First Time Home Buyer

Buying your first home is exciting and intimidating at the same time, mostly because it's the biggest financial decision you've ever faced. Initially, you'll have more questions than answers, which is why it's so important to have an experienced, reliable mortgage banker looking after your interests throughout the process. At The Bank of Northern Michigan, we'll help you find the ideal mortgage based on your income, credit and savings. Our process is as fast (or as slow) as you want to go, meaning we'll take whatever time is necessary to answer your every question. Follow the simple steps below to make your dream of home ownership a reality.

Get Pre-Approved

Pre-approval is based on your income, debt load and credit history. It determines the following:

- How much house you can afford
- Amount of down payment needed
- Total closing costs
- Loan eligibility

Establish a Budget

Saving for a down payment is often the most difficult hurdle to overcome when buying your first home. Once you determine the amount you need to save, set an aggressive budget, buckle down and stick to it!

Reduce Debt

Long-term debt, including mortgage payments and other consumer credit, should not exceed 38% of monthly gross income.

Examine your Credit Report

It's a good idea to review your credit report with a mortgage lender in advance of purchasing a home, especially if there have been any credit problems in the past. Lenders will look for:

- A clean credit report
- No bill past due more than 30 days in the previous year

Investigate Affordable Lending Programs

Generally, 5-20% of the selling price of the home is the minimum down payment required. However, there are many affordable programs, based on individual financial circumstances, which allow for low or no down payment.

Visit a Realtor®

A visit to a local agent is recommended for anyone considering buying a first home. Your mortgage lender can direct you to a knowledgeable agent who knows the market and can help you navigate the ins and outs of a real estate purchase.

Why choose The Bank of Northern Michigan?

• Personalized, reliable service • Decisions made locally by experienced bankers • Work together from application to closing and beyond
• Straight-forward answers to keep you well informed • Fast, streamlined and hassle-free process

FDIC

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Before You Apply — Checklist

There are several information requirements necessary to finalize the financing for your new home. The information you will need is listed below for your reference.

Type of Loan

Purchase

- ❑ Signed purchase agreement with addendum's
- ❑ A new home requires full address of property, sales price, full disclosure of property use and occupants

Refinance

- ❑ Previous title work
- ❑ Previous appraisal
- ❑ Survey
- ❑ Current tax statement
- ❑ Current homeowner's insurance

Construction

- ❑ Plans and specs
- ❑ Signed builders agreement
- ❑ If owned – warranty deed and previous title work
- ❑ If buying – purchase agreement or copy of land contract

Income

- ❑ Original Pay stubs for last 30 days
- ❑ Past two years W-2s
- ❑ Employer's name and Address
- ❑ Employment History for past two years
- ❑ If self employed, commissioned, or employed by family business – tax returns, business returns, and K-1s for last two years required)
- ❑ Pension/Social Security Award letter

Personal Information

- ❑ Full name(s) of borrower(s)
- ❑ Social Security numbers (s)
- ❑ Birth date(s)
- ❑ Addresses for the past two years
- ❑ E-mail address
- ❑ Phone number(s)
- ❑ If applicable - divorcee decree and judgment with all attachments
- ❑ If using alimony, child support, or separate maintenance, provide evidence of received payments for past 12 months (cancelled checks, letter from Friend of Court, or Federal Tax Return)

Expenses and Financials

- ❑ Mortgage or rent statements
- ❑ Other monthly expense totals
- ❑ Bank statements for past two months
- ❑ Investment accounts
- ❑ Source of funds for down payment

Insurance and Contract

- ❑ Agent's name, email address and phone number
- ❑ Purchase contract signed by both buyer and seller
- ❑ Name and address of listing agent

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Before You Close

You are nearing the end of the process! In order to complete the purchase of your new home, there are a few documents you will need to provide. Please review the information below to ensure that your home closing goes as smoothly as possible.

You Provide

Documents
All documents requested from the preliminary loan application.

Funds
Please provide funds via certified bank check or wire. These cover:

- Closing costs
- Down payment
- Prepaid interest and/or escrow

Insurance
Proof of homeowner's insurance and any other existing insurance you may have.

Identification
Please bring valid photo identification such as a Driver's License.

We Provide

Closing Services
We work with your closing attorney, escrow agent, or realtor to finalize and deliver all closing documents. We also work through documents and cover necessary explanations to answer any questions you may have.

Fee Payment
We, or the title company, will facilitate the payment of all third party fees. These include:

- Tax service
- Flood determination
- Appraisal fees
- Credit report fees
- Settlement closing fees
- Title policy fees
- Courier fees, etc.

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