



# Getting Mortgage Ready

*A Step-by-Step Guide for First-time Homebuyers*



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# “The ache for home lives in all of us.

- Maya Angelou

There has always been and remains an active and deep-rooted interest in homeownership in our country. Owning a home is a major milestone that many people expect to achieve in their lifetime and is one of the biggest purchases they will ever make.

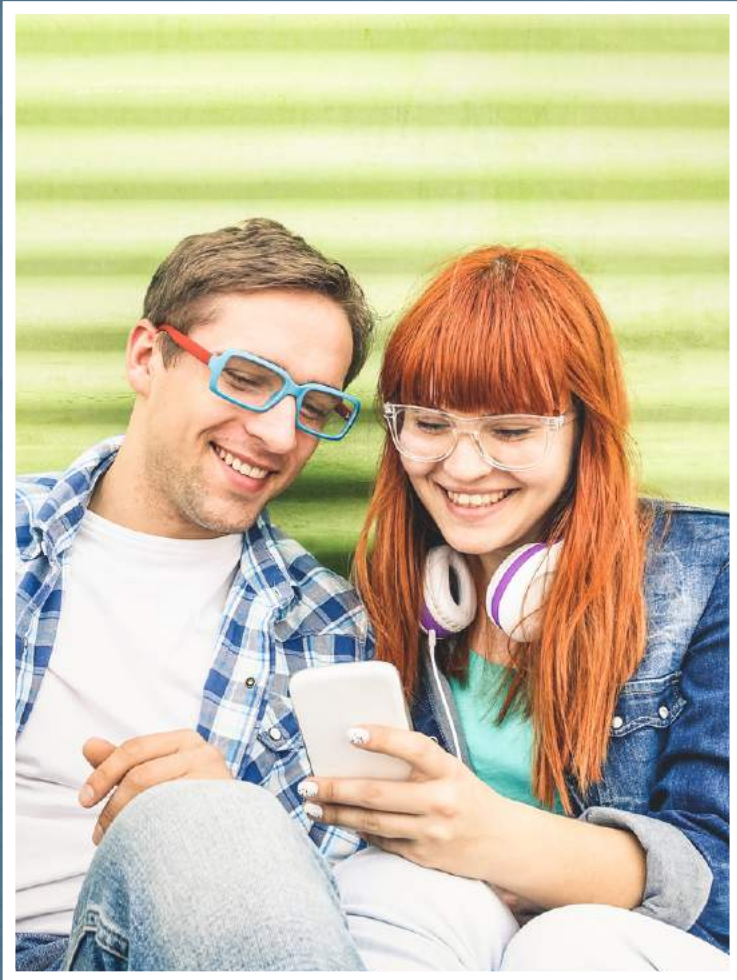
Is buying your dream home at the top of your list this year? If so, congratulations!

Owning a home requires a large investment of time, money, and energy. If you are a first-time homebuyer, or perhaps purchasing again after several years, there are a few things to know and familiarize yourself with. Being a knowledgeable homeowner will benefit you for years to come.

We want to share with you certain steps to take toward homeownership. If followed, your process will be less stressful and your entire journey a more rewarding experience!



# Who Is a First-Time Homebuyer?



U.S. Department of Housing and Urban Development (HUD) describes a first-time homebuyer as someone who meets any of the following conditions:

- An individual who has not owned a principal residence for three years. A spouse is also considered a first-time homebuyer if he or she meets the above criteria. If you've owned a home but your spouse has not, then you can purchase a place together as first-time homebuyers.
- A single parent who has only owned a home with a former spouse while married
- A displaced homemaker who has only owned with a spouse
- An individual who has only owned a property that was not in compliance with state, local, or model-building codes — and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

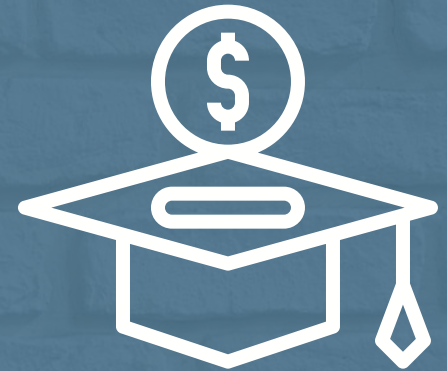
# Homebuying Myths



You Must Have  
Perfect Credit



You Need a Large  
Down Payment



Cannot Qualify With  
Student Loan Debt



## *Myth # 1*

# **You Need Perfect Credit to Buy a Home**

A recent Fannie Mae survey revealed that 59% of Americans either didn't know or were misinformed about what FICO credit score is necessary to qualify. Many believe that a 'good' credit score is 780 or higher.

## *The Truth...*

That same study showed 52.7% of approved mortgages had a FICO score between 600-749. Over the last 12 months, the average FICO score for home purchases by millennials was 723.

Don't make the mistake of disqualifying yourself by thinking you need a 780 credit score.

Source: Ellie Mae Origination Insight Report

## Myth # 2

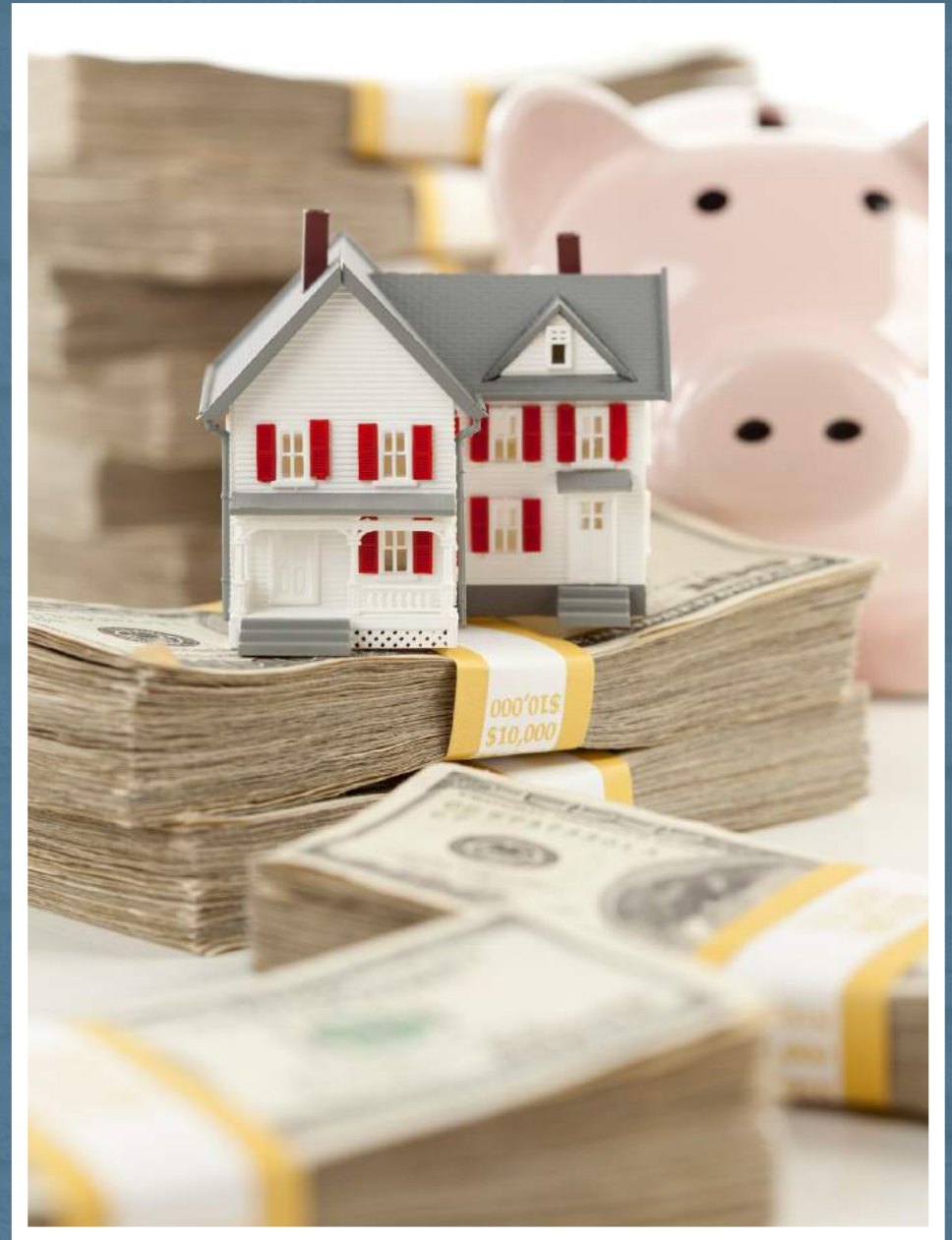
# You Need a 20% Down Payment to Buy a Home

Many believe that they need at least 20% down to buy their dream home.

## The Truth...

Gone are the days of a large sum of money down or no loan. Borrowers often overestimate the down payment funds needed to qualify for a home loan, simply don't know, or are misinformed.

Actually, there are many programs that allow buyers to put down as little as 3%. And as many as 15% of those who have purchased homes within the last two years have financed with 0% down.





## *Myth # 3*

### **Student Loans Can Prevent You From Buying a Home**

Millennials are on track to become the most educated generation in history and the generation with the most student loan debt. That said, depending on the type of degree earned and college attended, there are some who graduate college with loan debt that equates to a mortgage payment.

### *The Truth...*

- The average age of the college graduate is 22 years old.
- The average student graduates college with \$25,000 in student loan debt.
- The terms of the average loan are 10 years with a monthly payment of \$280 and an interest rate of 6.8%.

Based on the above statistics, the average college student has what amounts to a 10-year car payment after graduation.

# Buying vs Renting

## *From Tenant to Homeowner*

Purchasing a home gives you financial advantages that renting cannot, offers a sense of community and well being and, most importantly, gives you the freedom to create the home of your dreams.

Homeownership also provides the opportunity to create the perfect ambiance of your choosing. You can own pets, paint rooms whatever color you prefer, make changes to lighting, floors, carpeting, landscaping, and anything else — with no required landlord approval. You have the freedom to create a home where memories and traditions will be made to cherish for years to come, and where you can create a unique environment that's all your own.

- *Freedom to create the home of your dreams*
- *Gives you a sense of community, safety, and security*
- *Improves well being*
- *Builds personal wealth*







# Why Wait?

*Build equity instead...*

Many potential homebuyers have delayed homeownership because they believe they will not qualify with the debt they have, because of their credit score, or even the amount of savings they have.

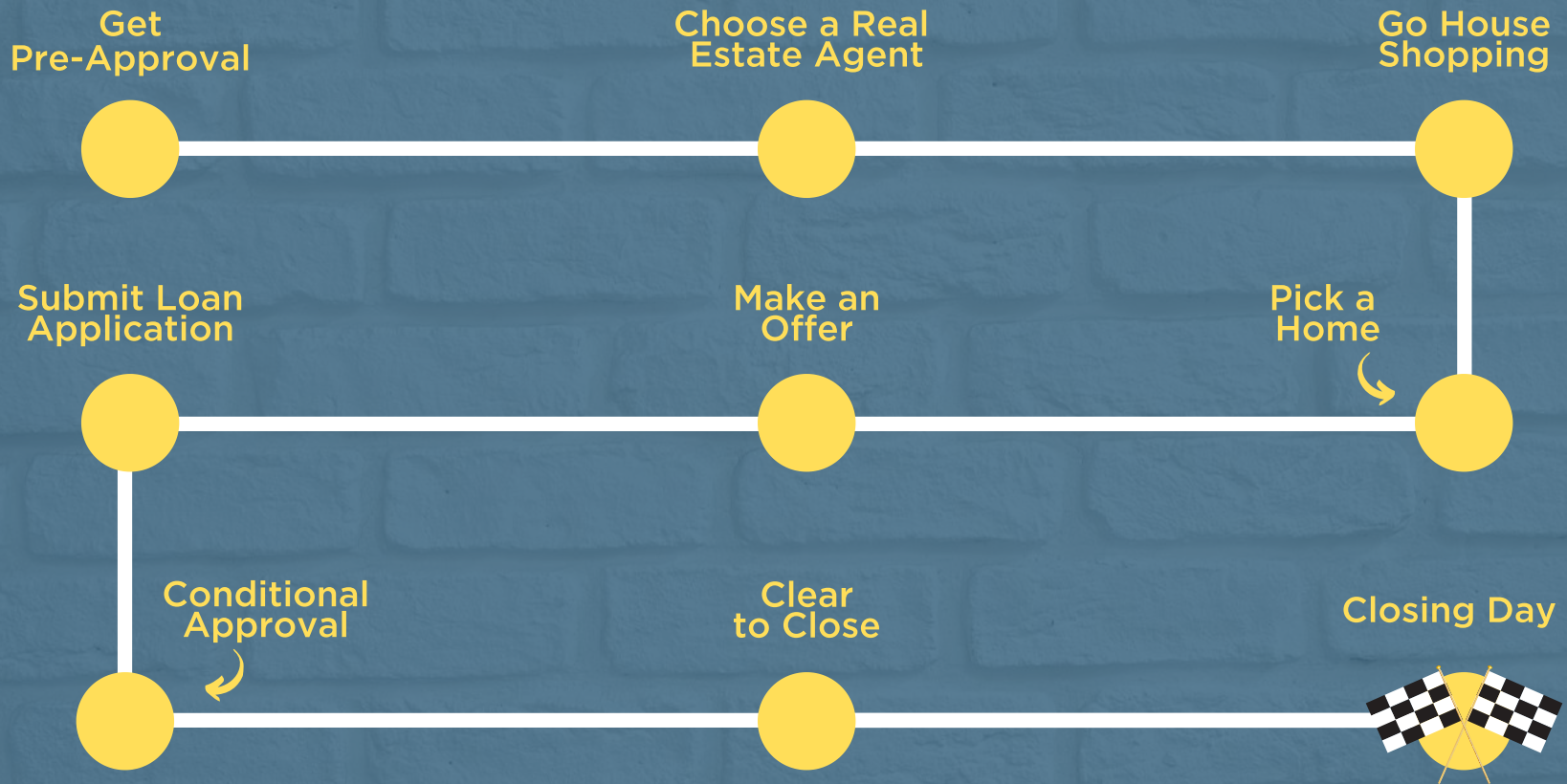
But the right time to pull the trigger is when you are financially and emotionally prepared for the responsibility.

There are opportunities available allowing first-time homebuyers to qualify now. Instead of wasting time paying rent, you could be building your own wealth through the equity in your home.

However, it is ultimately up to you to determine if you are ready to genuinely embrace the freedom and opportunities.

But if you find yourself waiting for the perfect house, at a great price, and the lowest rate, you may never become a homeowner.

# Steps to Homeownership



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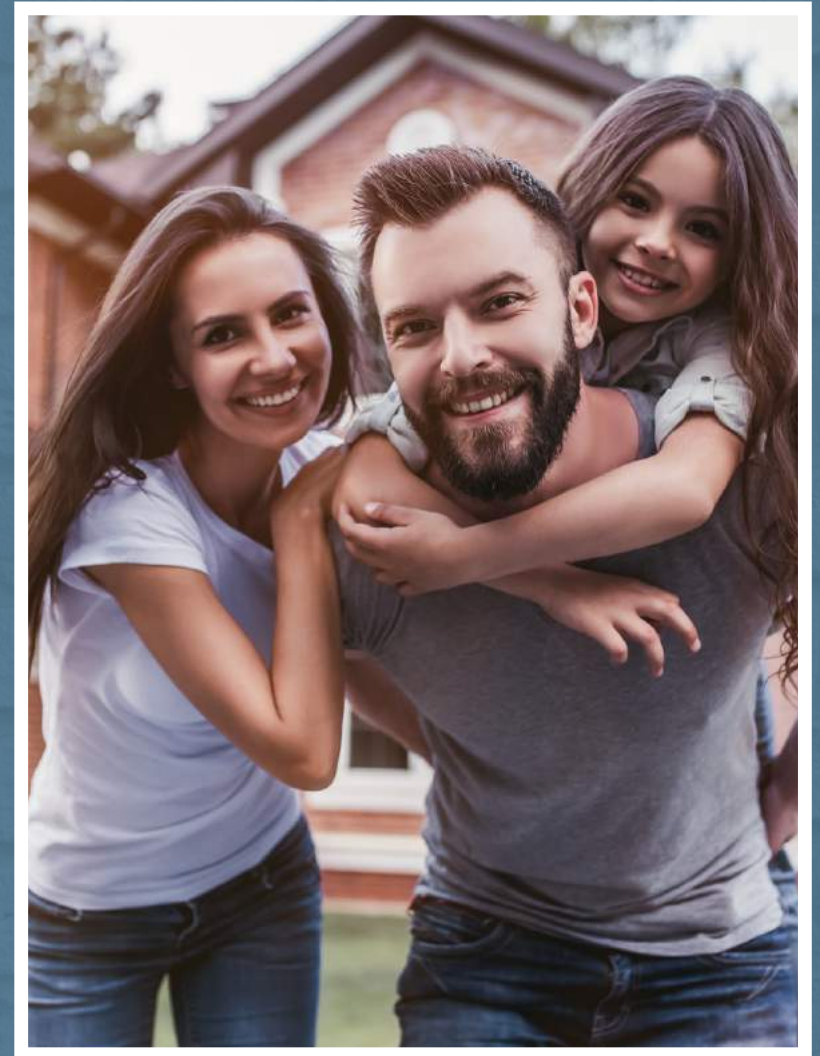
## *Get Pre-Approved*

Getting pre-approved is a crucial first step in the homebuying process. It shows your seller that you are serious about buying their home and gives you a distinct advantage in a competitive market.

If you are a first-time homebuyer, look at homes you can afford after being pre-approved. It is a waste of emotion, time, and energy to consider a house that is above your budget.

One of the biggest mistakes potential homebuyers make is looking at homes before speaking with a loan officer. It is important to know not only if you qualify for a mortgage, but the amount of that mortgage, and if the payments are comfortable for your financial situation. You would not want to fall in love with a home outside of your price range or waste a seller's time.

Remember to allow for moving expenses, new furnishings, and later home improvements. You want to enjoy your new home, not get smothered in a payment that is too steep.



# Steps to Homeownership

## *Find a real estate agent*

Do a quick name search online for the real estate agents you've identified. Online reviews are the next best thing to a personal referral. Read what people in your area are saying about a recommended real estate agent. And, take note of how that agent responds to negative reviews. Our loan originators have daily interactions with real estate agents in their area, so if you need a recommendation - we're happy to refer an agent to you.

## *Go house shopping*

Be sure to find a house that fits your budget, needs, and style.

- Contact a trusted real estate agent
- Choose a house
- Make an offer



# Steps to Homeownership

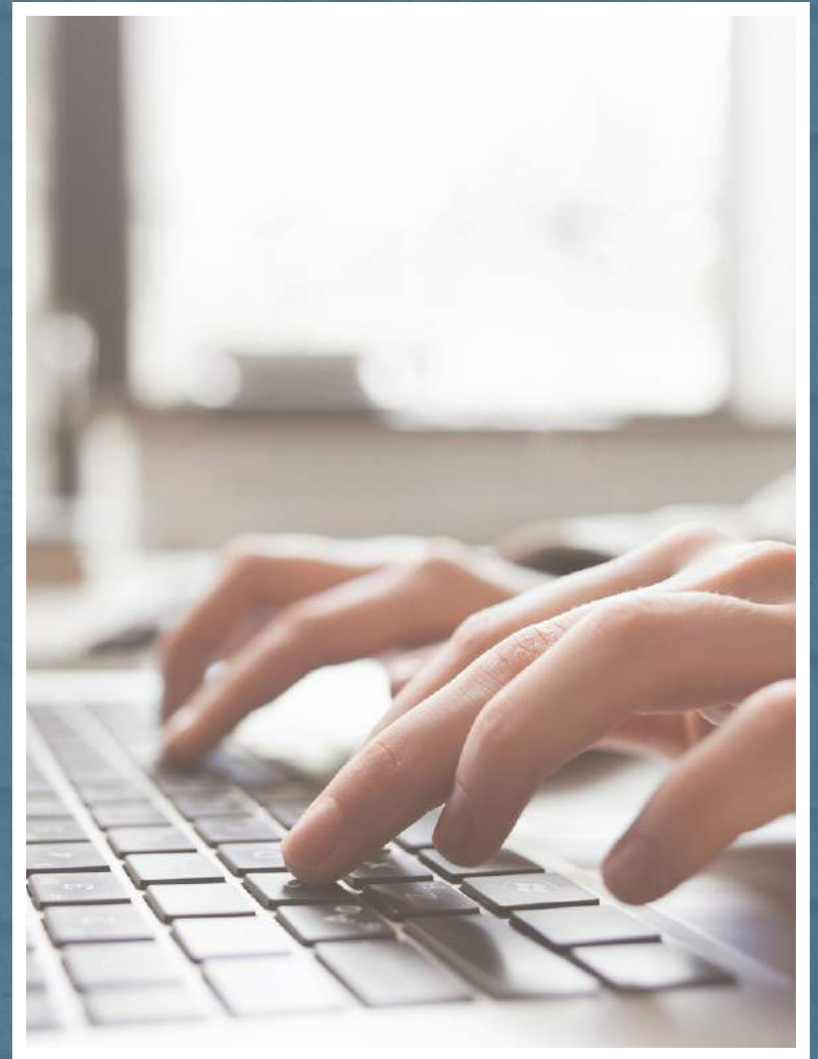
## *Document collection*

It's not the most exciting step, but it's certainly necessary. We'll tell you which documents you need to submit to get your home loan.

## *Submit loan application*

After we have all of the necessary documents, you will be able to fill out an official loan application that will solidify the amount you can borrow to buy your home.

- We'll order an appraisal and title report
- Get a quote for homeowner's insurance



# Steps to Homeownership

## *Conditional approval*

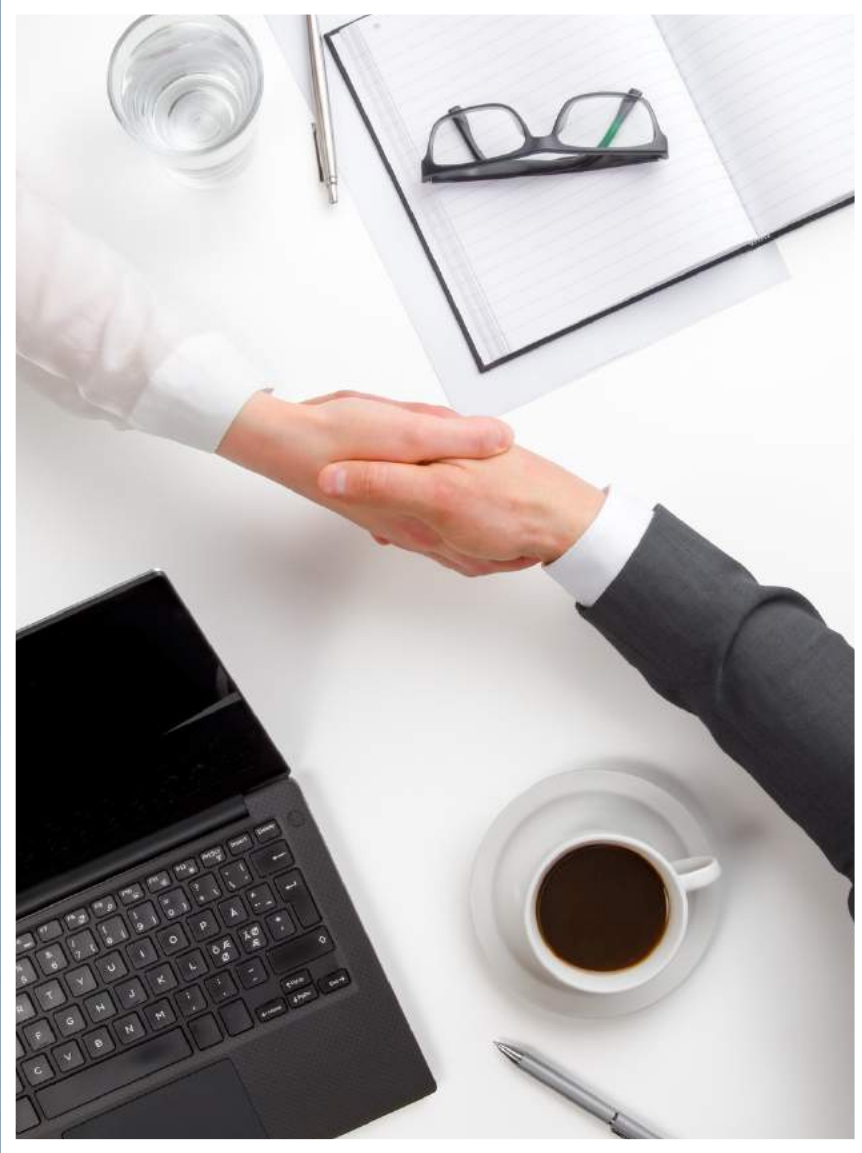
Your financial documents are evaluated by our underwriting department and your loan is approved subject to any additional conditions.

- Additional documentation may be required
- Approval within 48 hours of loan package submission
- Closing date/time scheduled

## *Clear to close*

Once you are clear to close, you are just days away from signing one of the most important documents in your life — the deed to your new home!

- Underwriting Department performs a final review
- Approval is given to close the loan
- Closing Department works on closing package
- Final Settlement Statement available for your review



# Steps to Homeownership

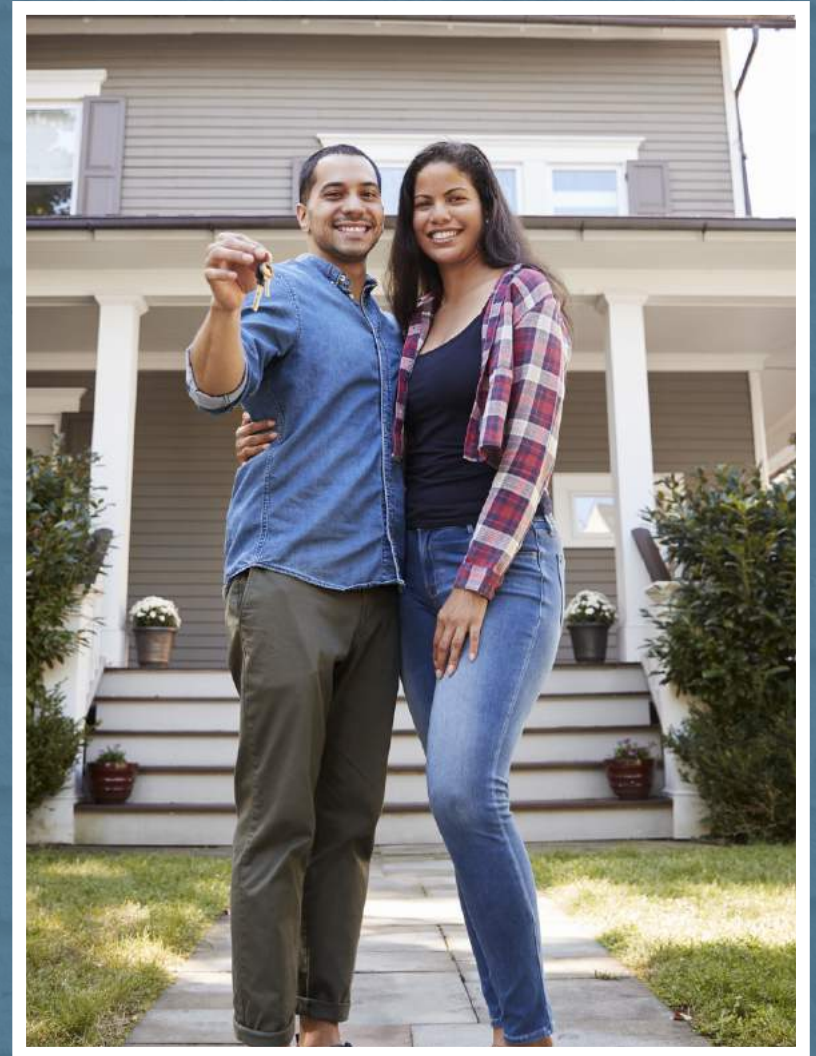
## *Closing day*

Today is the day! All your hard work has paid off and you are just a few signatures away from officially owning your new home.

- You and seller sign closing paperwork with the title company
- The title company records the final Deed of Trust



# *Celebrate!*



# Thank You

*We Look Forward to Working With You!*

» *Find a Branch Near You*



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\*Disclosure: Even though a lower interest rate can have a profound effect on monthly payments and potentially save you thousands of dollars per year, the results of such refinancing may result in higher total finance charges over the life of the loan.

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