

Home Buyer's Guide

Information for a Stress Free Financial Decision



Coaching you through the mortgage process

302-842-8120


www.WhitecapMortgage.com



whitecap mortgage

A Wave Above the Rest

Whitecap Mortgage was founded from a desire to offer a better option to our customers. We believe that you shouldn't have to choose between getting a competitive interest rate or getting an excellent mortgage experience, and from that belief, our company was born. We take pride in treating our clients with honesty and integrity and strive to make the loan process simple, easy, and transparent for everyone involved.



At **Whitecap Mortgage**, we are **mortgage brokers**. We can give you the best rate and structured mortgage, while holding your hand throughout the entire mortgage process – from when you first start looking for your home, to providing advice after your mortgage has closed. A **mortgage broker** uses industry experience and knowledge to **represent you**, not the lenders! In fact, that is just one of the many advantages of using a mortgage broker for your new home financing. **A few others are:**

- 1 UNBIASED ADVICE**
A mortgage broker acts on your behalf, not the lenders.
- 2 ONE APPLICATION**
You only need to fill out one application for multiple lenders.
- 3 ONE CREDIT CHECK**
A mortgage broker will check your credit once, so that you will not need to do separate credit checks for every lender.
- 4 LICENSED AND REGULATED**
Mortgage brokers are licensed and accountable to the industry and government.
- 5 AVAILABLE WHEN YOU ARE**
A mortgage broker isn't limited to banking hours and is available when you need them the most.
- 6 RIGHT MORTGAGE AT THE LOWEST RATE**
Best of all, a mortgage broker will find you the lowest rate and the best mortgage for your situation.

Understanding Your Credit Score

Your credit score is a number that helps creditors gauge your credit-worthiness. It is a measurement that tells them whether you're likely to pay back money lent to you according to the agreed upon terms.

HOW IS YOUR CREDIT SCORE FIGURED?

Lenders look at scores from three major credit bureaus, and they base their scores on slightly different factors, meaning you may have a different score with each credit bureau.

FICO scores are most commonly used, and they base their scores on five factors. Here's how they count towards your score.

NEW CREDIT

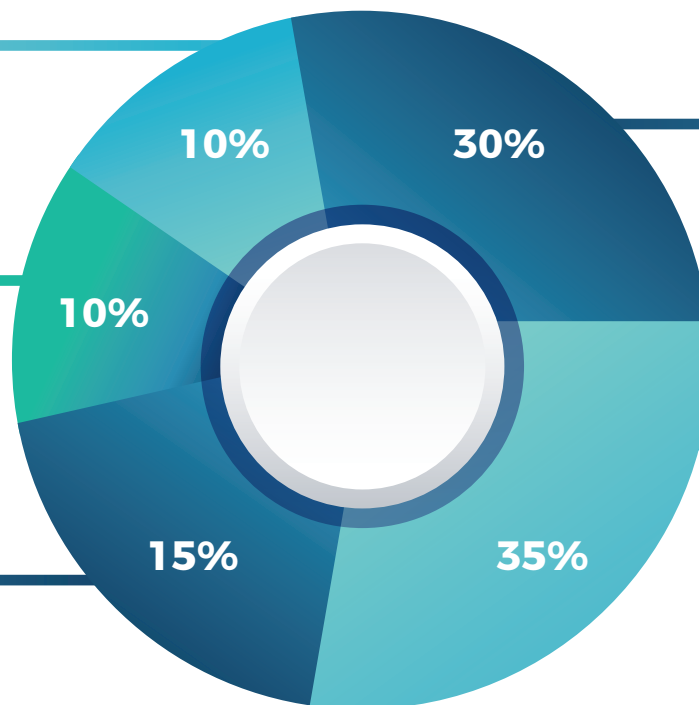
How much of your available credit is new?

TYPES OF CREDIT USED

What is your mix of credit cards, retail credit, student loans, mortgages, etc.?

LENGTH OF CREDIT HISTORY

How long have you been using credit?



AMOUNTS OWED

How much do you owe and how much of your available credit have you used?

PAYMENT HISTORY

Have you paid your past credit accounts on time?

5 WAYS TO IMPROVE YOUR CREDIT SCORE



Pay your bills on time.



Reduce your debt and aim to use 25% or less of your credit limit.



Don't close an account you seldom use, especially if you have had it for a while.



Diversify the types of credit you use.



Avoid opening multiple credit accounts in a short period of time.

Mortgage Program Options

Our team will assist in finding you the best option!

30 YEAR FIXED RATE MORTGAGE

The 30 year fixed rate mortgage is one of the most popular and secure home loan options available, especially if you want your monthly payments to never change.

15 YEAR FIXED RATE MORTGAGE

If you're looking to save thousands in interest expense and you want to own your home quicker versus a 30 year fixed rate mortgage, a 15 year fixed rate mortgage could be good for you. Plus, your payment and interest rate will never change during the term of this mortgage.

ADJUSTABLE RATE MORTGAGE (ARM)

Take advantage of the lowest rate available with an adjustable rate mortgage! It's a great loan option if rates are on the decline or you're staying in your home for a short time.

SPECIALTY/NON-TRADITIONAL LOANS

For buyers with unique income or asset situations, a non-traditional or specialty loan might be a good option.

USDA LOAN

For properties located in rural areas, this loan offers 100% financing with reduced mortgage insurance. Some income restrictions do apply and vary by county.

VA LOAN

With relaxed credit standards and low down payment options, the VA loan is geared specifically to help veterans and military personnel get a mortgage and own a home.

FHA LOAN

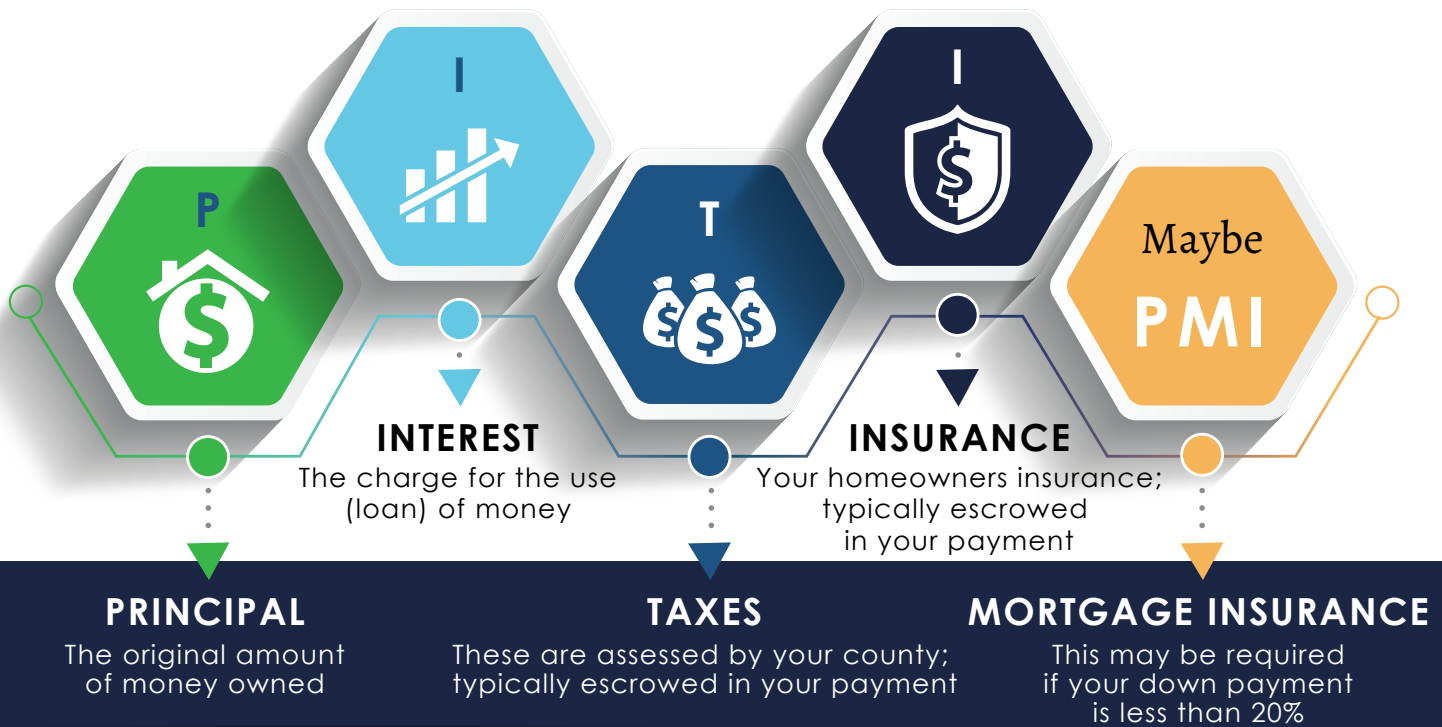
Another loan program with flexible credit standards, an FHA loan is an easier way to get a new home loan, especially if you have any credit blemishes. Down payments can be as low as 3.5%.



Mortgage Payment / Cash to Close

What's in Your Mortgage Payment?

A MORTGAGE PAYMENT CONSISTS OF 4 OR 5 COMPONENTS:



Besides your down payment, you will be required to pay closing fees.
They include:

1. Lender Fees

- a. Loan Origination - This is the total cost the lender collects to pay for the necessary items specific to your transaction such as processing, underwriting, closing, & flood certification.
- b. Appraisal - This fee is collected up front which goes to the appraiser so he can access the value of your new home.

2. Title/Attorney

- a. Title Insurance - Owners coverage and lenders coverage
- b. Survey
- c. Settlement Fees - Attorney or Title Company's fees to complete legal services

3. Government

- a. Transfer Taxes - each State will require a % of the sales price
- b. Recording Fees - State/County recording fees

4. Prepaid items/Escrow Account - (this amount will vary depending on the month and day you move in)

- a. Property Tax
- b. Hazard Insurance
- c. Interest per day
- d. Mortgage Insurance (if required)

5. Other

- a. Association Dues
- b. Radon test - optional
- c. Pest report
- d. Well and Septic test
- e. Home inspection

The Loan Process



Pre-Qualification & Pre-Approval

During this first consult, we will discuss your financial information to evaluate your credit, income and assets. At this point everything will be done verbally (meaning no documents will be required yet) unless you are self-employed or have multiple investment homes. Based on this information, we can pre-approve you for a home loan and start discussing options.



Mortgage Application and Appraisal

Once you find a home and are under contract, an application will be sent to you for signatures. We will work with you to lock your rate and order your appraisal. You will also need to provide documentation that supports your pre-approval information such as:

- Paystubs or Retirement Awards Letter(s)
- W-2's and/or 1099's
- Bank Statements and/or Retirement Statements
- Photo ID
- Documents on other homes owned, etc.



Loan Approval

Congratulations! This approval means the underwriter has reviewed your loan file and documents and has issued a commitment letter. This is also called a conditional loan approval because there are always conditions to the loan we must meet before closing. Some examples of conditions you may see on your commitment letter are:

- Documentation showing your earnest money deposit checks cleared
- Providing additional gift or asset documentation or sourcing large deposits into your bank accounts



Remaining Conditions

At this stage in the process we will work with you to clear all the remaining conditions on your loan. You will be asked to shop for homeowners insurance, co-ordinate your closing with your title company or attorney, and if you haven't already, lock your interest rate.



Initial Closing Disclosure (ICD)

This document will be the initial collaboration with your title company or attorney before closing and will show your interest rate, closing costs and your total cash needed for closing.

This is **REQUIRED** to be acknowledged and signed 3 business days prior to closing by law.



CLOSING

Sign the final mortgage documents and get the keys to your new home!

Understanding Property Types And Financing



Single Family

This is your typical home that offers various mortgage types. There are 2 types of Single Family Homes, attached and detached homes.



Manufactured Home or Mobile Home

These homes can either be on leased land or owned fee simple (you own the land). Mortgage companies will typically only provide financing on a Doublewide that has a permanent foundation on fee simple land.



Modular Home

These homes are assembled off-site in factories and then transported to a property. They often look the same as a traditional single-family home.



Multi-Unit or Duplex

This home typically is one structure that has separate living units and separate addresses. You can own up to 4 units with a residential mortgage. Down payment requirements vary depending on the number of units and whether or not you will occupy the home as your primary residence.



Condominium

These homes are separate living units where you own the unit but not the land the unit sits on. There are usually monthly dues associated with these homes and the community must be approved for financing. Not all condos are approved for all loan types, so it is important to let your loan officer know if you are considering purchasing in a condo community.

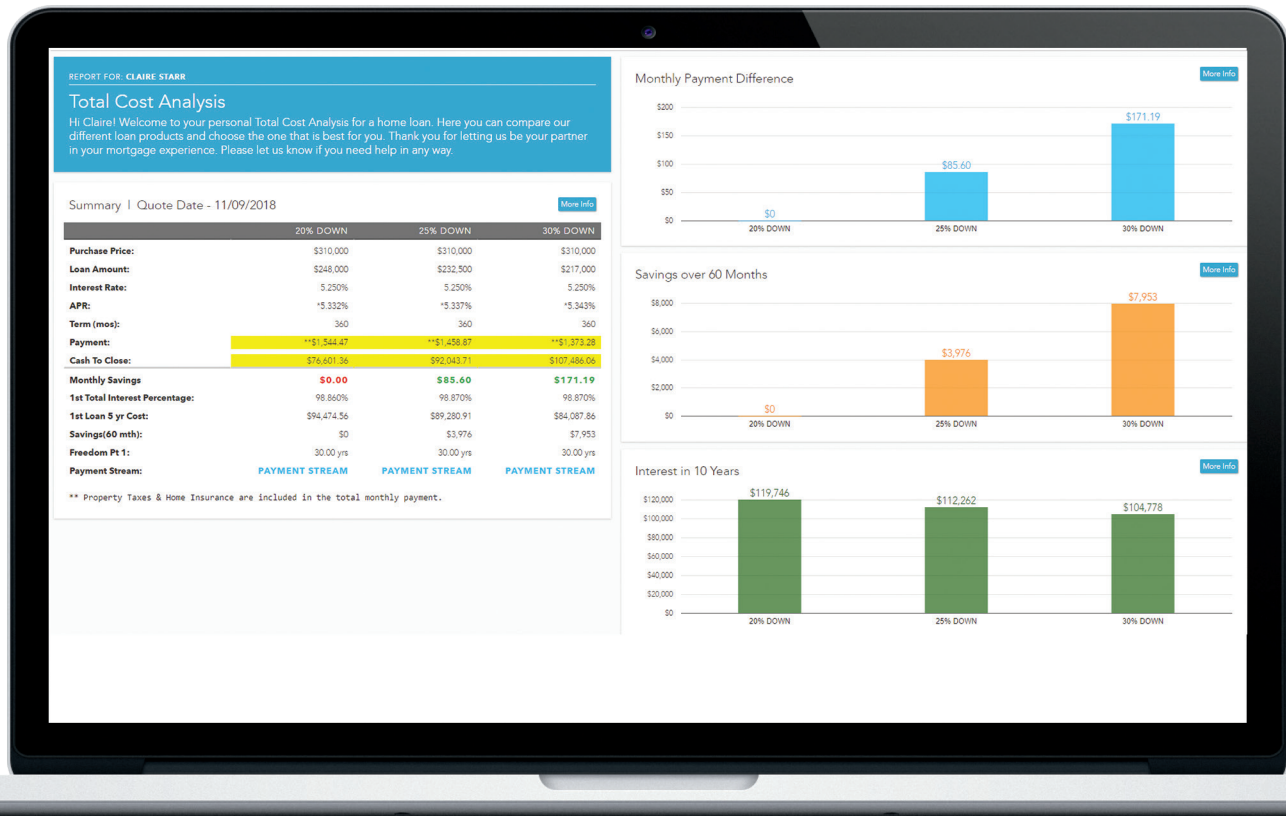
RENOVATION LENDING

Keep in mind you can select to renovate or update ANY of the above property types except manufactured/mobile homes by using a renovation mortgage. If you find the perfect location but the home needs some TLC or total renovation, we can make your dream come true.

- Large Projects - Kitchen, Bathroom, Exterior Renovations and More
- Small Projects - Painting, Carpet, Window or Door Replacements, Etc.



Providing more than just a Good Faith Estimate!



Every client receives a personalized cost analysis showing:

1. Total Payment
2. Cash to Close
3. Payment Reduction (by paying extra, how quickly will the loan be satisfied)
4. Net worth in "x" amount of years for each loan scenario
5. Savings over a period of time for each loan scenario
6. Re-Investment Strategy (by showing whether to pay in cash or take a small loan to have a tax benefit and keep liquid reserves)
7. Itemized breakdown of closing fees

Tips for a smooth loan approval

These Do's and Don't will help avoid any delays with your loan approval



- DO stay current on all existing accounts (even if you're paying them off)
- DO continue making your mortgage or rent payments on time
- DO continue to use the same insurance company
- DO continue to use your credit cards as normal
- DO continue living at your current residence
- DO continue to work for the same employer
- DO call us if you have ANY questions



DON'T

- DON'T take out a new loan
- DON'T open a new credit card
- DON'T close any credit card accounts
- DON'T change bank accounts or banks
- DON'T start any home improvement projects
- DON'T max out or overcharge your credit cards
- DON'T finance any elective medical procedures
- DON'T consolidate your debt onto fewer credit accounts
- DON'T apply for new credit (even if you're pre-approved)
- DON'T transfer any balances from one account to another
- DON'T make a major purchase (car, boat, furniture, jewelry, etc.)
- DON'T pay off any collections or accounts without first consulting us



MOST IMPORTANTLY:

If you encounter a special situation, it is best to mention it to us right away so we can help you determine the best way to handle it in order to achieve your financial goals.

1. When can I lock my interest rate?

Typically, you can lock your rate as soon as you find a home and have an agreement of sale. If you are interested in locking your rate for an extended period or while you are still shopping, give us a call and we can talk with you about those options.

2. What are points and how do they work?

Mortgage points, also known as discount points, are fees paid directly to the lender at closing in exchange for a reduced interest rate. This is also called "buying down the rate," which can lower your monthly mortgage payments. One point costs 1 percent of your mortgage amount (or \$1,000 for every \$100,000).

3. What is APR compared to my interest rate?

Interest rates are used to calculate your monthly payment. An APR is the interest rate plus any fees added by the lender to borrow money. The APR will help you compare if a lower rate and higher fee is better than a higher rate and lower fee.

4. Is a home inspection important?

After signing a purchase agreement, we strongly recommend hiring a professional home inspector even if it is not required. It is your decision and responsibility. An inspector can spot any problems with the home (including structural, maintenance and operational issues) that could save you headaches down the line, and even reopen price negotiations with the seller.

5. What is LTV or Loan-To-Value?

The LTV, or Loan-to-Value ratio, is the amount of your loan compared to the appraised value of your property. This ratio impacts the loan programs and rates for which you will be eligible. Lenders will generally offer better loan programs and rates to borrowers with lower LTV ratios.

6. Do I have to pay PMI (Private Mortgage Insurance)?

PMI is required on all mortgages financing more than 80% of the sales price. However, FHA and USDA will always require mortgage insurance. VA loans do not charge a monthly insurance but have a financed funding fee added to the loan.

7. When is my first payment due?

Mortgage payments are paid in arrears. You live in the home for 1 month, then pay on the 1st of the following month. For example, if you move in August, your first payment will be October, which pays for September's living. The days you lived in the home during August will be paid for at closing.

8. If I pay off the mortgage early, do I have to pay a penalty?

No, we do not charge pre-payment penalties.

9. Are my taxes and insurance included in my monthly payment?

Typically you will have the taxes and insurance included. However, if you have a down payment of more than 20% you can opt to pay the insurance yourself. If you want to pay the taxes, a small fee at closing will be collected.

10. Which loan program is right for me?

The choice is different for everyone and depends on credit score, income, savings, and comfort level. We can create an analysis letting you compare the programs you qualify for so you can make the best decision for your financial situation and goals.



READY TO APPLY?

Get your **FREE** credit report, find out how much you qualify for and get your **NO COST** personalized cost analysis in one of 3 easy ways:



By Phone

Call **302-842-8120** to speak directly with one of our Loan Consultants!



Online

Visit www.WhitecapMortgage.com to apply instantly!



Face to Face Consultation

Call **302-842-8120** to schedule your appointment!

What people are saying about Whitecap...

★★★★★ "I want to thank you so much for all you have done in helping me to obtain the dream of owning my own home. Your professionalism, kindness, and wisdom are beyond compare. You treated me like family and made a stressful process less stressful. Thank you so much for taking your time to do the best for me. I cannot tell you how much it meant that you were able to work around my work hours. I love my home and I am so appreciative of your guidance. Many times you answered my same questions over and over; so I would completely understand what I was doing. I would not have wanted anyone else to handle my account. Thank you." – [Jill B., Happy Homeowner](#)

★★★★★ "Hands down - best mortgage experience you will ever have! Having gone through the mortgage process 5 times already, I was expecting some problems. NOT the case with Mark and his amazing team. Every phone call/email was answered promptly and all questions/concerns addressed in a timely manner. If you have credit concerns, they will look at all options and not judge. Bottom line is, if you're looking for a mortgage lender, look no further! You won't be disappointed." – [Marie R., Happy Homeowner](#)

★★★★★ "Whitecap provides a mortgage cost analysis for each of my clients. It is customized for each of my clients. It is also mobile so I get my estimates while showing homes! This is by far more advanced than any other loan officer I have ever worked with!" – [Carol D., REALTOR®](#)

★★★★★ "Thank you for all you have done & continue to do for us. We are so thankful you decided to work with us and we have now purchased our first home. You took all the stress & worry out of finding us a home loan that would work with our situation. We would highly recommend you. You were trustworthy, friendly, fast & efficient. Thanks again for all your help." – [Pratik & Nima D., First Time Homebuyers](#)

★★★★★ "Working with Sara and her team was a dream! Their financial terms were better than any other we found (and we checked many!) and they even matched our credit union's last attempt at our business. Sara's impeccable character and clear communication was key to our deal getting done on time and easily! The entire staff was respectful, kind and responsive and knew the details of our deal...not like those large companies where you have to re-explain yourself to customer service every time you call!!! Plus, the online tools and resources for document sharing made it SO EASY. You can't go wrong with Sara and the team!! – [Michelle T., Happy Homeowner](#)

★★★★★ "The whole process was painless. I have worked with many lenders in the past, and this was the best. Every time I had a question, they were on target. I will use them again for an investment property in the future." – [Spencer, Happy Homeowner](#)



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