Buying your first home?

For expert advice and affordable mortgage options, use the red key.®

Buying a home is the single largest purchase most people make. That's why we've put together this helpful guide. The more you know about your options, the easier it is to arrange financing that suits your needs. KeyBank is here to help you find the best solutions.

Where do I start?

The first thing you should do is determine your budget. What is a monthly payment amount you're comfortable with? Remember to include taxes and insurance.

Next, speak with a KeyBank Loan Officer about pre-qualification to determine what loan program and mortgage amount you may likely qualify for. This can help to set expectations and save time when you begin your home search.

The basics: Q&A

Q: What is a mortgage?

A mortgage is a debt instrument secured by collateral, in this case, the real estate property being purchased with the loan. The borrower is obligated to repay the loan with a predetermined set of payments.

Q: How do I qualify?

Generally, lenders consider four main criteria to see if you qualify for a mortgage: Income, credit history, your savings, and the value of the property you're buying compared to others in the area.

Q: How much can I afford?

Lenders will consider your credit history, monthly gross (pretax) income, and down payment. By taking into account the current interest rate, a lender can give you an estimate of the maximum mortgage amount you can afford to repay. By adding your maximum mortgage amount to the funds you plan to use for your down payment, you will know your price range. Be sure to take into account other costs of homeownership, such as appliances, repairs and maintenance. Also be aware that if you default or can no longer repay the loan, the lender may take over the property as the owner.

Q: How much do I need for a down payment?

Depending on the type of loan, you may be required to have a 20% down payment. However, there are other options that require lower or no down payment. Ask your KeyBank Loan Officer for details.

Q: What does a mortgage payment include?

Principal – the amount in the monthly payment that reduces the original amount borrowed.

Interest – the fee charged to borrow on the remaining balance.

Mortgage insurance (if applicable) – provides lender protection in the event of default.

Real estate taxes (if escrowed) – a percentage of the assessed property value.

Homeowner's insurance (if escrowed) – financial protection in case of loss.

Learn more about how you can realize your dream of owning your own home.

Go to key.com/mortgage

The loan process

These are some of the steps you'll have to take to secure your mortgage:

1. Pre-qualification
2. Loan application
3. Lock in your rate
4. Appraisal of the home
5. Loan review/approval process
6. Escrow and title preparation
7. Processing
8. Pre-closing
9. Closing/signing of papers
10. Title transfer

Continued on reverse

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What are closing costs?

This is the amount you'll pay to close the loan in addition to the down payment. Costs may include third-party services (appraisals, title, tax services, etc.), prepaid items (homeowner's insurance, Private Mortgage Insurance (PMI), escrow fees, etc.), and points (a percentage of your mortgage amount you pay to a lender to receive a lower interest rate).

Mortgage options

Fixed-rate vs. adjustable-rate

Each has its own advantages, and your choice depends on factors such as the current interest rate, how long you expect to own your home, your down payment, and your cash flow.

Fixed-rate mortgage features

- Predetermined payment
- Rate remains the same for the term of the loan to allow for easier budgeting
- Well suited for those who plan to stay in their homes for a longer period

Adjustable-rate mortgage features

- Interest rate adjusts periodically to reflect market conditions; there may not be a cap on rate increases
- Initial period offers a lower interest rate; at end of initial period the rate and monthly payments may increase
- Initial rate can be locked in for different time periods; contact your KeyBank Loan Officer for details
- Well suited for those who may want to sell or refinance early and can afford to make larger monthly payments

Types of mortgages

Conventional Mortgage / Fannie Mae HomeReady Mortgage	These home loans are not backed by the federal government. They conform to limits set by Fannie Mae, and can be either fixed- or adjustable-rate. FNMA HomeReady can have a combined loan-to-value (CLTV) up to 105% of purchase price.
FHA (Federal Housing Administration) Loan	A mortgage home loan that is insured by the Federal Housing Administration (FHA). Also known as a government loan. FHA mortgage insurance protects the lender if a borrower defaults on the FHA loan. This insurance enables a lender to provide loan options and benefits often not available through conventional financing.
VA (Veterans Administration) Loan	These loans offer great benefits to qualified veterans and reservists. These loans offer up to 100% financing with no Mortgage Insurance and no down payment required in most cases.*
Key Community Mortgage	A Key Community Mortgage loan helps low- to moderate-income borrowers become homeowners. Features include low down payments that can come from gifts or grants, all or part of the points and closing costs can be financed as part of the loan, fixed-rate terms, and no PMI required.

Learn more about how you can realize your dream of owning your own home.

Go to key.com/mortgage

Contact

LO Name/Title
phone number
email address
NMLS#

KeyBank

*Unless required by the lender, or if the purchase price is more than the reasonable value of the property as determined by VA, or the loan is made with graduated payment features.

NOTICE: This is not a commitment to lend or extend credit. Conditions and restrictions may apply. Information and offer are subject to change without notice. All loans are subject to credit and collateral approval. Not all loans or products are available in all states.

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