
The Keys to Homeownership

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Are you ready to buy a home?

Purchase Decision

- 1 Steady income
- 2 Pay bills on time
- 3 Low to medium debt
- 4 Repayment Responsibility

Benefits of Homeownership

- Tax deductions
- Stable housing costs
- Appreciation on your investment
- Gain equity
- You control your property

What is a Mortgage?

- A loan that is secured by real estate
- Investors use a series of criteria to identify lending standards
- Underwriters use this criteria to determine your likelihood of repayment
 - Job stability
 - Credit History
 - Assets

You Can Buy a Property

- Myths vs. Reality in the press
- Return to rational lending
- Government is committed to homeownership
- Plan for today or in the future



The Cost of Renting vs. Buying

Percentage of Income Needed to Afford:

Median
Rent

27.8%

Median
Home

15.9%

Real Estate Snapshot

ESSEX COUNTY | October 2020

REAL ESTATE SNAPSHOT - Change since this time last year

All Property Types



Source: [MLSpin](#) data 11.30.2020.

Criteria: YTD monthly comparative analysis Oct '19 to Oct '20 across all property types

10.34% 
MEDIAN SALES PRICE
ALL PROPERTY TYPES

16.76% 
AVERAGE SALES PRICE
ALL PROPERTY TYPES

5.18% 
MEDIAN LIST PRICE
(SOLD LISTINGS)
ALL PROPERTY TYPES

14.28% 
AVERAGE LIST PRICE
(SOLD LISTINGS)
ALL PROPERTY TYPES

 Oct '19  Oct '20

Source: [MLSpin](#) data 11.30.2020

Criteria: YTD monthly comparative analysis Oct '19 to Oct '20 across all property types

Marketwatch Report

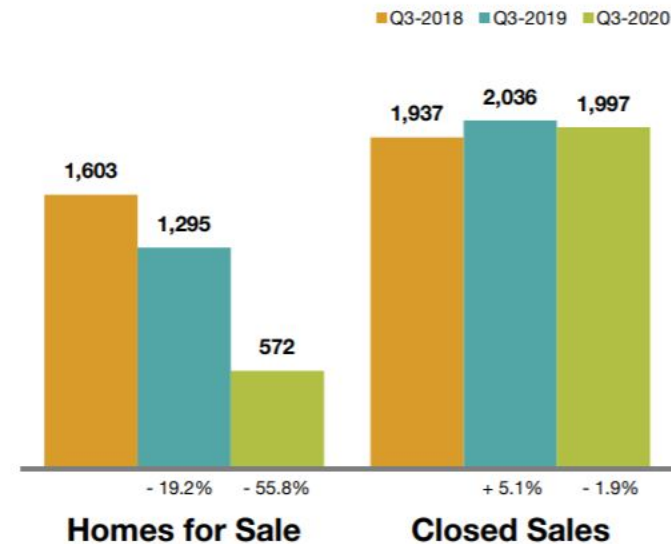
Q3-2020

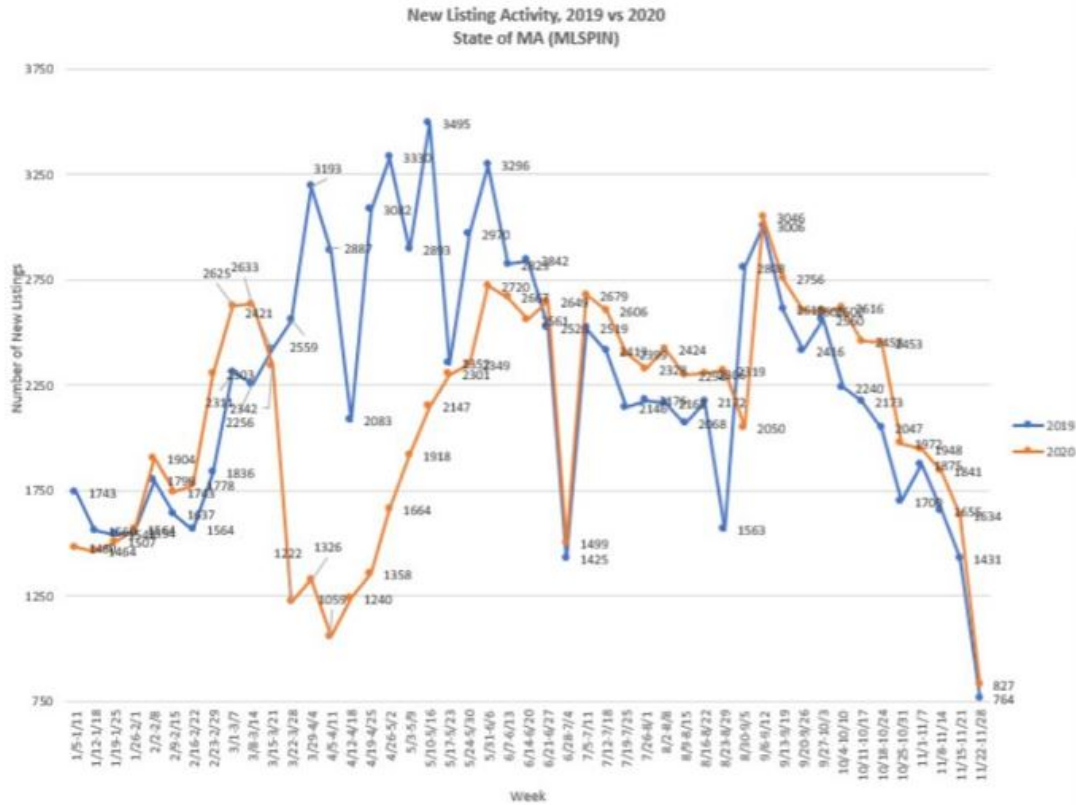


Essex County

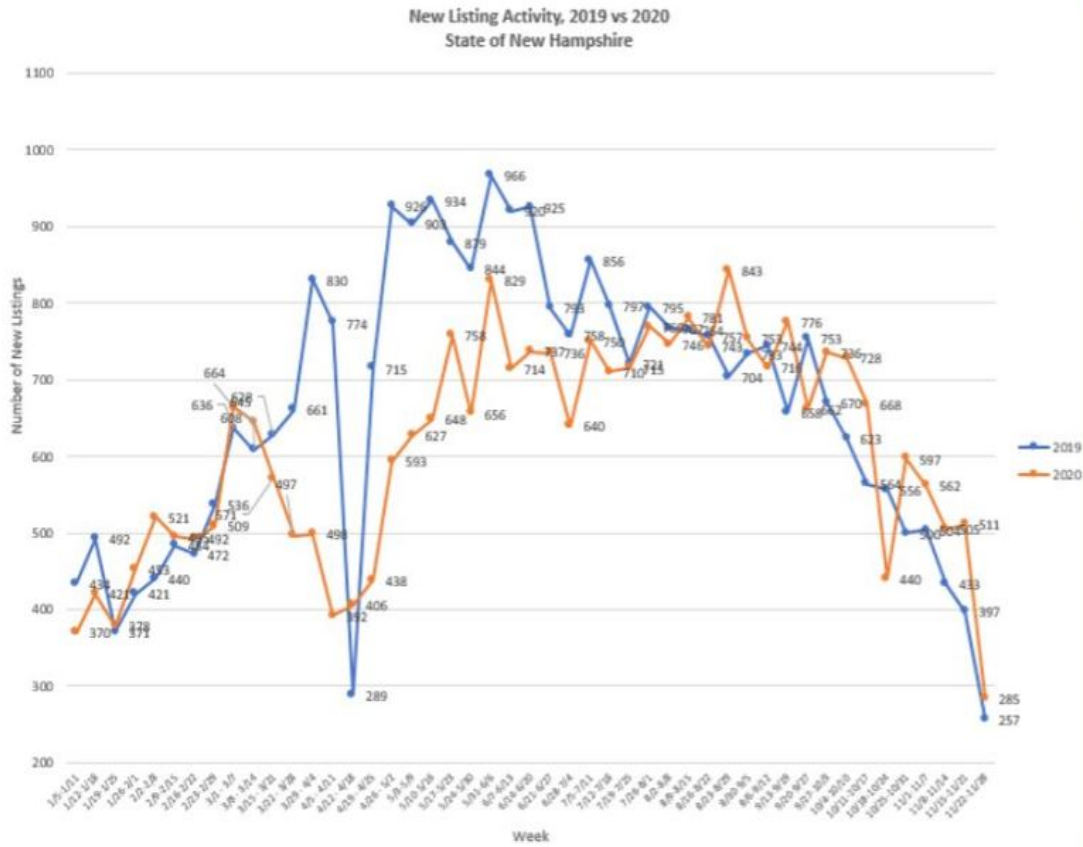
Key Metrics	Q3-2020	1-Yr Chg
Median Sales Price	\$560,000	+ 14.1%
Average Sales Price	\$652,625	+ 15.9%
Pct. of Orig. Price Rec'd.	100.9%	+ 2.5%
Homes for Sale	572	- 55.8%
Closed Sales	1,997	- 1.9%
Months Supply	1.1	- 53.9%
Days on Market	37	- 11.9%

Market Activity



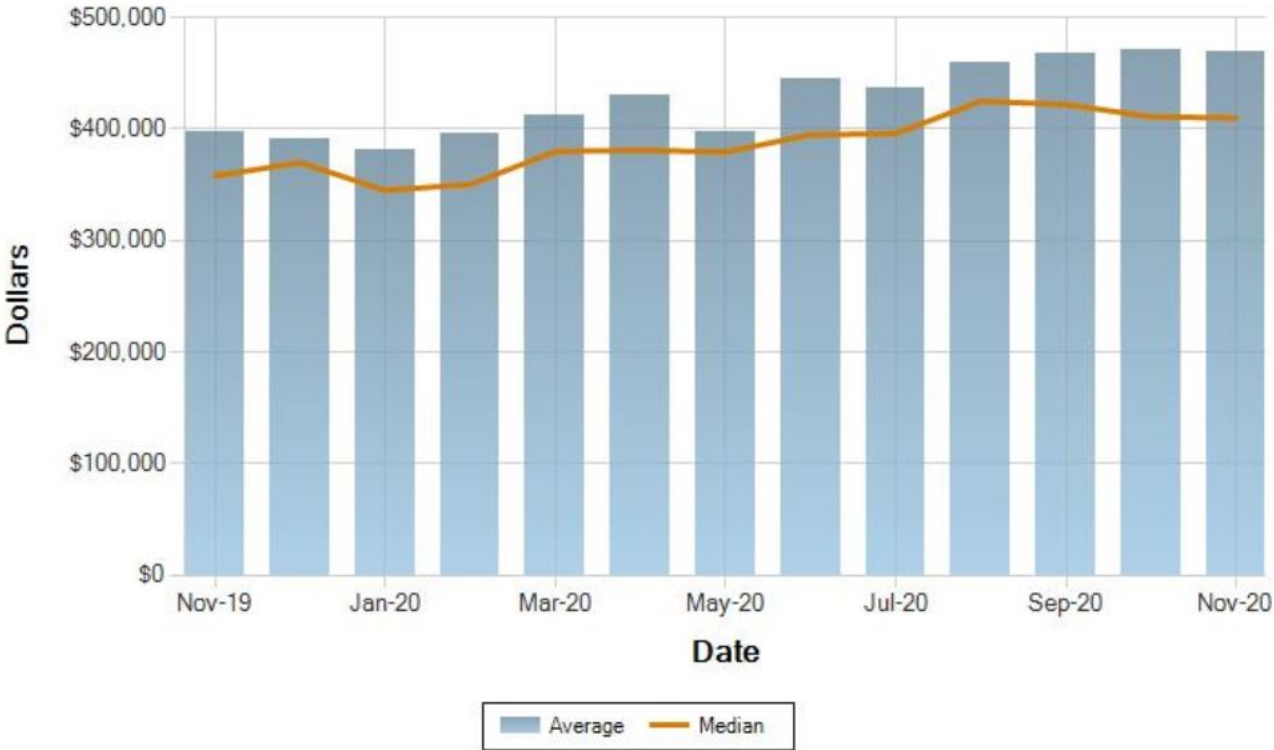


Source: 11.28.2020: Regional VP, Jenn Maher, Weekly Market Report



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**Average and Median Prices
New England Real Estate Network
Nov 2019 - Nov 2020**



Date Created: 11/30/2020
Source: New England Real Estate Network
All information is deemed reliable but is not guaranteed and should be independently verified.
Criteria: Area (Minor)=Rockingham AND Class=RE AND Date Range=11/01/2019-11/30/2020



Process of Buying Your First Home

- Pre-Approval with qualified mortgage lender
- Shopping for your home with qualified realtor
- Making an offer
- Inspection
- Appraisal
- Legal
- Closing on your first home

Why Be Pre-Approved?

- You know what you can afford before you begin shopping for a home.
- You show the seller you are serious about buying.
- You can make an offer as soon as you find the home you want.

Guide Through the Mortgage Process

Loan Officer - is your first step in purchasing a home.

Appraisal - is ordered to determine an estimate of property's current market value.

Title Work - is ordered to prove property ownership.

Underwriter - Qualifies your information with the requirements of the mortgage program selected.

Loan Commitment - Loan approval letter outlining the terms and conditions of your loan.

Closing - is when funds and the deed to the property are transferred and you are now a Homeowner.

Servicing - is responsible for collecting your monthly payments, paying real estate taxes when due and making sure that your insurance premiums are paid annually.

Five Keys to Homeownership

- 1 Job stability
- 2 Credit history and score
- 3 Available assets
- 4 Personal qualification factors
- 5 House qualification factors

Key 1: Job Stability

Two year history

- Same line of work
- Seasonal gaps

Concerns

- Multiple job changes
- Income instability
- Multiple employment gaps

Key 2: Credit Score

What is a Credit Score?

- A 3-digit number used by lenders to evaluate the risk associated with lending money.
- Generated by a mathematical model created by Fair Isaac Corporation in the 1960s.
- There are 3 major credit bureaus: Equifax, Experian[®] and TransUnion[®] - 3 Scores.
- Scores range from 350-850.

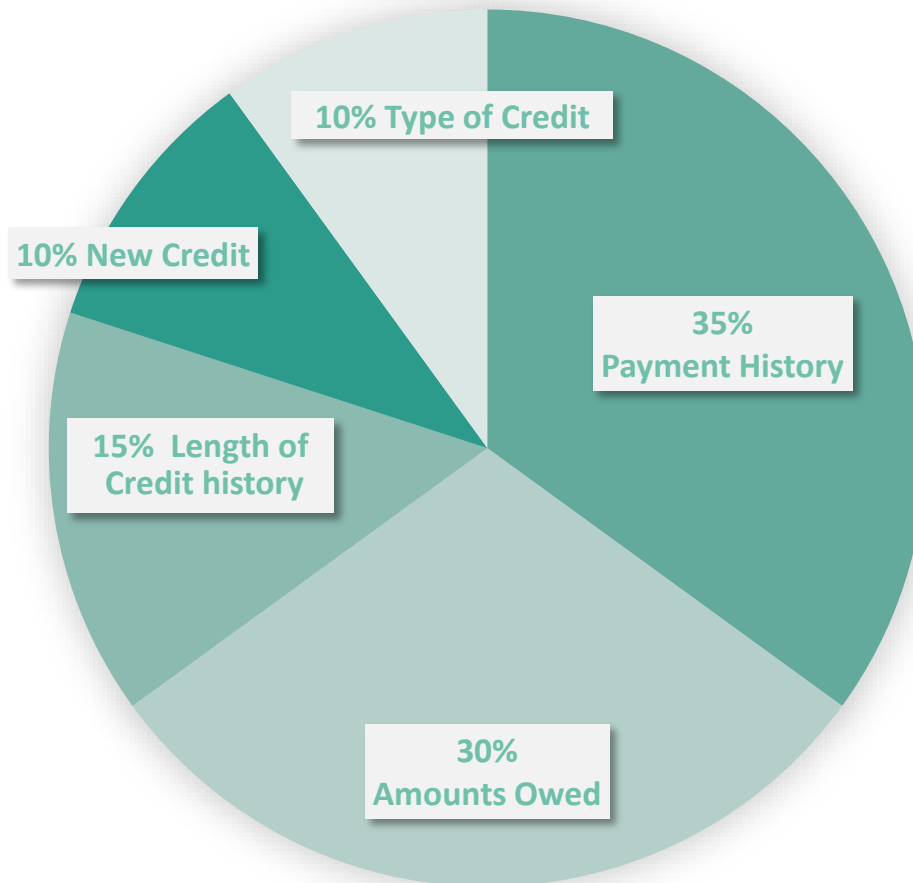
Key 2: Credit Score

Score Talk

- Above 740 = Excellent
- 680 = Good
- 620 = Fair
- Below 620 = Poor



Key 2: Credit Score Factors



Types of Credit Used

- A Mortgage Loan
- An Auto Loan
- 2-3 Major Credit Cards

New Credit

- Soft Inquiries
- Hard Inquiries

Payment History

- Late Pays
- Collections
- Charge-Offs
- Repossessions
- Foreclosures
- Tax Liens
- Bankruptcies
- Judgments

Amounts Owed

- Credit Cards
- Mortgage Loans
- Auto Loans
- HELOCs
- Installment Loans

Key 3: Available Assets

Down Payment and Closing Costs

- Savings must be documented
- Cannot borrow down payment funds unless loan is secured and payment disclosed
- Gift funds acceptable

No Down Payment Programs Available:

- State Bond Programs
- USDA Guaranteed Rural Housing Program
- VA Loan for Qualified Veterans

Key 3: Available Assets

Home Buyer assistance definition:

- Federal, State and/or Local programs that provide financial assistance to first time home buyers

Assistance can include:

- Down Payment
- Closing Costs
- Interest Rate \ Buy Down

To qualify for these programs:

- First Time Buyer or no home ownership for at least 3 years

Key 4: Personal Qualification Factors

Income:

- Regular Pay
- Overtime
- Bonus
- Second Job/Part-Time
- Retirement
- Social Security
- Investments that pay out on a regular basis
- Debt to income ratio
- Sourced and seasoned funds
- Funds to close/reverses
- Rent/mortgage paid on time and verifiable

Key 5: House Qualification Factors

- Appraisal
- Insurance
- Inspection



Loan Programs

- First Time Home Buyer
- FHA Program – 3.5% Down Payment
- VA Program – No Down Payment
- State Housing Programs
- USDA Rural Housing
- 203(k) Rehabilitation Loan
- Programs that allow Gift Funds for down payment
- Many more. . . .

FHA Financing — Low Down payment Options

- Minimum 600 Credit Score Requirement
- Minimum Borrower Investment – 3.5%
- 6% Seller Concession Allowed
- No Income Limits
- No Asset Restrictions
- No First Time Buyer Requirements
- Non-Owner occupant co-borrower is allowed

VA Program

- NO Down Payment
- Fixed Interest Rate
- Gifts Allowed
- No Mortgage Insurance required
- Limited Closing Costs
- VA Appraisal
- Variety of loan types
- Seller Concession Allowed up to 4%
- Easier to qualify residually than ratio
- No prepayment penalty
- Benefit can be used again!

Who is Eligible for VA Financing?

- All Veterans of U.S. Armed Services
- Active duty and discharged under other than dishonorable conditions
- Currently on Active Duty
- National Guard and Reserves
- Unmarried surviving spouses

MassHousing

- Up to 100% financing with no cash required on single family homes and condos
- Maximum income limits apply (varies by city/town)
- Non-traditional credit allowed
- MI Plus coverage required – can help pay the mortgage in case of job loss
- \$2,500 closing cost assistance available

New Hampshire Housing Finance Authority

- 30-year fixed rates with 0 points
- Low downpayment options
- Help with downpayment and closing costs
- Single family, 2-4 unit multi family, condos
- Free homebuyer education classes
- Purchase/Rehab programs for fixer-uppers

USDA Rural Housing

- Up to 100% financing plus up-front guarantee fee
- 30 Year Fixed Rate
- Must be located in a Rural Development eligible area (population of 10,000 or less; 20,00 or less if outside metropolitan statistical area)
- Primary Residence Only; Non income producing
- New or Existing home
- Maximum of 10 acres
- County income limits apply
- Up to 6% seller contribution allowed for closing costs

203(k) Rehabilitation Loan

- Renovation loan
- Purchase or Refinance
- Rolls costs of improvements into one monthly mortgage payment
- Loan closes before repairs begin
- Loan is based on home's value AFTER improvements
- Wide Variety of Uses:
 - Remodel kitchen and baths
 - Add rooms, garage, level
 - Energy and structural improvements; eliminate health and safety hazards
 - Tear down and rebuild (foundation must be intact)
 - Replace plumbing, roofing, etc
 - Many more uses

Our Happy Customers



"Mortgage Network recently helped us purchase our first home. I would HIGHLY recommend using Mortgage Network on your next real-estate transaction. **They made our process easy and painless. They genuinely care for their borrowers and have their best interests in mind.** Any time we had questions they were answer our calls and guide us through the process every step of the way."

- Sean & Ashley, Massachusetts Customer

"Mortgage Network was extremely helpful and **explained all of our options clearly.** They were in constant communication with us."



"Mortgage Network **walked me through the entire process, and were available to me at any time of day...even on weekends!** I couldn't have asked for a better mortgage representative to have by my side, making sure that I got my dream home!"

- Jagoda, Massachusetts Customer



Call Us Today!



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