



YOUR ROAD TO HOME OWNERSHIP



REGIONS NEXT STEP

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AGENDA

TODAY WE WILL FOCUS ON THESE BIG QUESTIONS . . .

1. What are the pros and cons of owning a home?
2. What are the basics about mortgages that I need to know before buying a home?
3. What's involved in the mortgage application process?

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WHY OWN A HOME?

OWNING VS. RENTING

	Homeowner	Renter
First-Year Annual Monthly Payment (including taxes and insurance)	\$9,600.00	\$9,600.00
Tax Deductions / Equity Builders		
Mortgage Interest Deduction*	-\$5,188.38	\$0.00
Property Taxes Deduction*	-\$1,200.00	\$0.00
Mortgage Equity (Principal Payment)	-\$1,697.38	\$0.00
First-Year Effective Cost	\$1,514.24	\$9,600
After 10 Years		
Mortgage Equity (Principal Payment)	\$21,205.34	\$0.00
Appreciation after 10 years	\$5,625.00	\$0.00
Total Estimated Equity vs. Rent Expense	\$26,830.34	\$110,028

Ownership Assumptions:

- Property value = \$110,000
- Mortgage payment = \$800
- Annual appreciation = 5%

Rent Assumptions:

- Initial Rent = \$800
- Annual rent increase = 3%

** Assuming taxpayer is using itemized deductions. Consult with your tax advisor for how this would effect your taxes.*



RISKS

AND RESPONSIBILITIES

ARE YOU
READY
TO BUY
A HOME?



ARE YOU FINANCIALLY PREPARED?

Buyer Information

Monthly income [?]

\$ 5,000

Debt expenses [?]

\$ 1,000

Loan Information

Loan term (years) [?]

30

Interest rate [?]

4.9 %

Down payment [?]

\$ 30,000

Annual property taxes [?]

\$ 1,500

Annual home insurance [?]

\$ 750

Monthly Payment Information

Purchase Price	Principal & Interest	Property Taxes	Insurance	Monthly Payment
\$ 150,000	\$ 636	\$ 125	\$ 62	\$ 824

Your loan-to-value ratio is a major limiting factor on the price of a home you can purchase. Increasing your down payment will allow you to increase the price of the home you can afford.

Home Affordability by Lending Ratios

Lending Ratio	Home Affordability (Dollars)
Based on Loan to Value Ratio	150,000
Based on Housing Ratio	300,000
Based on Debt Ratio	230,000

A close-up photograph of a woman with short dark hair, smiling warmly as she holds a fluffy tabby kitten. She is wearing a light-colored, ribbed sweater and blue jeans. The background is softly blurred, suggesting an indoor setting with natural light.

WHAT DO YOU KNOW ABOUT MORTGAGES?

- What is a mortgage?
- What is included in a monthly mortgage payment?
- What is an escrow account?
- What is the difference between pre-qualified and pre-approved?

WHAT DO YOU KNOW?

WHAT IS A MORTGAGE?



WHAT TYPICALLY IS INCLUDED IN A MONTHLY PAYMENT?



PRINCIPAL



INTEREST



TAXES



INSURANCE



**MONTHLY
PAYMENT**

WHAT IS AN ESCROW ACCOUNT?



WHAT IS PRE-QUALIFICATION?



WHAT IS PRE-APPROVAL?



WHY GET PRE-APPROVED?



TYPES OF MORTGAGE PRODUCTS



**FIXED-RATE
MORTGAGE**



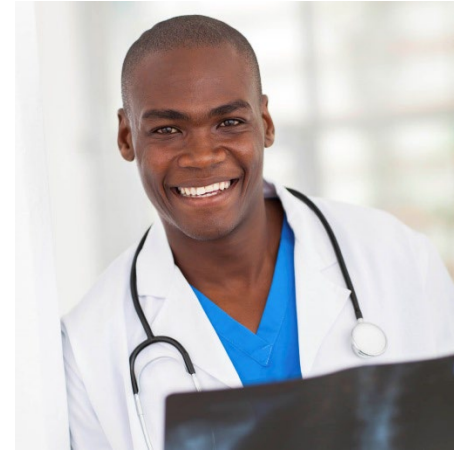
**ADJUSTABLE-RATE
MORTGAGE**

YOU MAKE THE CALL

ELLA



ISAAC



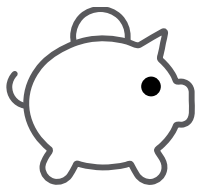
MARIA & ANTHONY



THE 4 CS OF CREDIT



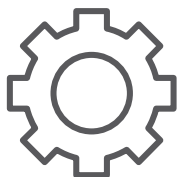
CAPACITY



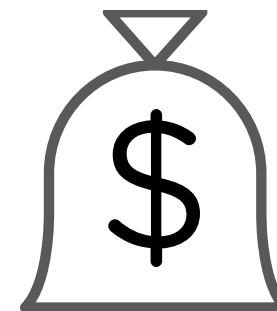
CAPITAL



COLLATERAL



CHARACTER



CREDIT

APR

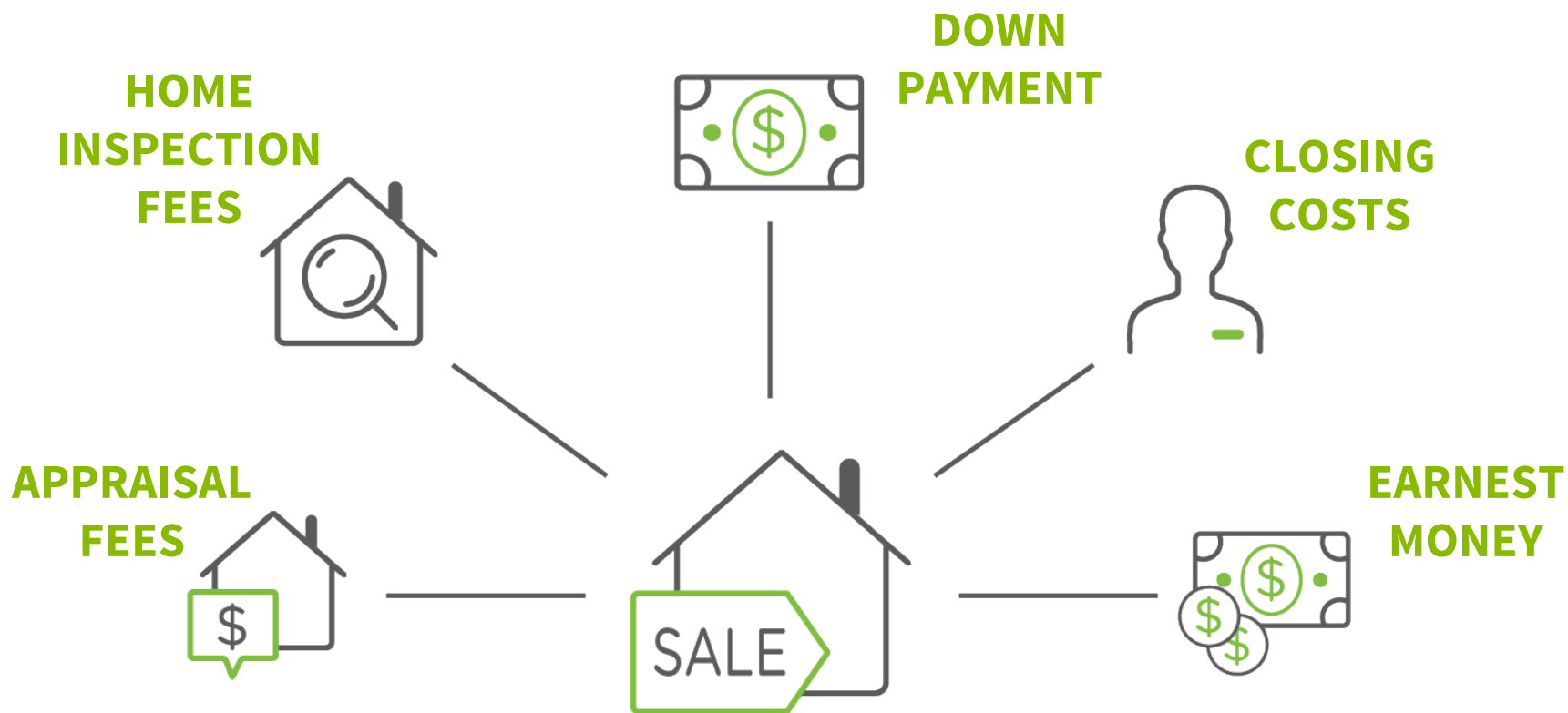
POINTS

PRE-
PAYMENT
PENALTY

1. A fee if you pay off your mortgage early
2. A fee equal to a percentage of the total principal amount of your mortgage; usually collected at closing
3. Includes the interest rate and other fees included over the life of a loan; shows the total annual cost of borrowing


Your personal and financial information helps the lender make decisions about your mortgage application.

MORTGAGE COSTS



CLOSING PROCESS



 **1. Loan originator explains process**

 **2. Complete loan application and bank orders credit report**

 **3. List of documents you must gather**

 **4. Bank gives you loan disclosures**

5. Bank analyzes documentation



6. Bank requests an appraisal



**4.5%
30 years**

7. Loan decision

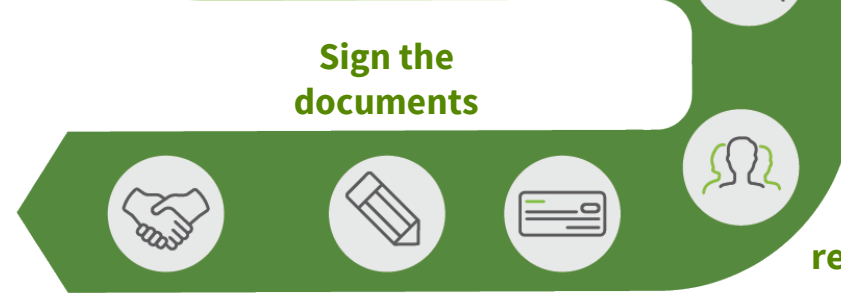
8. Bank determines terms of the loan



9. CLOSING



9. CLOSING



Transfer of ownership

Lender funds the loan

Sign the documents

Receive the settlement documents at least three days before meeting

Meet with seller and other representatives

Empower yourself...

Understand common terms, your rights and what to expect throughout the mortgage process.



**Homeownership
comes with initial
and ongoing
costs...AND many
benefits.**



CONGRATULATIONS

TODAY, YOU WILL LEAVE WITH:

- The pros and cons of owning a home
- The basics about mortgages
- What you need to know before buying a home
- What's involved in the mortgage application and closing process

Thank you.

Articles

Courses

Worksheets

Podcasts

Calculators

Budget
Templates

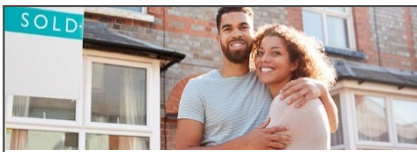
Webinars

Learning
for Kids

EXPLORE FOR MORE TIPS



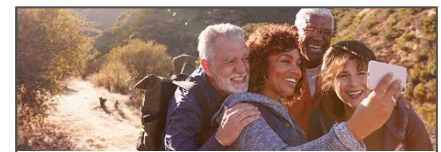
Family Budgeting
& Saving



Navigating
Homeownership



Financial Literacy
for Students



Retirement Saving
& Planning



Saving For
Your Next Vacation



Plan for the Holidays



Medical
Financial Hardship



Next Step for Business

MEETING YOUR FINANCIAL GOALS

1

Make an appointment with a Regions banker:

- Call the Regions Green Line at 1-800-REGIONS
- Go to regions.com and click “[Make an Appointment](#)”
- Visit any Regions branch

2

Visit Next Step Courses for free, online money management courses: Regions.com/NextStepCourses

3

Use our online resources including articles, videos, and calculators: Regions.com/NextStep

