YOUR ROAD TO HOME OWNERSHIP

Preparing To Buy A Home

Checklist to Help You Get Ready to Buy a Home

ARE YOU FINANCIALLY PREPARED TO BUY A HOME?

- Evaluate your **current income** and **expenses**
- Know your **credit score**
- Determine **what you can afford** for your monthly payment
- Determine **debt-income ratio**
- Build your **savings**
- **Debt reduction** or **elimination**

Request Your Free Annual Credit Report

Submit a request online at **www.annualcreditreport.com**

Call toll-free: **1-877-322-8228**

Complete the **annual credit report request form** either by completing the online form at **www.annualcreditreport.com** OR by printing out the form at **www.ftc.gov/credit** and mailing it to:

Annual Credit Report Request Service
P. O. Box 105281
Atlanta, GA 30348-5281

NEVER SIGN ANYTHING YOU DON'T UNDERSTAND!

Some Costs Of A Mortage Loan

1 APR
Shows the annual cost of borrowing

2 Points
A fee based on a percentage of the principal

3 Pre-payment Penalty
A fee if you pay off your mortgage early

Target Your Search Through Pre-approval

Know your numbers
Learn how much you can finance and estimate your monthly payment

Save time
Search for affordable homes in your pre-approved price range

Build seller confidence
Let sellers know you are a serious and qualified buyer

This information is general in nature and is not intended to be legal, tax, or financial advice. Although Regions believes this information to be accurate, it cannot ensure that it will remain up to date. Statements or opinions of individuals referenced herein are their own—not Regions'. Consult an appropriate professional concerning your specific situation and irs.gov for current tax rules.

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Obtaining A Mortgage

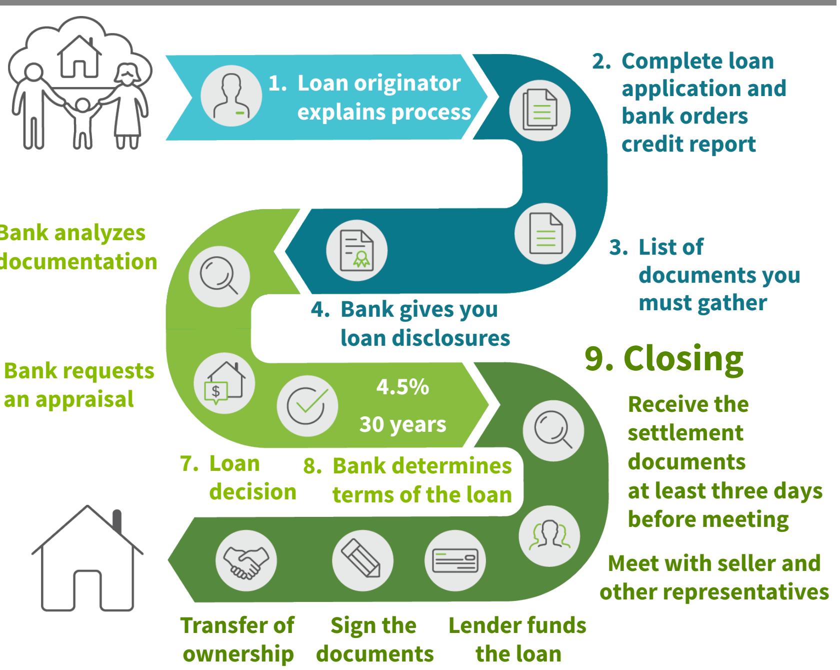
Preparing for the Closing Process

DOCUMENTS NEEDED FOR YOUR MORTGAGE APPLICATION

- **Personal and business tax returns** from the past 2 years, if applicable
- **W-2s** from past 2 years
- **Pay stubs** from past 2 months
- **Bank account statements** from past 2 months
- Proof of **child support/alimony income**, if using for qualification
- Other **investment statements** from past 2 months
- Proof of **other assets and income** (land, real estate, collectibles, etc.)

HOME PURCHASING COSTS/FEES

CLOSING PROCESS



GLOSSARY OF TERMS

MORTGAGE APPLICATION

A form (typically Uniform Residential Mortgage Application, 1003) that the lender uses to record your personal information, the purpose of the loan, your income and assets, and other information needed during the qualification process. It's important to provide accurate information.

LOAN ESTIMATE (LE)

A form that gives you an estimate of closing costs and terms of your loan. The lender sends this to you after you complete your mortgage application.

CLOSING DISCLOSURE (CD)

A statement that lists all closing costs. CD itemizes all real estate commissions, loan fees, points, and escrow amounts, and provides information about your loan closing. It also shows the total cost of the loan over the entire term of the loan. Your lender must provide you this statement no later than three days before your closing date.

DIGITAL RESOURCES

regions.com/homebuying

regions.com/calculators

regions.com/learn

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5 Terms Homebuyers Should Know When Buying a House

Throughout the homebuying process, you'll navigate your way through lending options, home inspections, and escrow. While it can be tedious at times, you can streamline the process by understanding common terminology and best practices for buying a home.

Whether it's your first home or your fourth, here are some things you should know when buying a new home:

PRE-APPROVAL:

A document from a lender that indicates how much they would be willing to lend to a homebuyer.

Multiple factors, such as household income and credit score, help determine how much funding a lender will approve. While it's not a guaranteed loan, obtaining a pre-approval before you place an offer on a home shows that you'd likely be able to secure financing if your offer is accepted.

FIXED-RATE MORTGAGE:

A mortgage with an interest rate that does not change over the life of the loan.

One of the primary benefits of a fixed-rate mortgage is that the interest rate is locked in at the time the loan is made and remains constant throughout the life of the loan. Your monthly payment will be more predictable with a fixed interest rate, but keep in mind that your monthly payment may change based on insurance and property taxes if they are escrowed. A variety of terms are generally available to meet your needs.

ADJUSTABLE-RATE MORTGAGE:

A mortgage with an interest rate that is based on an index plus a margin that can change over time.

The mortgage usually features a set rate and payment for a specific period of time. After that, the rate, and the monthly payment, can fluctuate based on changes in the underlying index — the WSJ Prime Rate is one of the most commonly used indexes. A potential benefit of an adjustable-rate mortgage is that the interest rate is generally lower than a traditional fixed-rate mortgage for the first portion of the loan term.

HOME INSPECTION:

An assessment of a property's condition by a home inspector before a home's sale

A home inspector can help determine the quality of a home's foundation, roof, electrical, plumbing, and HVAC systems, as well as check for any damage caused by fire, flood, termites, or mold that could impact the home's value. If an inspection reveals that repairs are needed, you may be able to negotiate the related cost into the asking price. Remember that a "clean" home inspection is not a warranty.

HOME WARRANTY:

A contract between a homeowner and a warranty company that provides discounted repair services—and sometimes replacements—for a home's major appliances.

If a home has older appliances, you may be able to negotiate with the seller to include a one-year home warranty to cover repair expenses on items like a dishwasher, furnace, or water heater.

The closing process varies by state, but once everything has been approved, you and the seller will sign the final paperwork to complete the transfer. Once you've made your down payment and accounted for the closing costs, your mortgage company will receive the deed to the property. When the escrow process is complete, you'll receive the keys to your new home.

Understanding APR vs. Interest Rate

Buying a home is an exciting milestone, but evaluating options for financing that home can feel daunting.

When considering financing options, don't focus on a loan's interest rate alone to estimate its affordability. Understand a loan's annual percentage rate, or APR, for a more accurate picture of the total cost, which can potentially save you money over the loan's duration.

Interest Rate and APR: What's the Difference?

While both interest rate and APR are used to describe the loans costs, it's important to distinguish between the two rates and what is included in each.

- Interest rate measures the amount of interest paid to the lender on the loan's outstanding principal each year. Your interest rate will be used to calculate the monthly payment but doesn't include extra mortgage-related costs.
- APR measures a loan's overall cost and factors in the interest rate as well as additional mortgage finance charges and other related costs.

Why You Should Consider APR

When it comes to evaluating loans and determining what you'll pay, interest rate alone doesn't tell the whole story since it excludes factors such as mortgage insurance, closing costs and origination fees, which also contribute to a loan's entire cost. Looking at the APR, which evaluates the loan's total cost, is an accurate way to assess the total loan costs associated with fixed-rate mortgages based on the same amount of principal. For example:

	Loan A	Loan B
Term	30 years	30 years
Loan Amount	$250,000	$250,000
Fixed Interest Rate	4.5 percent	4.6 percent
Closing Costs	$5,800	$2,600
APR	4.697 percent	4.689 percent
What You'll Pay Over the Term	**$456,018**	**$461,380**

Because it accounts for multiple expenses beyond a loan's principal and interest, the APR percentage is usually higher than the loan's interest rate. But it gives a more accurate look at your total cost over the term of the mortgage.

Comparing adjustable-rate loans is trickier because the interest rate fluctuates. Use Regions' mortgage calculator to help level the field when comparing adjustable-rate options.

Consider All Loan Factors

Look beyond the principal and interest repayment of your loan, and factor in the additional costs that are calculated by the APR. Understanding the differences between interest rate and APR can help you determine which loan option is best for you.