

# Buying Your First Home with Caliber



**CALIBER**  
HOME LOANS

Caliber Home Loans, Inc. is a dedicated national mortgage lender and servicer. Since our only business is home financing, this enables us to provide you with higher levels of service and more financing options than other financial institutions.

Many of our loans include features that can help you buy your first home. You may be able to qualify sooner than you think! For example:

- You may be able to use gift funds from family members to help cover closing costs.
- Caliber works with many sources of local and state-sponsored down payment assistance and grant programs.
- You may qualify for a loan with little or no down payment.

# What Sets Us Apart?



## Highlights

Caliber's status as a dedicated lender, combined with our strong financial backing, gives us more control over the products we offer. What's in it for you? Plenty!

- Low Down Payment Options – Buy sooner without waiting to save for a big down payment or spending your savings.
- Ability to Retain Servicing – When your loan closes, Caliber will manage your loan's monthly payments\*.
- Fast Turn Times – We process and underwrite our own loans with our proprietary loan origination system.

\* We do not service Jumbo or Bond loans.

# How Caliber Can Make the Difference

Our portfolio of mortgage products and options includes:

- Conventional and Jumbo Loans
- Fixed and adjustable rate options
- Government-insured loans, including FHA, VA and USDA products
- Loan programs for borrowers with imperfect credit, or who are recovering from bankruptcy
- Rehab loans for properties in need of renovation or TLC





These loans are available with fixed and adjustable interest rates. Generally, homebuyers with higher credit scores are rewarded with lower interest rates.

- Higher loan amounts are available.
- Mortgage insurance may be cancelled after you build your equity, which is the amount you've repaid on your loan plus any increase in your home's value.
- A variety of fixed-rate and adjustable-rate mortgages (ARMs) are available.
- Home Possible® products provide affordable loans for 1-4 unit homes. Borrower income limits apply.
- HomeStyle® Renovation provides you with additional funds for remodeling and renovations before move-in.

An FHA loan is a government-insured mortgage, which enables Caliber to provide you with home financing with easier qualifying requirements. FHA loans feature low down payments and easier credit score requirements.

- Fixed-rate and adjustable-rate mortgages (ARMs) are available.
- Your family members may help you with gift funds to cover closing costs and down payments\*.
- Down payment assistance and grants are allowed.
- Our FHA 203(k) loan provides additional funds for remodeling and repairs before move-in.
- HUD REO loans only require \$100 down for buying a foreclosed property.

\* FHA first time homebuyers using gift funds on a purchase transaction in one of the following states (CT, DC, GA, MD, NJ, OH, PA) must have a minimum 660 FICO or cash reserves equal to a minimum of one month loan payment available.



Military veterans and those still in active service may qualify for home financing insured by the U.S. Department of Veterans Affairs (VA). You may be able to buy a home with no money down!

### Program Highlights

- Veterans and those in active service may qualify for 100% financing – no down payment required\*.
- Seller contributions are allowed. These help reduce your closing costs.
- High-balance VA loan products are also available.

\* Subject to county limit restrictions.

A USDA Guaranteed Loan is a government-insured loan created for homebuyers in areas with rural zoning. You may qualify for USDA financing with no money down and imperfect credit.

## Program Highlights

- Competitive, fixed-rate financing.
- No cash reserves are required.
- Your loan's closing costs can be paid by your property's seller.
- Household income limits apply.







Jumbo loans offer additional loan funds that are over the annual conforming loan limits\*.

## Program Highlights

- You may need Jumbo financing if you're buying in a high-cost area.
- Fixed- and adjustable-rate loans are available.
- Generally, Jumbo loans are priced slightly higher than conventional loans.

\* <http://www.fhfa.gov/DataTools/Downloads/pages/conforming-loan-limits.aspx>

Many new housing subdivisions and Planned Urban Developments (PUDs) offer homes that are ideal for first-time buyers. Caliber offers several loan products with additional options for new construction, including:

- Extended rate locks from 120 to 360 days\* with a “float-down” option if rates fall before your home is complete (assuming a closing date has been set) Extended locks require an up-front lock deposit.
- Conventional and government-insured loans.
- “Up-front” credit approvals prior to construction.



\* Please consult your Caliber Home Loans, Inc. Loan Officer for information regarding specific terms on extended rate locks



To help make sure your new home purchase is truly affordable, Caliber will look at your household income and determine how much is available for monthly loan payments and other expenditures. This is called a Debt to Income Ratio, or DTI.

- A Front End Ratio consists of:
  - The percentage of your gross monthly income required for your proposed monthly loan payments\*

\*Proposed housing payments generally include principal, interest, taxes, insurance, homeowners' insurance and mortgage insurance if applicable.

# Debt-to-Income Ratios Explained



- A Back End Ratio consists of:
  - The percentage of your gross monthly income required for your proposed monthly loan payments\*, plus
  - All other monthly bills and expenses.
- Conventional loans are approved with back end ratios of generally 45% or less.
- Government loans are evaluated on a case-by-case basis. Generally these are around 43% DTI.

From the time you decide to buy your first home to the day you receive the keys, you'll be assisted by some or all of the following people:

- REALTOR® or Real Estate Agent – Real estate agents can do more than help you find a home. They will assist you in negotiating the terms of your purchase with the home's seller.
- Caliber Support Staff – Processors and closing staff will help you collect supporting loan documents, verify your employment, and prepare for finalizing your purchase.

- Title Company – Staff will help ensure your home has no previous liens or claims to ownership by searching public and court records. You may also be required to buy title insurance to protect you against any future claims by other parties.
- Insurance Agent – Your new home will need Homeowner's or Hazard insurance coverage.
- Attorney – Depending on your location, you may be required to hire an attorney to carry out title claims and similar duties.



Before you begin viewing properties in person, ask me for a loan pre-qualification\*. This will give you a good idea of how much home you can afford.

Other things to consider include:

- Taxes – Depending on your county and/or state's tax structure, these can vary greatly.
- Homeowner's Association (HOA) Dues – If you are buying a condo or townhome, you may be required to pay monthly HOA dues and/or maintenance fees.
- Flood Insurance – This will be necessary if your new home is in a flood plain.
- Repairs – If the property needs repairs, you may be able to address this in two ways. Either the seller can reduce the home's price, or you can ask the seller to carry out repairs as part of the purchase contract.

\* Please keep in mind that a pre-qualification is not the same as a loan pre-approval. Ask me for details.

# Applying for Your Home Loan

When you're ready to apply for loan, call me and I'll help you get started. If you prefer, you may complete a loan application online.

After Caliber receives your application and supporting documents, we will:

- Order copies of your credit history from national credit bureaus Experian<sup>®</sup>, Equifax<sup>®</sup> and TransUnion<sup>®</sup>.
- Deliver a written Loan Estimate to you by mail, email or in person.
- Submit your application to our Processing department. An appraisal of your new home will be ordered at this time – this helps ensure you're paying a fair price.
- Eventually your application will be submitted to Underwriting for a conditional loan approval.



During the first stages of loan processing, you will need to provide supporting documentation to prove you have sufficient income and assets to afford the home you plan to buy. Generally, these include:

- Pay stubs for the last two or three pay periods (at least 30 days)
- Federal tax W2 or 1099 forms for the last two years
- Copies of your federal tax returns for the past two years, are generally required
- Bank and financial statements for the last two months that verify that you have sufficient assets for closing
- A fully-executed purchase agreement
- Explanation letters for any credit inquiries or address discrepancies

After Caliber receives your supporting documents, we will:

- Verify the information you've submitted.
- Determine a maximum loan amount that's truly affordable.
- Issue a conditional approval. This means that your loan application is approved on the condition that the information you've supplied doesn't change before your loan closes.
- If you change jobs, open new credit accounts, or incur new debt, this may result in your conditional approval being withdrawn.

Next, Caliber will arrange for a professional appraiser to determine your new home's fair market value. This is one of the most important steps in buying a home.

If your home's appraised value is equal to your contract price – your combined loan and down payment amounts – this is good news! Your loan application will proceed towards closing.



**Myth: The appraiser works for you, the buyer.**

The truth? The appraiser works for your lender, since the lender will effectively invest in your home when loaning you the funds to buy it. But keep in mind that an accurate property appraisal helps you avoid overpaying for a home as well.

**Myth: The bigger the house, the higher the appraisal value.**

Not necessarily. Consider a supersized home built on an average size lot in an otherwise modest neighborhood. Although the home might dwarf nearby properties, that doesn't mean it will be appraised for that much more.

Here's why: a property's value is measured if it resembled nearby properties – the type that would usually be built on that lot. And some people consider bigger homes a burden, since they come complete with bigger utility bills.

**Myth: The more home improvements, the higher the home's appraisal.**


Just viewed a home that looked affordable from the outside, but was full of high-tech appliances and hand-scraped floors? It might still be within your budget.

Here's why: Appraisers may not be nearly as impressed with these upgrades. They'll look at measurable data such as square footage and number of rooms, and incorporate this into their final appraisal.

When your loan is almost final, your Closing Disclosure will be ready for review. It includes:

- Your loan amount, interest rate, and monthly principal and interest payments
- An itemized breakdown of your projected monthly payments
- Closing costs – the amount of money you’ll need to produce at closing
- A chart that explains all loan costs in detail, including:
  - Origination charges
  - Services such as appraisals, title services, and survey fees
  - Taxes and government fees
  - Prepaids – Partial payments of your annual insurance premium, interest and taxes
- Additional information about your loan, including:
  - Fees that may be assessed if payments are made late
  - Acceptance of partial payments
  - Escrow account details





After you review your Closing Disclosure, scheduling your closing date will be the next, final step. Here's what you can expect at closing:

- Your home's seller will sign documents that transfers ownership of the property to you.
- You will sign several documents related to your loan agreement and the ownership of the property.
- You will present a cashier's check to pay your loan's closing costs and any escrow payments. These costs will be in your Closing Disclosure.
- You'll receive the keys to your home.
- Time to celebrate – you're a homeowner!



# Let Me Guide You Home

As your local Caliber mortgage professional, I can guide you through every step of the home buying process and provide home financing options that fit your needs. Contact me today to learn how I can assist you with one of the most important decisions of your life: choosing your home financing.

Mike Wickham  
Loan Consultant  
NMLS# 505614 • IN 17619  
10022 Lantern Road  
Suite 600  
Fishers, IN 46037  
317-576-4115  
[mike.wickham@caliberhomeloans.com](mailto:mike.wickham@caliberhomeloans.com)  
[www.caliberhomeloans.com/mwickham](http://www.caliberhomeloans.com/mwickham)

