

FIRST-TIME

HOME BUYERS GUIDE





Table of Contents

Meet Your Loan Officer	4
Client Reviews	5
Getting Preapproved	6
Know Your Mortgages!	7
VA Loans	8
HomeFundIt™	9
List & Lock™	10
Mortgage Terms	11
Down Payment Options	12
Benefits of Homeownership	13
The Home Loan Process	14
The Role of the Real Estate Agent	15
What Type of Home Suits Me?	16
Home Inspection Checklist	17
Open House Notes	18-19

Meet Your Loan Officer

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.

What Sets Us Apart

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



Reliable
Prequalifications /
Preapprovals



Competitive
Rates



Robust Menu of
Loan Products



Transparent
Communication



Dependable
On-Time Closings

I Have The Experience & Knowledge

My Goal has always been to be an educator first and a mortgage advisor second. That's how I've been able to create an extraordinary experience for families purchasing a home.

As a Certified Mortgage Advisor and Branch Manager at CMG Home loans, the primary goal I have for my clients and their needs is to create a positive mortgage lending experience start to finish. My focus is to make the lending process as efficient and stress-free as possible.

Our collective goal is to offer outstanding professional customer service, while providing the best home loan program, products, and services to meet every one of our client's individual needs. Additionally, I put great emphasis on keeping my clients well-informed throughout the loan process. Communication is essential. I have a dedicated team behind me that has the same commitment to make sure we are helping you reach your goal of home ownership. We understand that buying and refinancing real estate is one of the biggest single steps your family goes through in life. We want to make sure that we are making it as easy as possible while educating you throughout the process.

My business thrives by building long-lasting relationships based on integrity, honesty, and trust so that you feel comfortable referring me to your family and friends, and that you will call me for any future financial needs.

A little about me personally, I've been married to my best friend and wife for 33 years. We have one son who is a pilot with Delta Airlines. Travel has always something I enjoy, visiting different countries and cultures. Most weekends you will find me out at some shotgun range shooting, either practicing or competing in a tournament. I love the competitive side of this sport.



Meet Thomas Rhea

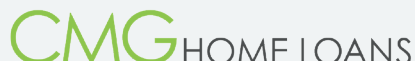
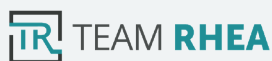
BRANCH MANAGER, NMLS ID# 6335

■ (206) 484-1760

✉ trhea@cmgfi.com

☎ (253) 592-6501

🖥 trhea.cmgfi.com



33400 9th Ave. South #205, Federal Way, WA 98003 | Branch NMLS# 6337

CMG Mortgage, Inc. dba CMG Home Loans, NMLS# 1820, is an equal housing lender. AZ license #0903132. To verify our complete list of state licenses, please visit www.cmgfi.com/corporate/licensing and <http://www.nmlsconsumeraccess.org>. (JN#1287955053)

Client Reviews

“ I had the most amazing first time home buying experience with Tom Rhea. His support was 100% upfront about tools that I needed and offered great expertise with linking me with Jamie Smith from Century 21 who also explained and walked me through this process. The greatest opportunity was taking the next step toward learning how to build my credit with help attending the home buyer seminar. I would recommend friends and family that live near or plan on moving to the Great Northwest.

— Melody S.

“ I worked with CMG Home Loans to refi my home after my divorce. My ex had many projects that were uncomplete on the home. When the appraisal was completed the work was called out to be completed for the appraised value to be valid. Tom and Kendra helped me work through this and also managed to get the loan closed to meet the deadline for the locked in rate. The helped me get through a already very stressful process by keeping me updated at every step

— Paula M.

“ Tom is the man! His customer service and support has made our home buying experience seamless and easy. In a crazy market Tom goes above and beyond to make sure we are taken care of and our interests come first. Tom is our go to guy for life! We will never look elsewhere for mortgage help as long as he is around and would follow him in a heartbeat. Thank you Tom, for all your hard work over our last two home purchases and we look forward to working with you again in the future.

— Samuel S.

“ Tom is very thorough, patient, and knowledgeable. He made my first home-buying experience very easy. I had several questions along the way and he always made the time to either call me and go over the details or he would send very detailed communication through email for me to review on my own time. I truly felt like I had an advocate to help me navigate through such a stressful time.

— Megan J.

“ Securing my home loan with Tom Rhea at CMG Home Loans was a truly remarkable experience. Tom's expertise in the field was evident from the start, making loan concepts understandable and approachable. He was always available to answer my questions, demonstrating not only his deep knowledge but also his commitment to customer service. Tom's advice was always clear, honest, and tailored to my specific needs, highlighting his dedication to my best interests. The loan process was smooth and efficient under Tom's guidance. Tom's professional demeanor and attention to detail made all the difference. I wholeheartedly recommend Tom Rhea to anyone in need of expert home loan advice and service. His blend of industry knowledge, customer care, and integrity makes him an exceptional loan officer.

— Baldip K.



Superior customer service
and open communication



Competitive rates and fees



Rapid turn times: in-house
processing, underwriting,
and funding team

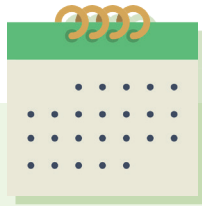
Getting Preapproved

Getting preapproved can have many advantages for home buyers and can even expedite the buying process.

Some of the benefits include:



Determine how much you can afford ahead of time.



Get a general idea of what your monthly payment will be.



Estimate your down payment.



Identify qualifying loan programs.

Most importantly, you can improve seller negotiations. The seller may be more inclined to accept your purchase offer when they know you are qualified to buy their home.

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

Know Your Mortgages!

You're going to start hearing some of these words a lot! It's important to get familiar with these common types of mortgages and mortgage terms before you begin the home buying process.

Conventional

Adjustable-Rate Mortgage (ARM) – a loan with an interest rate that is tied to a specified financial index, this increases or decreases at scheduled time periods during the life of the loan. The loan includes a margin that is tied to the index.

Fixed-Rate Loan – a loan with an interest rate and payment that remains constant throughout the life of the loan. Interest is amortized over the loan period and factored into the monthly mortgage payment.

Interest Only – monthly mortgage payments consist of interest only for a specific period, usually 5 to 10 years. During the interest only period, your balance remains the same unless you choose to pay extra toward your principal.

Government

Federal Housing Administration Loan (FHA) – FHA Loans are available as fixed-rate and adjustable-rate mortgages (ARM). FHA Loans are insured by the Federal Housing Administration and can offer low down payments as well as higher qualifying ratios. There is a maximum FHA Loan limit that varies from region to region.

United States Department of Agriculture (USDA) – designed for purchase or refinance loans in designated rural and suburban areas.

VA Loan – available to active-duty military, Veterans, reservists, National Guard, and surviving military spouses. The Veterans Administration guarantees the repayment of VA Loans to the lender in case of borrower default.



VA Loans

CMG Home Loans is a US Department of Veterans Affairs (VA) approved lender and can issue VA Loans guaranteed by the VA.

Who May Qualify?

- ▶ Veterans
- ▶ Active-Duty Service Members
- ▶ Reservists
- ▶ National Guard Members
- ▶ Eligible Surviving Spouses

Benefits of a VA Home Loan:

- ▶ Guarantees a portion of the total loan, enabling more favorable terms.
- ▶ Borrowers can buy, build, repair, or adapt a home.
- ▶ No down payment needed in most cases.* No monthly mortgage insurance payment, but an upfront Guaranty Fee is required (some applicants may be exempt).
- ▶ Flexible interest rates.
- ▶ Flexible financing options to reduce current interest rates (VA IRRRL).

Visit http://www.benefits.va.gov/homeloans/purchaseco_loan_limits.asp to learn more.

*Borrowers are responsible for a VA funding fee and the zero-down option depends on eligibility



Worried about a down payment? Increase your down payment with HomeFundIt™. HomeFundIt™ makes buying a home possible for creditworthy borrowers who are unable to save for a down payment.

What is HomeFundIt™?

HomeFundIt™ is a first of its kind online gifting platform that makes it easy for prospective home buyers to accept gifts and apply toward their down payments.

It works like any other social network:

- ▶ Connects directly with your social media accounts, like Facebook and Twitter, to allow users to share their campaigns with their network.
- ▶ Family, friends, and anyone else can contribute to your campaign through the shared link.

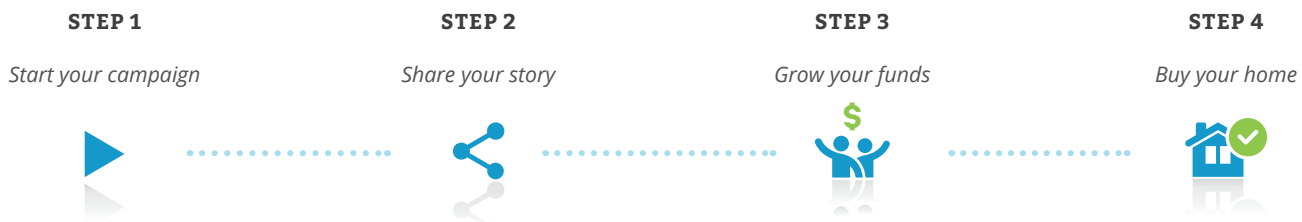
Why use HomeFundIt™?

Saving for a down payment is one of the biggest challenges future home buyers face. Whether you need to increase your current down payment savings or you're starting from scratch, HomeFundIt™ can be the down payment solution you've been looking for.

Qualifying home buyers have a chance to have closing costs covered.

- ▶ Exclusive Closing Costs Covered program available for first-time home buyers (as defined by Fannie Mae) who have completed home buyer education or pre-purchase counseling.
- ▶ CMG Home Loans (or its joint venture partners) will give \$2 for every \$1 collected (pledged funds do not apply) up to \$2,000 or 1% of the purchase price, whichever is less.*
- ▶ Grant funds will be applied to non-recurring closing costs.

Here's how it works:



WWW.HOMEFUNDIT.COM

Meet the Wilsons



\$4,000
already saved

\$4,500
gifted on
HomeFundIt™ +

\$8,500
new down payment

*Grant is a \$2-to-\$1 match on regular down payment gifts received on HomeFundIt™, up to the lesser of \$2,000 or 1% of purchase price for first time buyers, as defined by Fannie Mae, who complete homebuyer education prior to signing a purchase contract. Talk to your loan officer or visit your HomeFundIt dashboard for next steps, or you can also find a housing counselor near you by visiting <https://www.hud.gov/counseling>. 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://www.homefundit.com/Grant> for complete terms and conditions.



Interest rates are one of the most common concerns for first-time home buyers. The higher the rate, the harder it can be to qualify for a home. Are you tired of endlessly browsing listing sites? Are you losing hope on finding the right home at the right price? Look for the *List & Lock* logo!

What is *List & Lock*?

List & Lock is a unique home buying advantage offered only through CMG Home Loans. With the *List & Lock* advantage, home sellers can give you the affordability boost you need to purchase the perfect home at a discounted rate. Through *List & Lock* home sellers can advertise a discounted interest rate on their listings. Upon purchasing the home, the buyer receives this rate on their loan!

Reach out to your loan officer to learn more!

Lock Certificate

Open House Flyer with rate options

Listing image with discounted rate

5.25% 6.25% APR*
See your rate and get more info!

Rate Advertiser: 5.125% (APR 3-651%)

Rate Card:

Rate	630	640	660	670	700	710	730
Conventional Rates based on seller concession	3%	5.750 %	5.750 %	5.750 %	5.750 %	5.500 %	5.500 %
Standard rate with an 80% LTV as 3% down	5%	5.875 %	5.750 %	5.750 %	5.500 %	5.500 %	5.375 %
Pricing at 2% seller concession	10%	5.900 %	5.750 %	5.750 %	5.500 %	5.500 %	5.375 %
\$8,000.00	20%	5.875 %	5.750 %	5.750 %	5.500 %	5.500 %	5.250 %
FHA Rates based on seller concession	3.5%	6.250 %	5.750 %	5.625 %	5.500 %	5.250 %	5.125 %
Standard rate with an 80% LTV as 3.5% down	5%	6.250 %	5.750 %	5.625 %	5.500 %	5.250 %	5.125 %
Pricing at 2% seller concession	10%	6.250 %	5.750 %	5.625 %	5.250 %	5.125 %	5.125 %
\$8,000.00	3.5%	6.061 %	6.091 %	5.963 %	5.834 %	5.581 %	5.453 %
5%	6.061 %	6.091 %	5.963 %	5.834 %	5.581 %	5.453 %	5.453 %
10%	6.013 %	6.102 %	5.974 %	5.592 %	5.464 %	5.464 %	5.464 %

This lock cannot be transferred to another property address. While *List & Lock*™ can help buyers significantly, it is not a guarantee to lend. If a buyer is interested in purchasing the listed home at the advertised rate, they must still qualify for the loan. The benefit is that they won't have to qualify for the loan based on the higher market rates; instead, they will be qualifying on the *List & Lock*™ rate. They will have several loan options to choose from through *List & Lock*™ -- Conventional, FHA, VA, and select adjustable-rate mortgages (ARMs). The same type of credit and discount can be applied to other loan programs, but rate adjustments could occur. If you're concerned your closing could extend beyond the 60-day period, contact your loan officer to discuss extension possibilities.

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.

Down Payment Options

Low Down Payment – Pay 5%* or less of the home's price in cash and borrow the rest. VA and USDA Loans have 0% down payment options, FHA Loans have low down payment options, and some Conventional Financing options allow down payments as low as 3%.

10% Down Payment** – Pay 10% of the home's price in cash and borrow 90%. Pay for any additional mortgage insurance.

20* Down Payment** – Pay 20% of the home's price in cash and borrow 80%. No mortgage insurance is required.

Down Payment Assistance – Grants, loans, and tax credits are available at the federal, state, and local level. Talk with your loan officer about the options available to you.



*Rate available as of 2/8/2024. Stated rate may change or may not be available at time of rate lock. Home Price, \$600,000, Term, 30 years, Fixed rate 6.75% (6.843% Annual Percentage Rate), Down Payment 5%, Loan Amount \$570,000, 360 monthly payments of \$3,697.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance.

**Rate available as of 2/8/2024. Stated rate may change or may not be available at time of rate lock. Home Price, \$600,000, Term, 30 years, Fixed rate 6.75% (6.843% Annual Percentage Rate), Down Payment 10%, Loan Amount \$540,000, 360 monthly payments of \$3,502.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance.

***Rate available as of 2/8/2024. Stated rate may change or may not be available at time of rate lock. Home Price, \$600,000, Term, 30 years, Fixed rate 6.75% (6.843% Annual Percentage Rate), Down Payment 20%, Loan Amount \$480,000, 360 monthly payments of \$3,113.00. Payment stated does not include mortgage insurance, taxes and homeowners insurance.

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.

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 is tax deductible*

*consult a tax advisor for professional advice

The Home Loan Process

Understand the Life of Your Loan



Meet Your Loan Officer

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.



The Role of the Real Estate Agent

- ▶ Helps you determine your goals to find the home that best suits your budget, lifestyle, and personal needs.
- ▶ Access the Multiple Listing Service (MLS) to find properties for sale in your preferred community. The MLS is the most complete database of properties for sales, and it speeds up research your real estate agent can do for you: <http://mls.com>
- ▶ Protect your rights. Real estate and mortgage finance laws have become quite complicated. Your agent will keep you up-to-date on what is required of you, the seller, and of all other parties involved in your transaction.
- ▶ Negotiate for you. Once you find a home you want to buy, your real estate agent handles the process with the seller or seller's agent.

Learn More:

National Association of Realtors (NAR) - <http://www.realtor.org>



What Type of Home Suits Me?

Single Family Home

Standalone structure with no shared property.

Planned Unit Development

Community of single family structures or townhouses with shared common areas (play areas, community pool, etc.). A Homeowners Association will manage the common areas and charge a HOA fee.

Condominium

Unit within a complex with shared walls and common areas. An HOA will manage common areas and the exterior of your unit, for which you pay an HOA fee. The units are sometimes called townhouses.

Home Inspection Checklist

Pay for a professional home inspection and talk to your real estate agent about the benefits of purchasing a home warranty.

- | | | |
|--|---|--|
| <input type="checkbox"/> Age of Home | <input type="checkbox"/> Heating System | <input type="checkbox"/> Insulation |
| <input type="checkbox"/> Floor Plan | <input type="checkbox"/> Working Appliances | <input type="checkbox"/> Number of Entrances |
| <input type="checkbox"/> Square Footage | <input type="checkbox"/> Air Conditioning | <input type="checkbox"/> Basement |
| <input type="checkbox"/> Location | <input type="checkbox"/> Plumbing | <input type="checkbox"/> Attic |
| <input type="checkbox"/> Street Traffic | <input type="checkbox"/> Drainage | |
| <input type="checkbox"/> Ceiling Height | <input type="checkbox"/> Water Supply | |
| <input type="checkbox"/> Brightness | <input type="checkbox"/> Waste Disposal | |
| <input type="checkbox"/> Included Appliance & Fixtures | <input type="checkbox"/> Wiring | |

Must-Have Features

It could be beneficial to rank the importance of the following features. Check those that are most important to you.

- | | | |
|---------------------------|---|---|
| _____ Desired Home Age | <input type="checkbox"/> Home Office | <input type="checkbox"/> Attached Garage |
| _____ Number of Bedrooms | <input type="checkbox"/> Study / Library | <input type="checkbox"/> Pool |
| _____ Number of Bathrooms | <input type="checkbox"/> Living / Rec Room | <input type="checkbox"/> Large, Landscaped Yard |
| | <input type="checkbox"/> Separate Dining Room | <input type="checkbox"/> Mature Trees |
| | <input type="checkbox"/> Master Bath | <input type="checkbox"/> Fenced Property |
| | <input type="checkbox"/> Spacious Closets | <input type="checkbox"/> Walk-In Closets |
| | <input type="checkbox"/> Family Room | |

Other important features:

My Home Tour Notes

Organize your thoughts about each open house.

Property Address:

Notes:

Property Address:

Notes:

Property Address:

[Redacted area]

Notes:

[Redacted area]

Property Address:

[Redacted area]

Notes:

[Redacted area]





CMG Home Loans and CMG Financial are registered trade names of CMG Mortgage, Inc., NMLS# 1820 in most, but not all states. CMG Mortgage, Inc. is an equal housing lender. To verify our complete list of state licenses, please visit www.cmgfi.com/corporate/licensing and www.nmlsconsumeraccess.org. Licensed by the Department of Financial Protection and Innovation (DFPI) under the California Residential Mortgage Lending Act No. 4150025; AZ #0903132; Colorado regulated by the Division of Real Estate; Georgia Residential Mortgage Licensee #15438; Mortgage Servicer License No. MS068. Massachusetts Mortgage Lender License #MC1820 and Mortgage Broker License #MC1820; Mississippi Licensed Mortgage Company Licensed by the Mississippi Department of Banking and Consumer Finance; Licensed by the New Hampshire Banking Department; Licensed by the NJ Department of Banking and Insurance; Licensed Mortgage Banker – NYS Department of Financial Services; Ohio Mortgage Broker Act Mortgage Banker Exemption #MBMB.850204.000; Licensed by the Oregon Division of Financial Regulation #ML-3000; Rhode Island Licensed Lender #20142986LL; Registered Mortgage Banker with the Texas Department of Savings and Mortgage Lending, and Licensed by the Virginia State Corporation Commission #MC-5521. Licensed by the Washington Department of Financial Institutions under the Consumer Loan Act No. CL-1820. CMG Mortgage, Inc. is licensed in all 50 states and the District of Columbia. Offer of credit is subject to credit approval. NMLS Consumer Access (www.nmlsconsumeraccess.org).



NMLS ID# 1820