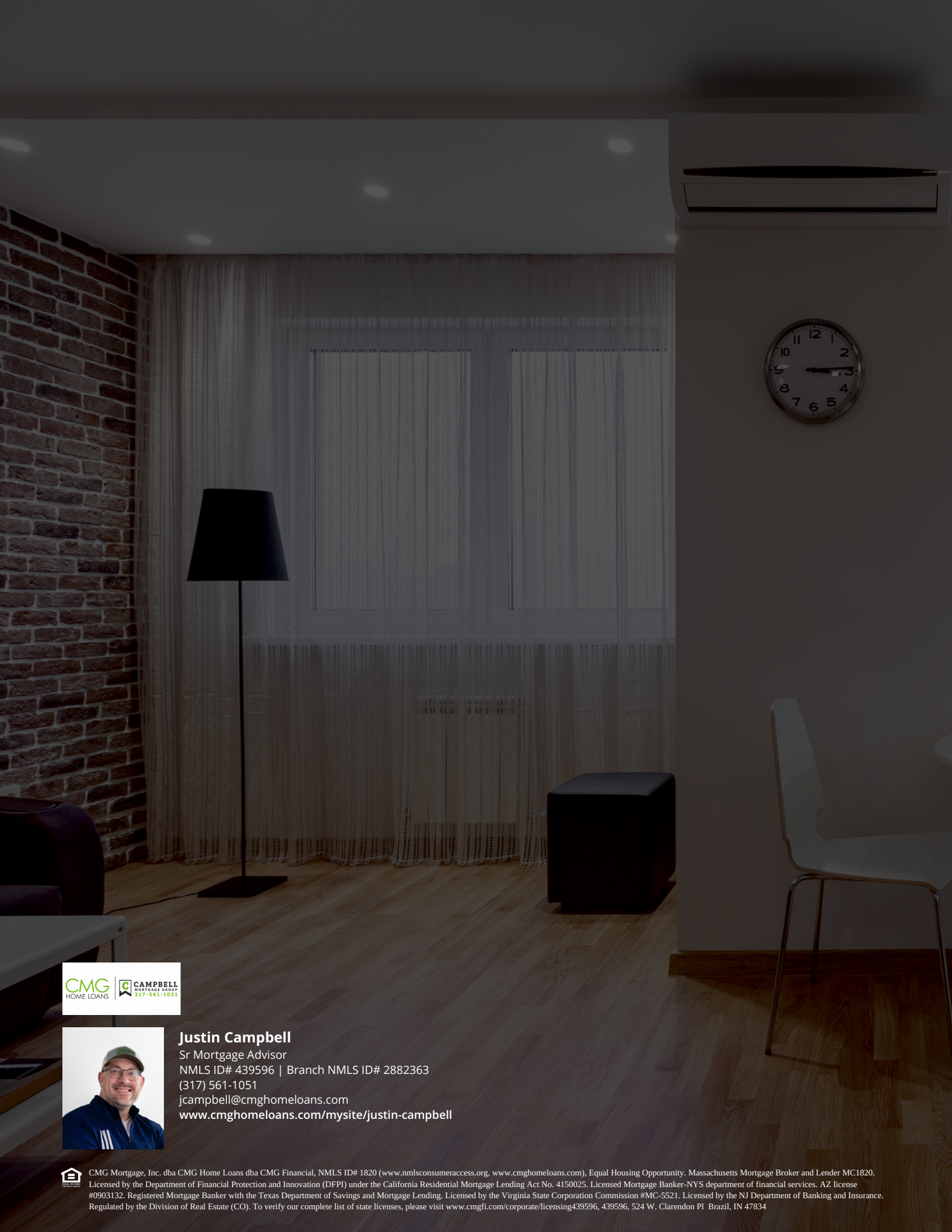
Loan Discount – Often called discount points, a loan discount is a one-time charge used to buy down your specific transaction's interest rate. One point is equal to 1% of the loan amount.

Loan Origination – This fee covers the lender's costs for originating your loan.

Title Charges and Document Preparation – The title company may charge one-time fees for a title search and examination, document preparation, notary fees, recording fees, courier fees, and a settlement or closing fee. There are two title policies with a one-time fee: a lender's title policy, which protects the lender against losses due to defects on title, and a buyer's title policy, which protects the borrower against defects on the title.

Prepaid Interest – Amount accrued on a daily basis from the date of loan closing to the due date of your first loan payment.

Taxes and Hazard Insurance – You will be expected to pay for property taxes upfront, including the entire year's hazard insurance premium. In addition, you may be required to allocate property taxes and property insurance (may include homeowners, flood) into a reserve account, called an impound account, held by the lender.



Justin Campbell
Sr Mortgage Advisor
NMLS ID# 439596 | Branch NMLS ID# 2882363
(317) 561-1051
jcampbell@cmghomeloans.com
www.cmghomeloans.com/mysite/justin-campbell

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