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# *The* Home Buyer's *Guide*





# About Citizens State Bank

When looking for a house, it's essential to have a bank that feels like home. Citizens State Bank does just that! We have been financing homes since 1905, and we understand that when you're working with your neighbors, it's more than just a mortgage. Apply online at **[www.citizensros.com](http://www.citizensros.com)** or call us at (218) 463-2135, and we will be here every step of the way to help guide you through your home purchase.

## Advantages of choosing a conventional mortgage with Citizens State Bank:

- Single family and manufactured homes are allowed
- Primary residences and secondary residences are allowed
- Down payments as low as 5%
- Flexible loan terms available
- Mortgage insurance is not required if you have a 20% down payment
- It's possible to cancel mortgage insurance when your loan reaches 80% loan to value

## Meet Our Real Estate Loan Officers



Sara Winkler  
NMLS #1604517



Jamie Simmons  
NMLS #530682

# Steps to a Home Purchase

## STEP 1

- REVIEW YOUR CURRENT FINANCES
- CREATE A MONTHLY BUDGET
- SAVE FOR A DOWN PAYMENT

## STEP 2

- APPLY TO BE PREAPPROVED
- GATHER DOCUMENTS
- REQUEST PREAPPROVAL LETTER

## STEP 3

- BEGIN HOUSE SHOPPING IN YOUR BUDGET
- REQUEST HELP FROM A REALTOR
- MAKE AN OFFER

## STEP 4

- SIGN PURCHASE AGREEMENT
- CONTACT LENDER
- CLOSING DAY

ENJOY YOUR NEW HOME!



## STEP 1

### Review Your Current Finances:

Start by reviewing your finances. How much debt do you currently have; will you need to pay down some of that debt? Do you have stable employment? How is your credit; do you make on-time payments regularly? All of these items could affect your qualification. Also, during the loan process, be mindful of opening any new credit accounts or new loans. This could affect your qualification as well.



### Create a Monthly Budget:

You can create a monthly budget to estimate how much of a monthly mortgage payment you are comfortable making. Remember to consider property taxes, homeowner's insurance, and utility costs for the new house.

### Save for a Down Payment:

Determine how much money you can place towards a down payment, closing costs and prepaids. We have loan options with down payments as low as 5% if you qualify. Closing costs generally range from 3-5% of your purchase price. Prepaid costs vary as they can include: funds to set up an escrow account for homeowner's insurance, property taxes, etc.; 1 year of homeowner's insurance premium; and prepaid interest.





## STEP 2



### Apply to be Preapproved:

Are you ready to apply for a mortgage? You can apply in person, by appointment, or through our website **[www.citizensros.com](http://www.citizensros.com)** and click on the secure mortgage application link.

It is not required, but gathering the following documents will help us as the lender with your preapproval:

- Paystubs covering the previous 30 day period
- The last 3 months of bank statements for each account you have open
- The most recent statement of any retirement account and stocks/bonds accounts



### Request Preapproval Letter:

Once you have applied and been preapproved, make sure you request a preapproval letter. The preapproval letter shows your realtor and potential sellers that you are ready to make an offer.

## STEP 3



### Begin House Shopping In Your Budget:

Make a list of your wants and needs for a house. Just remember you may need to compromise on a few of those items, so your list should be flexible.

### Request Help From A Realtor:

Using a local realtor is very helpful. They may know of available properties before they are listed. There are also online sites, such as [www.realtor.com](http://www.realtor.com) or [www.zillow.com](http://www.zillow.com), to search for current houses for sale in the area.

### Make An Offer:

Have fun shopping and viewing properties. Buying a house is a big decision so take your time to find one that best suits your needs. Once you find the one, make an offer. Your realtor will assist you in making the best offer possible.





## STEP 4

### Sign Purchase Agreement:

Now that you have made an offer and the seller has accepted it, you need to be sure to sign a purchase agreement. Your realtor will assist you in this process.

### Contact Your Lender:

Once a purchase agreement has been signed, you should contact your lender to start the mortgage process. The mortgage process, from start to finish, will take 30-60 days on average to complete. As your lender, we will order title work to verify the property has a clear title for you. We will also order an appraisal to verify the current market value. These steps take a little bit of time to complete. We will stay in continuous contact with you to let you know what is going on with your loan.

### Closing Day:

This is the exciting day when you take ownership of the home. Closing can take place at the bank or a title company. You will sign a lot of papers that day, but in the end you will walk away with keys to your dream home.



# *tips for:* Buying a Home



- Keep in touch with us and your realtor. We are here to help you along each step of the home-buying process. We will answer any questions you may have.
- When viewing properties, ask for disclosures. This is a great way to see what improvements have been done to the property, when they were done, and possibly any issues the house may have.
- Ask for a home inspection. There are qualified home inspectors in the area who do a great job and will let you know if there are any issues with the house.
- Ask for utility and/or heating bills to get an idea of what the house will cost to maintain.
- Talk with us about possible down payment assistance programs that you may qualify for.
- Check with your current insurance agent about adding a new homeowner's insurance policy. You can generally save by bundling policies. We also recommend shopping around for insurance; each company is different in coverage and premium. You want to find the right one for your needs.



## Other mortgage options available with Citizens State Bank:

- In-house mortgage finance options for bare land, hunting land, or other properties that might not fit into the secondary market.
- Home Equity Lines of Credit or Home Equity Loans to help fund those remodeling or improvement projects for your home.
- The Minnesota Housing Finance Agency Fix Up Home Improvement Loan Program for qualified borrowers looking for affordable financing for home improvements and repairs.

## Meet Our Loan Officers



Stuart McFarlane  
President | CLO  
NMLS #677574



Paul LaPlante  
Loan Officer  
NMLS #677575

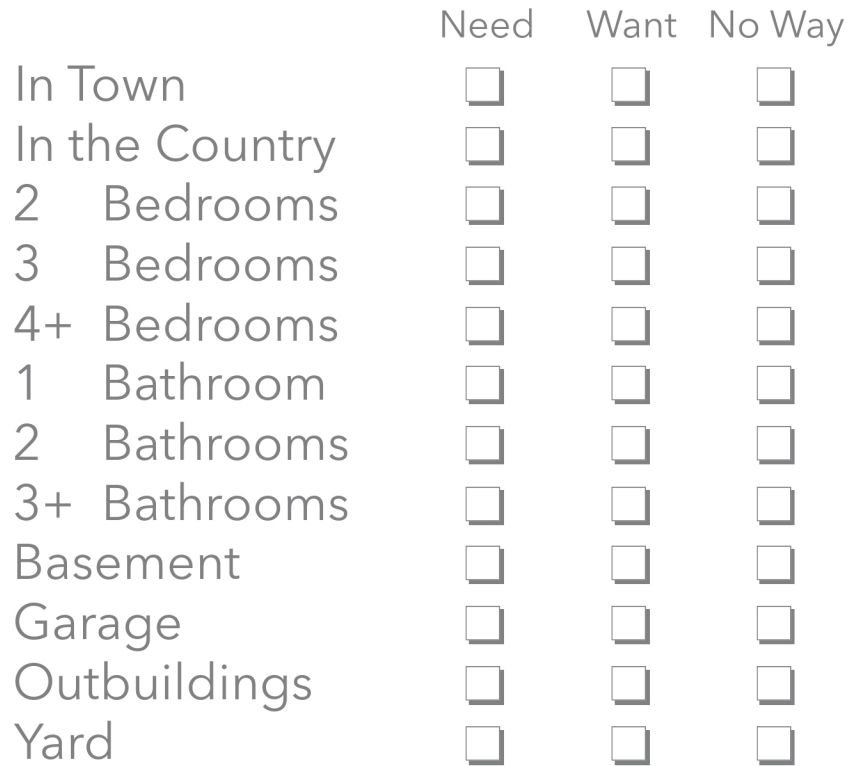


Kurt Weston  
Commercial Loan Officer  
NMLS #1770912



Scott Erickson  
Ag Loan Officer  
NMLS #1500623



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There are many online calculators available to help you determine how much of a total monthly mortgage payment you may be able to afford. An easy guideline to follow is the 40% rule; your total monthly debt should stay below 40% of your gross income (Debt-to-Income Ratio or DTI). To do a quick estimate of what you could potentially afford, you need two basic numbers: Maximum Debt and Monthly Debt. As your lender, we may permit a different ratio than the estimate below.

Step 1: Calculate your maximum debt based on your desired DTI ratio.

Step 2: Subtract your monthly debt from your maximum debt to calculate your maximum monthly mortgage payment.

Homeownership doesn't have to be a dream. Mortgage insurance can get you into a house faster with less than a 20% down payment. Talk to your loan officer to learn more about the value of MI.



**Citizens<sup>TM</sup>**  
**S t a t e B a n k**

*Where Anything Is Possible*

[www.citizensros.com](http://www.citizensros.com) | 218-463-2135

118 Main Ave S | Roseau | MN

NMLS #273705



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