



The
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Tucson Real Estate Team

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Step by Step Guide To
Buying a Home

Mission

Our mission... help *YOU* buy or sell real estate with the least disruption to your daily life.

Our goals...

- ☑ Put more money in your pocket!
- ☑ Save you time!
- ☑ Avoid hassles!

Our mission is based on the following principles:

Fairness: Providing the best customer value.

Listening: Listening to the needs of our clients by asking the right questions. Consequently, we will be able to make the right recommendations.

Honesty: Building a relationship of honesty through our actions. Our clients will trust we are always going to do what is right.

Efficiency: Streamlining the home buying or selling process by using technology. Consequently, our clients will save time and receive continual updates.

Values

Service: We follow through and communicate promptly.

Integrity: We do what we say we will do. No surprises!

Execution: We get things done! Our team is proactive, anticipating and solving problems.

Relationships: We value long-term, mutually beneficial relationships with our clients.

Communication: We speak respectfully, openly, and honestly.

Professionalism: Our team is focused on our top priority—serving our clients professionally.



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Where to Start Your Journey



Your mortgage is a key factor in one of the biggest decisions of your life – the purchase of a home.

Buying a home is an exciting process. It may also seem complicated, and you may be wondering where to start. You need to know what home ownership will mean to you, whom to talk to, and exactly how the buying process will work.

It is important that you understand the steps involved in buying a home, even before you begin the process. The more knowledgeable you are, the fewer problems you will face and the more money you will save. This guide will help answer those questions for you. We will highlight the many advantages of being a homeowner and take you step-by-step through the journey to home ownership.

Successful home buying is a team sport. The process involves several players who can help you make the right decisions. Your job is to lead and coach the team, not play every position. My role as a real estate agent is to help make buying a home a simple process that does not disrupt your daily life. When you understand the role each team member plays, you will have a better idea of what to look for in those individuals. Once you've assembled a winning team, your players should give you solid advice so you can make brilliant decisions.

My role as a real estate agent is to help make buying a home a simple process that does not disrupt your daily life.



Advantages of Home Ownership

Owning your own home can bring financial rewards as well as pride. Let's look at some of the advantages of owning a home over renting one.

★ Pride of Ownership

There is nothing like "Home Sweet Home!" You can call your home yours and take pride of ownership. Your home's design, décor and character can express your personal style. Unlike renting, you have the freedom to do what you want.

★ Financial Rewards

For many homeowners, the incentives for owning are financial. How many times have you heard renters say, "I'm tired of throwing my money out the window?" What home ownership means to you is a great short- or long-term investment for a number of reasons: scheduled savings, stable housing costs, increase in value, and tax benefits.

• Scheduled Savings

When you buy a house, your mortgage payment will include principal and interest payments. The principal portion serves as a type of scheduled savings plan. Each time you pay down the principal, you build up equity in the property. Equity is an ownership interest in the property that you can borrow against or convert to cash when you sell the house. Renters, on the other hand, never build up equity.

• Stable Housing Costs

Another big advantage to owning a home is that your monthly mortgage payments will remain constant. As inflation and housing demands go up, rents will typically increase. In contrast, the principal and interest portion of most mortgage payments remains unchanged throughout the term of the mortgage, which is commonly 30 years. Your fixed-rate mortgage is inflation-free for the entire repayment period.

- **Increased Value**

Over time, your house will increase in value. This process is called appreciation. Typically, a house's value will appreciate by 2 percent to 4 percent per year. For example, let's say you purchase a home for \$100,000 today.

How much will your house have appreciated in 30 years? On the low side, if you use a rate of 3 percent, your house will have gone up in value by \$142,726, making your home worth \$242,726 in 30 years. If your house were to appreciate by a rate of 4 percent per year, your house will have gone up in value by \$224,339, making your house worth \$324,339 in 30 years.

- **Tax Benefits**

Another advantage of being a homeowner is the tax breaks that are not available to renters. While the principal portion of your mortgage builds equity, the interest portion of the loan is called "interest expense" and is tax-deductible. This alone can save homeowners considerable amounts each year in income taxes.



Renting vs. Buying

Let's review the financial advantages of owning vs. renting with an example:

If you were to buy a home for \$200,000, put 20 percent down (\$40,000) and plan on living there for approximately 10 years, you will save \$152,830.71 over that 10-year period.

This savings is based on some basic assumptions:

1. Annual property appreciation rate = 3%
2. Annual rent increase = 4%
3. Rate of return on investment = 5%
4. Annual property tax rate = 1% of sales price
5. Annual hazard insurance rate = 0.32% of sales price
6. Annual cost of maintenance and repairs = 1% of sale price
7. Rent on a comparable home: \$1,200 per month in savings

Monthly Savings

| | RENT | BUY |
|---------------------------|------------|----------|
| Monthly payment | \$1,200.00 | \$828.02 |
| Tax savings per month | - | \$202.86 |
| After-tax monthly payment | \$1,200.00 | \$625.16 |



Long Term Savings

| | RENT | BUY |
|---|----------------|---------------------|
| Total Payments (5% annual rent increase) | (\$179,803.46) | \$99,362.40 |
| Tax Savings | | \$24,343.20 |
| Property Appreciation | | \$96,202.23 |
| Investment Income | \$25,155.79 | |
| Maintenance Costs | | \$20,000.00 |
| Total Costs | (\$154,647.68) | (\$1,816.97) |
| Total Savings | | \$152,830.71 |

Key Players

Buying a home is a personal decision, but you may be surprised at how many people will influence your decisions through the process. Consequently, it is important to know what to expect from each key player.

- A Real Estate Agent



Tyler Ford

The Tyler Ford Tucson Real Estate Team is the foundation of your real estate team. A good agent can help you find a home that meets your needs, negotiate on your behalf, supervise property inspections, and coordinate the closing. An agent's negotiating skills and knowledge of property values can save you thousands of dollars.

Since we agents earn our pay checks by making sure you get into your new home, we will be working extremely hard behind the scenes. Our goal is simple: We are dedicated to helping you become a home owner with the least possible hassle while saving you money and time.

- Licensed Mortgage Professional

A licensed mortgage professional can simplify your mortgage process, especially if this is your first home purchase and you aren't sure what to expect. After you are pre-qualified and your loan application is filled out, he/she will give you a detailed estimate of all your expenses up front. Furthermore, he/she will make sure you receive the best interest rate for the financing program that you choose. It is important that you visit a licensed mortgage professional early in the process.

- **Loan Processor**

The loan processor collects and prepares the necessary paperwork for your loan file, ideally submitting it with as few conditions as possible. Conditions are the items necessary to complete your loan: bank statements, recent pay stubs, W-2 forms, tax returns, etc. The loan processor works with mortgage professionals and underwriters to expedite your loan approval. This process includes everything from reviewing the loan application for any potential problems that may hinder your approval to verifying bank deposits.

- **Underwriter**

The underwriter works with the mortgage lender and has the final say as to whether your loan will be approved. He or she will evaluate your financial status based on the information supplied by your loan application, determining the information's validity and assessing your ability to make your mortgage payments.

- **Appraiser**

The appraiser will visit the property you are buying and perform a detailed study to determine whether you're paying fair market value. The determination is primarily based on a comparison of the subject property to similar properties that have recently sold, taking into account condition, age, amenities, and square footage. The appraiser's report will help the underwriter determine the amount of loan. Keep in mind, the appraiser will not perform a detailed inspection – that is the home inspector's job.

• Home Inspector

You should plan to hire a home inspector to go over the property, in detail, to make sure everything is in good working condition and that there are no hidden defects. The inspection report is an objective aid in determining the physical condition of the property, and it can help you make your own evaluation of the home. The inspection is not intended to reflect the value of the premises, nor make any representation as to the advisability of purchase. An inspection will not find every issue with the house, but it will minimize the chance of discovering major problems after you move in.

• Escrow Agent

The escrow agent is a licensed, insured, disinterested third party who acts as a liaison between the buyer and seller. This player handles all the required paperwork and records the transaction at the county recorder's office. The escrow agent at the title company you choose is responsible for collecting all the loan documents and making sure they have been completed properly.

He/she will also research the chain of title on the property to make sure no title defects exist. This ensures that when you close on the property, you'll hold clear title. The escrow agent will explain all the closing documents to you and obtain the necessary signatures. Lastly, the agent will collect the down payment from the buyer and loan funds from the mortgage lender at closing, then distribute the money to the appropriate parties.

• Immediate Family and Relatives

You may be lucky enough to have a generous family member who offers to help with your home purchase. Gifts from relatives to home buyers are not uncommon, but they are governed by specific rules and procedures. It is important that you check with your licensed mortgage professional before you accept or transfer gift funds.

Key Steps

Unless you have a considerable amount of cash available to put toward a house, you will need to obtain a mortgage before closing on the purchase of your home. Each step must be completed before going on to the next. Understanding each step will help speed up the process and allow you to spend your time more wisely. *These steps are:*

1. Hire a real estate agent and understand your needs

A good agent will save you valuable time and money. He or she will sit down with you and make a list of the features you are looking for in your new home. Once your agent understands what you are looking for and what you can afford (because of course you have been pre-approved – see steps 2 and 3), they will go to work searching for that perfect house. Real estate agents have access to a multiple listing service (MLS) that allows them to search for listings based on the criteria you provide.

Once you and your agent have found several homes you are interested in, the agent will prepare a comparative market analysis (CMA) for you. A CMA compares the price of a prospective property to those of similar homes that are currently listed or have recently been sold. This will give you a good understanding of current market values so you don't overpay.



2. Mortgage Pre-Qualification

It is important to sit down with a licensed mortgage professional to discuss your goals and financial resources and be pre-qualified before you start shopping for a home. This will help you understand what you can afford – your buying power. This will save you valuable time, because you won't be out looking for houses you can't afford. Your agent will love you for pre-qualifying, too.

3. Mortgage Pre-Approval

Pre-approval goes a step beyond pre-qualifying. We highly recommend you become pre-approved prior to shopping for a home! Pre-approval entails going through the formal mortgage approval process prior to shopping for a home. All your financial information, such as income, assets, employment, debts and credit rating, are verified and reviewed by an underwriter. This is a formal approval from a financial perspective (called a "credit approval") without including the merits of any specific property. A pre-approval can put you in a stronger negotiating position when competing against buyers who have not gone through the process.

4. Making an Offer / Signing a Contract

During this process, your real estate agent will take you step-by-step through the purchase contract, explaining what each section means. At this point it will be up to you to make a decision and sign the contract. Then your real estate agent will go to work negotiating the deal with the listing agent and seller. Remember, the better job you do of controlling your emotions at this point, the more likely you are to control the transaction and get a good deal.

5. Loan Application on the Home You Are Buying

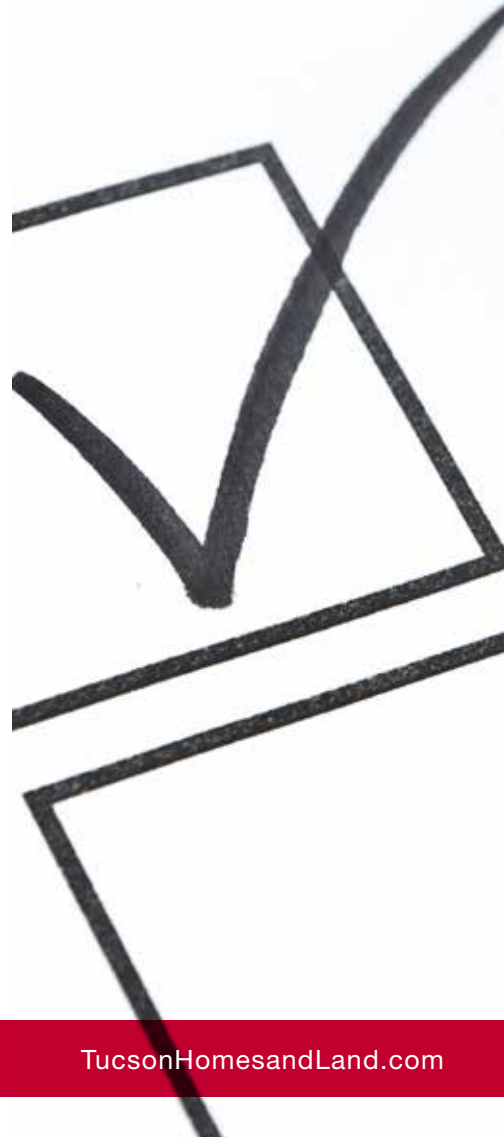
The loan application is the second most important step in purchasing your home, following making your offer and signing the purchase contract. Because mortgage bankers sell all mortgages to investors, they use a standardized document known in the trade as Form 1003. There are three options for completing this form: you can receive a loan packet to fill out at your leisure; your Licensed Mortgage Professional can meet with you in person to complete the forms together.

6. Inspection of Property

Once your offer is accepted, you should hire a property inspector of your choice to go through the property in detail. The inspector will make sure everything is in good working condition and there are no physical defects. Don't try to save money by skipping inspection. Have the home thoroughly inspected before you buy it, and if in doubt, re-inspect.

7. Closing

The final step is closing the deal. This takes place at a title company of your choice. When all the applicable paperwork has been signed, notarized, and recorded at the county recorder's office, the keys are handed over you. Title to the property is conveyed to you through a recorded deed.

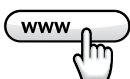


What Are Your Home Needs?

Identifying your needs up front is an important step in the home-buying process. If you're clear about what you are looking for, you can narrow your focus and save tons of time. Driving around town looking at homes that might or might not fit your criteria will just be frustrating. An unfocused search is a non-productive search, and a waste of money at the gas pump as well.

Questions to ask yourself:

- How soon would I like to purchase a home?
- What area of Tucson would I like to live in?
- What is my price range?
- How will I buy a home?
- How many bathrooms am I looking for?
- How many bedrooms am I looking for?
- How large is my ideal home, in square feet?
- Is a pool something I want?
- How many acres of land am I looking for?
- What kind of parking and storage space am I looking for?
- If a garage is a must, how many cars should it accommodate?
- Are there some ABSOLUTE MUSTS my home must have?
- Are there some ABSOLUTE NO'S my home must not have?
- Do I have any special considerations?



Please fill out our online questionnaire to help us better serve you in finding your perfect home. You can find it at www.tucsonhomesandland.com/home-needs/

Pre-Qualifying for a Mortgage

Most homebuyers need guidance on the following four questions:

1. What price range should be considered?
2. What house payment can you qualify for?
3. How much cash will you need?
4. What loan program is best for you?

Understanding how much you can afford to spend on a home is critical before you begin your search. First, you will save valuable time by looking only at homes within your price range. Second, you will be able to act quickly and the seller will know up front that you are a qualified, serious buyer, not someone out to waste their time.

The pre-qualifying process is simple and painless. Not only will this initial step help you understand how much you can afford, but it will help you save money by maximizing your financial situation. Furthermore, your real estate agent will be able to serve you better, knowing you're a pre-qualified buyer.

To get pre-qualified, you'll need to answer some questions and provide personal and financial information so your credit report can be reviewed. Your credit report, employment, income and assets are the key components for pre-qualification.



Making an Offer

The purchase contract is the most important document in the sale of real estate. The contract sets the terms and conditions agreed to by the seller and buyer. Furthermore, it specifies the price the buyer is willing to pay. A well-written contract, available through a real estate agent, is designed to protect both the buyer and seller. It can save you money if written properly.

A good real estate agent is key to negotiating the terms and conditions specified in the purchase contract. After you and your agent have specified these terms, the agent will present the offer to the seller and his or her agent. When your agent presents the offer, he or she will go over the contract in detail, explaining the various terms you specified, so there is no misunderstanding. The agency's presentation can make a big difference as to whether your offer is accepted.

Once an offer is submitted, the seller may accept the offer, reject it, or present a counter-offer. It is important not to become emotionally attached to the property during the negotiating process so you can avoid over-paying and help set the terms for a better deal. It is always a good idea to have other possibilities in mind, so if the offer for the house you want is not accepted, you have other selections to fall back on.



To see a copy of a purchase contract you can review in advance, visit: www.tucsonhomesandland.com/arizona-residential-purchase-contract/

The Uniform Residential Loan Application

Your loan application is the most important document during the mortgage approval process.

The information provided on the application will determine your status as a qualified borrower.

Every step that follows is done to verify the information that you provide on the application. It can be broken down into the following sections:

The image shows a scan of the Uniform Residential Loan Application form. The form is titled "Uniform Residential Loan Application" and includes a disclaimer at the top. It is divided into three main sections: I. TYPE OF MORTGAGE AND TERMS OF LOAN, II. PROPERTY INFORMATION AND PURPOSE OF LOAN, and III. BORROWER INFORMATION. Section I includes fields for mortgage type (VA, Conventional, USDA/Rural, Other), amount, interest rate, term, and amortization type. Section II includes fields for property address, purpose of loan (purchase, refinance, construction), and details about improvements and costs. Section III includes fields for borrower and co-borrower names, social security numbers, home phone numbers, marital status, and dependent information.

• Section I – Type of Mortgage and Terms of Loan

The main items of concern to you in the first section of the application are the loan amount, interest rate, length of loan (number of months), and the loan type (fixed rate or adjustable). If you're unsure about some of these options, simply leave those spaces blank.

• Section II – Property Information and purpose of Loan

In this section, you'll declare how you will hold title to the property. You will also identify the source of the funds you'll use for down payment and closing costs, ensuring that this money won't be yet another loan that may burden your ability to repay your mortgage.

• Section III – Borrower Information

The third section of the Uniform Residential Loan Application is where you get to tell about yourself. If you are buying the property with someone else, such as a spouse, you have the added thrill of providing information about the other person as well. Remember, a two-year history is necessary for your home address.

• Section IV – Employment Information

This section outlines your work history. Lenders want to know whether you can hold down a steady job. Again, a two-year history is necessary. We are primarily looking for stability here.

• Section V – Monthly Income & Combined Housing Information

Section V makes or breaks many mortgage applications. Here, you list your monthly income, including that derived from investments. Most people's employment is what qualifies them to borrow money via a mortgage. Net rental income refers to the difference between rent payments you receive and related expenses such as taxes, maintenance, and insurance. If you have other income sources, such as child support or alimony, you should list them on the "other" line (optional).

• Section VI – Assets and Liabilities

In section VI, you present your personal balance sheet, which summarizes your assets and liabilities. Liabilities are any loans or debts you have outstanding, including their related minimum monthly payments.

| 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 notes in "Section III 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 |
|-----|----------------|
| | \$ |
| | |

| 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 spouse or other person, this Statement and supporting schedules must be completed by that spouse or other person alone. Completed <input checked="" type="checkbox"/> Jointly <input type="checkbox"/> Not Jointly. | | | | | | |
| Description | ASSETS | Cash or Market Value | 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: | \$ | | | | | |
| | | | LIABILITIES | Unpaid Balance | | |
| | | | Monthly Payment \$ | Months Left to Pay | | |
| List checking and savings accounts below | | | | | | |
| Name and address of Bank, S&L, or Credit Union | | | Name and address of Company | \$ Payment/Months | | |
| Acct. no. | \$ | | Acct. no. | \$ Payment/Months | | |
| Name and address of Bank, S&L, or Credit Union | | | Name and address of Company | \$ Payment/Months | | |
| Acct. no. | \$ | | Acct. no. | \$ Payment/Months | | |
| Name and address of Bank, S&L, or Credit Union | | | Name and address of Company | \$ Payment/Months | | |
| Acct. no. | \$ | | Acct. no. | \$ Payment/Months | | |
| Stocks & Bonds (Company name/number description) | \$ | | Name and address of Company | \$ Payment/Months | | |
| Life insurance net cash value | \$ | | Name and address of Company | \$ Payment/Months | | |
| Face amount: | \$ | | Acct. no. | \$ Payment/Months | | |
| Subtotal Liquid Assets | \$ | | Name and address of Company | \$ Payment/Months | | |
| Real estate owned (enter market value from schedule of real estate owned) | \$ | | Acct. no. | \$ Payment/Months | | |
| Vested interest in retirement fund | \$ | | Name and address of Company | \$ Payment/Months | | |
| Net worth of businesses) owned (attach financial statements) | \$ | | Acct. no. | \$ Payment/Months | | |
| Automobiles owned (make and year) | \$ | | Alimony/Child Support/Separate Maintenance Payments Owed to: | \$ | | |
| Other Assets (itemize) | \$ | | Job-Related Expense (child care, union dues, etc.) | \$ | | |
| | | | Total Monthly Payments | \$ | | |
| Total Assets a. | | | Net Worth (businesses) | Total Liabilities b. | | |
| \$ | | | \$ => | \$ | | |
| Schedule of Real Estate Owned (if additional properties are owned, use continuation sheet) | | | | | | |
| Property Address (enter S if sold, PS if pending sale or R if rental being held for income) | Type of Property | Present Market Value | Amount of Mortgages & Liens | Gross Rental Income | Insurance, Maintenance, Taxes & Misc. | Net Rental Income |
| | | \$ | \$ | \$ | \$ | \$ |
| | | \$ | \$ | \$ | \$ | \$ |
| | | \$ | \$ | \$ | \$ | \$ |
| | | \$ | \$ | \$ | \$ | \$ |
| Totals | | \$ | \$ | \$ | \$ | \$ |
| List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s): | | | | | | |
| Alternate Name | | | Creditor Name | | Account Number | |

The more consumer-debt obligations you have, the less you may qualify for to purchase a home. If you have the cash available to pay off high-cost consumer debts, such as credit card loans and auto loans, consider doing so now. Before doing so, however, it is important to consult with your licensed mortgage professional to determine how it might affect your loan approval.

• Section VII – Details of Transaction

The purpose of this section is to total the cash requirements for the purchase of this property, including down payment, closing costs and prepaid items (such as home insurance). This section can be completed later as we discover the details of what is needed.

• Section VIII – Declarations

Rather than “Declarations,” this section could more correctly be called “Personal Interrogation!” Questions “a” through “i” (above the dotted line) are potential red flags to lenders. If you answer yes to any of these questions, explain yourself on a separate page. Don’t worry, a yes response won’t necessarily kill the deal.

| VII. DETAILS OF TRANSACTION | | VIII. DECLARATIONS | | | |
|---|----|--|--|--------------------------|--------------------------|
| a. Purchase price | \$ | If you answer "Yes" to any questions a through i, please use continuation sheet for explanation. a. Are there any outstanding judgments against you? b. Have you been declared bankrupt within the past 7 years? c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years? d. Are you a party to a lawsuit? e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and address of lender, FHA or VA case number, if any, and reasons for the action.) f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes," give details as described in the preceding question. g. Are you obligated to pay alimony, child support, or separate maintenance? h. Is any part of the down payment borrowed? i. Are you a co-maker or endorser on a note? j. Are you a U.S. citizen? k. Are you a permanent resident alien? l. Do you intend to occupy the property as your primary residence? If "Yes," complete question below. m. Have you had an ownership interest in a property in the last three years? (1) What type of property did you own-principal residence (PR), second home (SH), or investment property (IP)? (2) How did you hold title to the home: solely by yourself (S), jointly with your spouse (SP), or jointly with another person (O)? | Borrower | Co-Borrower | |
| b. Alterations, improvements, repairs | | | Yes | No | No |
| c. Land (if acquired separately) | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Refinance (incl. debts to be paid off) | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Estimated prepaid items | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Estimated closing costs | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. PMI, MIP, Funding Fee | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Discount (if Borrower will pay) | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Total costs (add items a through h) | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| j. Subordinate financing | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| k. Borrower's closing costs paid by Seller | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| l. Other Credits (explain) | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| m. Loan amount (exclude PMI, MIP, Funding Fee financed) | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| n. PMI, MIP, Funding Fee financed | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| o. Loan amount (add m & n) | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| p. Cash from/to Borrower (subtract j, k, l & o from i) | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| IX. ACKNOWLEDGEMENT AND AGREEMENT | | | | | |
| Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, the imprisonment or both under the provisions of the 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application ("the Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in this application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors, or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer credit reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature. | | | | | |
| Acknowledgement: Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate purpose through any source, including a source named in this application or a consumer reporting agency. | | | | | |
| Right to Receive Copy of Appraisal: I/We have the right to a copy of the appraisal report used in connection with this application for credit. To obtain a copy, I/we must send Creditor a written request at the mailing address Creditor has provided. | | | | | |
| If you would like a copy of the appraisal report contact: | | | | | |
| Borrower's Signature | | Date | Co-Borrower's Signature | | |
| X | | | X | | |
| X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES | | | | | |
| The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may not discriminate either on the basis of this information or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surmise if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.) | | | | | |
| BORROWER <input type="checkbox"/> do not wish to furnish this information | | CO-BORROWER <input type="checkbox"/> do not wish to furnish this information | | | |
| Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino | | Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino | | | |
| Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White | | Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White | | | |
| Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male | | Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male | | | |
| To be Completed by Loan Originator: | | | | | |
| This information was provided: | | | | | |
| <input type="checkbox"/> In a face-to-face interview | | <input type="checkbox"/> By the applicant and submitted by fax or mail | | | |
| <input type="checkbox"/> In a telephone interview | | <input type="checkbox"/> By the applicant and submitted via e-mail or the internet | | | |
| Loan Originator's Signature | | Date | | | |
| X | | | | | |
| Loan Originator's Name (print or type) | | Loan Originator Identifier | Loan Originator's Phone Number (including area code) | | |
| Loan Origination Company's Name | | Loan Origination Company Identifier | Loan Origination Company's Address | | |
| Uniform Residential Loan Application Freddie Mac Form 65 705 (rev. 6/09) | | | | | |
| | | | Page 4 of 4 | | |
| Fannie Mae Form 1003 706 (rev. 6/09) Cally Form - Loanapp4.fm (09/2013) | | | | | |

- **Section IX Acknowledgment and Agreement**

This is where you sign your name on the dotted line. This is the time to ask yourself whether you've presented your information truthfully to the best of your knowledge.

- **Section X – Information for Government Monitoring Purposes**

You may skip this section if you want to; it is for government monitoring purposes. The federal government tracks the ethnicity and gender of borrowers to see whether lenders discriminate against certain people.

In Summary

It may seem that the information being requested is very personal, and it is! However, it is important to remember that the information will determine whether you are approved for a mortgage. The more detailed you can be, the easier you will find the approval process.

As you can see, the loan application shows information about the type of mortgage you're considering alongside your personal financial situation. At the time of application, make sure you are prepared to give detailed information about your financial situation, including items such as:

Items Necessary to Process a Loan

Employed Individuals

- Previous three months' checking and savings account statements, including all pages of all statements.
- Previous three months' stock and liquid asset statements, including all pages of all statements.
- Most recent quarterly/ three months' IRA/401K/Keogh statements.
- Two most recent pay stubs.
- Last two years' W-2 forms from all employers.
- Last two years' federal tax returns, including all schedules, 1099s, K-1s.
- Final divorce decree and/or settlement agreement, if applicable.
- The name and phone number of your homeowner's insurance agent.

Additional Items Required for Self-Employed Individuals

- Copy of last two years' corporate/partnership tax returns and K-1s.
- Year-to-date profit & loss statement and balance sheet.

Additional Items Required for Retired Individuals

- Verification of income from pension, Social Security, annuities, etc.

Based upon your specific financial/personal situation, other information may be necessary to process your loan file. As stated before, we are required to verify the status of your employment and bank deposits. In addition, we have to show your credit history, property information, and explain any discrepancies an underwriter may find.

Detailed Steps to the Home Buying Process

- Making an Offer / The Purchase Contract

This is the contract between the buyer and seller stating the terms of the transaction. The purpose of the purchase contract is to act as a receipt for the buyer's earnest money, provide a copy of the buyer's offer upon acceptance, serve as a legally binding contract, give escrow instructions to the title company, and state any special conditions you and the seller agree upon.



To see a copy of a purchase contract you can review in advance, visit: www.tucsonhomesandland.com/arizona-residential-purchase-contract/

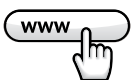
- Buyer Inspection Notice Sellers Response (BINSR)

Once an offer is accepted by the seller, there is a due diligence period, which is specified in the purchase contract. The standard period is 10 days. The inspection time period is up to the buyer and can be changed to fit the situation. Depending on the circumstances, a shorter or longer time frame may make sense.

The countdown of inspection days starts the day after the contract is accepted. Let's say the seller accepts your offer on Sunday. Day 1 of the inspection period would start at 12 a.m. Monday and end 10 days later, at 12 p.m. on the second Wednesday.

During the due diligence time period, it is important to stay on task and complete all necessary inspections within the given time period. If inspections are not performed and the BINSR is not delivered to the seller by the deadline, the buyer then elects to proceed with the transaction without corrections of any disapproved items.

During the inspection period, the seller provides to the buyer the Seller Property Disclosure Statement (SPDS). The SPDS is an important document that should be reviewed during the inspection period. It can help point the buyer to items that may be of concern.



To see a copy of a BINSR you can review in advance, visit: www.tucsonhomesandland.com/arizona-buyers-inspection-notice/

- **Due Diligence Checklist**

- Check comparable values through a Comparative Market Analysis (CMA).
- Check to see if house is in a flood plain.
- Obtain Seller Property Disclosure Statement (SPDS) from the seller through listing agent.
- Check to see if there is a termite warranty.
- Check for building permits issued for any prior modifications of the home.
- Acquire and read Covenants, Conditions, & Restrictions (CC&Rs). These are limits and rules placed on a group of homes by a builder, developer, neighborhood association, or homeowners' association. When buying a property in a shared community, a buyer may give up certain freedoms.
- Obtain a home inspection from licensed home inspector.

- **Complete other recommended property inspections:**

- Termite inspection
(required for certain types of loan programs)
- Roof inspection
- HVAC system inspection
- Pool inspection
- Any other specific areas of concern

- **The Appraisal**

The appraisal is ordered by your mortgage banker, typically after the inspection period is completed and any BINSR requests have been settled. The purchase contract will be forwarded to an appraiser (selected on a random, round-robin basis to ensure objectivity). The purpose of the appraisal is to confirm that the purchase price of the property is at fair market value, since it will be used as collateral for the mortgage. Generally speaking, the appraiser will be familiar with the homes in the area and have a good idea of what value and amenities are common to homes there. Armed with this information, the appraiser compares the sale prices of other recently sold homes in the neighborhood. He or she will then make price adjustments for each amenity that the home has or does not have, compared to homes of a similar size and price in the area. Typically, an appraisal report requires 4 to 10 days to complete and costs approximately \$375 and up, depending on size, type, and location of home and character of the property (owner-occupied or rental property).

- **Preliminary Title Report**

To obtain financial information on the property you are purchasing, a “lender’s title insurance” policy is required. In real estate, “title” means right to ownership. Title insurance is a policy to guarantee a free and clear title to the house or property. To secure a commitment for title insurance, a preliminary title report must be ordered to ensure that there are no “clouds” or problems with the title of the property that might hinder the transfer of title.

- **Verification of Funds**

As part of the loan process, the lender must make sure that you have the necessary funds for the purchase, including down payment, closing costs and prepaid items. This is done by reviewing bank/investment statements, recent deposits, receipt of gift funds, etc. All pages of any statement must be provided, and all deposits “sourced” as acceptable. For example, deposits from cash advances on credit cards, large cash deposits, or sale of personal property could be problematic and should be discussed with your Licensed Mortgage Professional in advance.

- **Verification of Employment**

Equally important is verifying your current and previous employment status. The income stated on the application will tell us if you have the necessary means to repay your debts. To verify this information, we contact your employer to confirm your gross base pay, overtime pay, commission income, bonus income, etc. and the manner in which you are paid (hourly, weekly, monthly etc.) In addition, this item tells us of your probability of continued employment as well as when and how much your next pay increase will be.

- **Credit Report**

Before your loan can be submitted for final approval, a Residential Mortgage Credit Report must be ordered. Your credit score is accessed from the three major repositories around the country—Experian, TransUnion, and Equifax. The information provided shows your previous repayment history and forecasts your ability to make payments in the future (also known as “FICO scoring”). It also identifies any credit problems you may need to address before you can be approved for your loan request. If you know of any problems that may appear on your credit report, it is important to inform us as soon as possible so that it does not slow down your approval process.



Submitting the Loan for Final Approval

Once the complete loan package is assembled, it is time to submit it to the underwriter for final approval. The underwriter will review the loan application and all associated paperwork the loan processor has collected to approve or your file. The moment of truth has finally come.

An underwriter is going to look at every facet of your financial life as reflected by the credit report, submitted loan application, and supporting documentation. He or she will evaluate the risk involved in lending you money – the likelihood that you will repay the loan. An underwriter looks at the “four C’s” of credit – capacity, credit history, capital, and collateral.

- **Capacity**

Can you repay the debt? An underwriter will look at your employment information: your occupation, how long you have worked, and how much you earn. He or she will also want to know your expenses: how many dependents you have, whether you pay alimony or child support, the amount of your other obligations, and many other items depending on your situation.

- **Credit History**

Will you repay the debt? An underwriter will look at your credit history: how much you owe, how often you borrow, whether you pay your bills on time, and whether you live within your means. He or she will also look for signs of stability: how long you have lived at your present address and how long you have worked at your present job.

- **Capital**

Do you have enough cash for the down payment, closing costs and prepaid items? Do you need a gift from a relative? Will you have a cushion left after your home purchase, or will you spend your last penny at settlement?

- Collateral

Will the investor be fully protected if you fail to repay the loan? Investors want to be sure the property is sufficient to back up your loan. In other words, is your home worth what you're paying for it?

Additionally, if the down payment is less than 20 percent of the purchase price, your loan may have to be approved by a Mortgage Insurance company. This is an insurance policy provided by non-government insurers that protects the investor against loss if a borrower defaults. It does not protect you, but is necessary to obtain the mortgage.

Also, you may be required to produce additional documentation to support your ability to repay the loan. If this happens to you, do not despair. It simply means something in the loan file needs to be re-explained or clarified to the underwriter's satisfaction before your loan can be approved. The sooner you respond to these requests, the faster your loan will be funded.

LOAN APPLICATION

Name _____ Last/Family/Sur (Enter name exactly as it appears)

Preferred name, if not first name (only one) _____

Birth Date _____ mm/dd/yyyy

Preferred Telephone Home Cell Home

E-mail Address _____

Permanent home address _____ Number & S

City/Town _____

If different from above, please provide _____

Current mailing address _____

Locking in the Loan Program, Rate, and Terms

You may have discussed several financing options with your licensed mortgage professional. At some point, usually after the inspection period is completed, it is typical to finalize the loan program and lock in your rate and terms. Doing this, in essence, freezes your interest rate and cost in points (if any) and protects you from changes in the market.

Normally, you do not want to lock a loan more than 55 days before the closing date on your property. By locking more than 55 days, the rates and points (if any) are priced higher than if you were to lock for a shorter time period.

The lock period must cover the time necessary to close the loan. For example, if you secured a contract on April 1 with a closing date of May 10, you would need a lock period of 40 days. Typical lock periods are 12, 25, and 40 days. In general, you may achieve a slightly lower rate or points (if any) with a shorter period.

The rate and points (if any) you will be quoted depend on several factors, including FICO scores, type of loan, type of property, level of down payment, and character of purchase.

Here is a brief breakdown for example purposes:

- **FICO Scores:** the lowest rates and points (if any) are with FICO scores of 740+. From there, rates and points (if any) increase as FICO scores decrease, to 720+, 700+, 680+, 660+ and so forth.
- **Type of Loan:** Conventional, FHA, USDA, and VA loans are priced differently since each are sold to different investors. Likewise, the terms of loans—for example, 30-year, 20-year, and 15-year—each dictate different rates. Another choice is a fixed-rate loan vs. an adjustable rate mortgage, such as 3-year, 5-year, 7-year and 10-year. Note that not all combinations of the above examples are available.
- **Type of property:** Single family residence, condo, multi-unit (2-4), manufactured home.
- **Down payment:** 0 percent (VA, USDA), 3.5 percent (FHA), 5 percent to 20 percent, 30 percent+, or 40 percent+ .
- **Character of purchase:** primary residence, vacation/second home, or rental property.

CLOSING - The BIG DAY!

This is the day when your loan is finalized, your mortgage is funded, and you get the keys to your new house. However, there are a few things you will want to inspect and ensure before you sign on the dotted line.

- **Final Walk Through**

Your contract should include a clause allowing you to examine the property within 24 hours prior to closing. This allows you to make sure the seller has vacated the house and left behind whatever property (such as appliances) that was agreed upon. You also can make sure all conditions in the contract have been satisfied. Also, this is your last chance to make sure everything works inside and around the home. If problems do arise and cannot be corrected before closing, closing can be delayed.

- **Final Estimate of Closing Costs**

Your escrow agent should inform you of the exact amount you will need to bring to the closing well before the day arrives. This figure should, within defined tolerances, reflect the “Good Faith Estimate” you received at application. Since these estimates are subject to change, you have the right to inspect the settlement statement (called the HUD-1) three days before signing. It is important to do so, because you will be required to submit the funds (i.e., down payment, closing costs and prepaid items less the earnest deposit) through either a wire transfer or with a certified or cashier’s check. Personal checks are typically not acceptable.

- **Meeting with the Escrow Agent**

A significant part of your meeting with the escrow agent on closing day will be signing various documents. The escrow agent will go into detail about each of the documents before you sign them. These are described here.

- **HUD-1 Settlement Statement**

This form, required by federal law, itemizes the services provided and lists the charges to the buyer and the seller. It is filled out by the escrow agent who conducts the closing. Both the buyer and seller must sign it.

- **Truth-in-Lending (TIL) Statement**

This is another document required by federal law that mortgage lenders are required to give to all loan applicants within three days of receiving their initial application. Among other things, it discloses the annual percentage rate (APR), which reflects the cost of your mortgage as a yearly rate. This rate may be higher than the interest rate stated in your mortgage because the APR includes any points, fees, and other costs of credit. The TIL statement also sets forth the other terms of the loan, including the finance charge, the amount financed, and the total payments required.

- **The Note**

The mortgage note represents your promise to pay the investor according to the agreed terms. It is, in effect, a legal "IOU." Again, the terms of the loan are set forth, including the date on which your payments must be made and the location to which they must be sent. It will also detail the penalties that will be assessed if you default and warn you that the investor can "call" the loan (require full repayment before the end of the loan term) if you fail to make the required payments, if you sell the house without the prior written consent of the lender, or if you otherwise violate the terms of your note or mortgage.

- **The Mortgage - "Deed of Trust"**

The Deed of Trust is the legal document that secures the mortgage note and gives the investor a claim against your house if you default on the note's terms. In effect, you have ownership and possession of the property but the investor has the ability to foreclose if you stop making payments before the loan has been fully repaid.

- **Affidavits**

You may be asked to sign numerous affidavits (for example, that it is your intention to occupy the property). These may be required by state law, by the investor, or by secondary market agencies. If you provide false information, you may face criminal penalties and you run the risk that the lender will call your loan.

- **The Deed**

The seller must sign a deed at the closing, and it must be properly notarized. This is the document that transfers ownership from the seller to you, the buyer.

- **Recording the Documents**

After all the papers have been signed and the fees paid, the deed of trust and the deed must be officially recorded at the county recorder's office. The escrow agent will not usually release funds to the seller until the transaction has been recorded, making the buyer the official owner of record. This legal transfer of the property usually takes one to two days after signing.

Closing need not be a stressful experience if you know what to expect and prepare for it. Ensure that you have conducted a final walk-through on the property before taking possession, read every document placed before you to ensure its accuracy, and stay on top of any problems so they do not hinder or postpone the closing of your new home.

We hope we have been able to pass along useful information to you. As you can see, the process looks more complicated than it really is. However, don't let that discourage you from taking the first step. As long as you have the right team in place, the process will go smoothly. Remember, we are here to help facilitate this process for you!

Please call should you have any questions along the way. We will do our best to point you in the right direction.



Tyler Ford

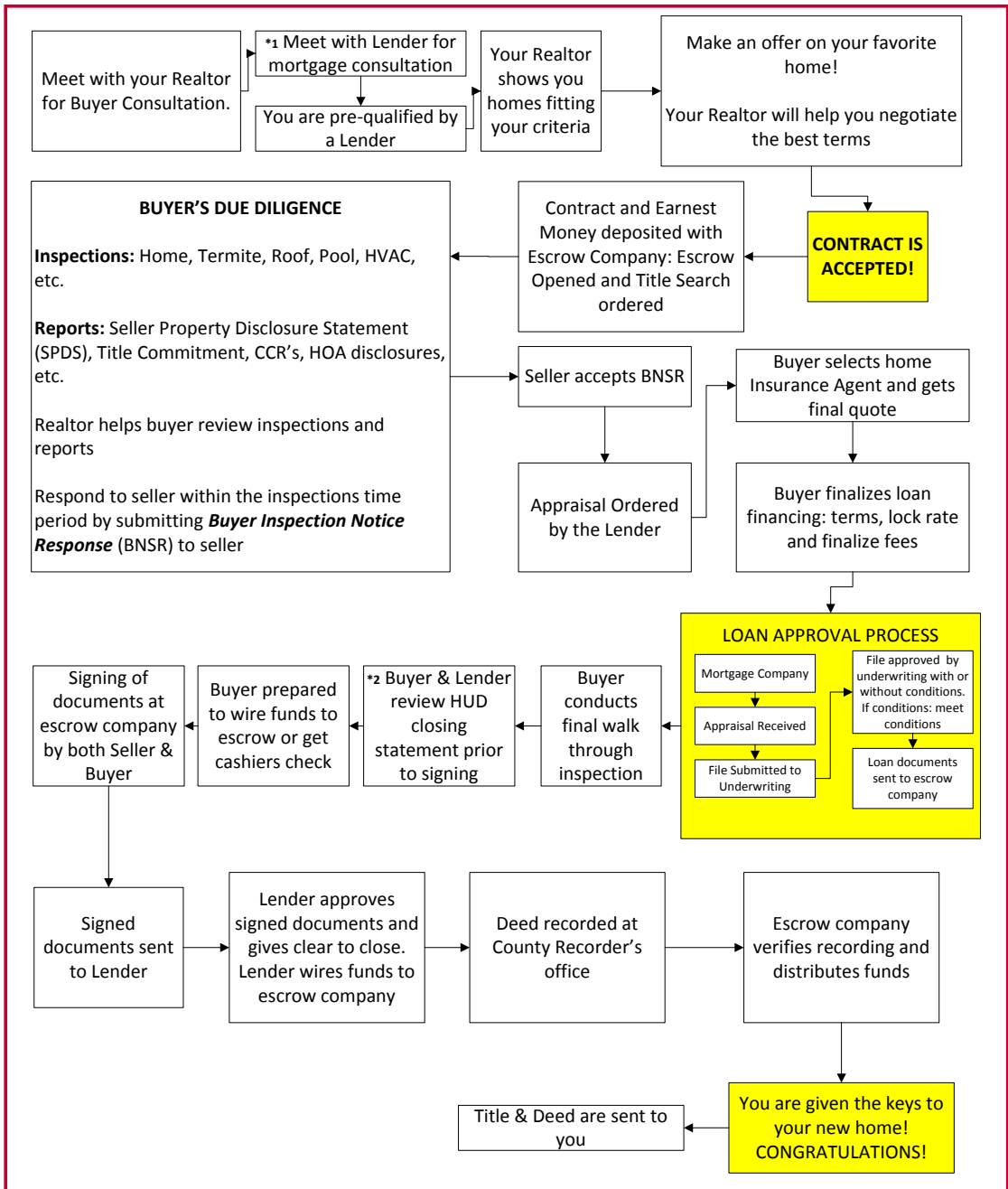
Tyler Ford
Tucson
Real Estate Specialist

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1849 North Kolb Road #101
Tucson, AZ 85715



Home Buying Process



***1** Be prepared for your mortgage consultation and provide Lender all requested documentation up front. This is an important step and will make the mortgage process go smooth. No reason to delay this critical step.

The Lender can provide you a list of all the necessary documentation you will need prior to your consultation. * Refer to page 21

***2** Important to review your HUD closing statement prior to going to the escrow company to sign your closing papers. This allows you the time to make sure the figures are correct so there are NO surprises at closing. If there are mistakes you can get them corrected in advance of signing.

TRUST

EXPERIENCE

KNOWLEDGE

As an agent who's an expert in this local area, I bring a wealth of knowledge and expertise about buying and selling real estate in Tucson, AZ. It's not the same everywhere, so you need someone you can trust for up-to-date information. I am eager to serve you. Here are some of the things I can do for you:

- Find Your Next Home
- Sell a Home
- Consult on Home Selling Tactics
- Provide Market Information

