

TOP 14 THINGS A 1ST TIME HOMEBUYER SHOULD KNOW



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It's very important to understand the steps involved in the home buying process and the various professionals involved, such as Realtors, home inspectors, mortgage lenders, and attorneys.

This E-Pamphlet contains information to help prepare you for your homebuying journey.

#1 MONEY MANGEMENT

Before you start looking at homes, it's important to have a plan in place for money management. What do you do with your income? Understand that creating a budget that takes into account your income, expenses, and debts, to determine how much you can afford to spend on a home.

Have you been managing your finances?

- Income (Employment, Child support, Business profits)
- Bank Accounts
- Retirement Accounts
- Credit Card Accounts
- Auto Loans
- Student Loans
- Personal Loans
- Child Support
- Other Expenses (Childcare, Food, Clothing, Entertainment, Vacation, Donations/Contributions)

* See attached budget planner

#2 GETTING PRE-APPROVED

Getting pre-approved for a mortgage is an important step in the home buying process as it helps you understand how much you can borrow and what your monthly payments will be. This is at the beginning stages of the home buying process. Remember, whatever is put on the application will be verified.

Have your documents ready:

- Paystubs (2 months)
- Years W-2s, 1099s (2 Years)
- Tax Returns (2 Years)

#3 TYPES OF MORTGAGES

Understanding different types of mortgages it's important to understand the advantages and disadvantages of each type to make an informed decision when buying your home

- A. Fixed-Rate Mortgage - A fixed-rate mortgage charges a set rate of interest that does not change throughout the life of the loan.

- B. Adjustable-Rate Mortgage - The initial interest rate on an adjustable-rate mortgage (ARM) is set below the market rate on a comparable fixed-rate loan, and then the rate rises (or possibly lowers) as time goes on. ARMs are typically more complicated than fixed-rate mortgages.
- C. Government Backed Loan
 - 1) *FHA* - a mortgage that is insured by the Federal Housing Administration and issued by a bank or other approved lender. Homebuyers can have a credit score as low as 580. (Some lenders may require a higher score).
 - 2) *VA* - a mortgage loan available through the U.S. Department of Veterans Affairs for service members, veterans, and their surviving spouses.
 - 3) *USDA* - a mortgage loan available through The United States Department of Agriculture that provides mortgages to the people in rural areas who need them the most.
- D. Conventional Loan – A mortgage that is not backed by the federal government. Best for borrowers with a good credit score.
- E. Interest-Only – A mortgage is with scheduled payments that require you to pay only the interest for a specified amount of time.
- F. Balloon - A mortgage is a real estate loan that has an initial period of low or no monthly payments, at the end of which the borrower is required to pay off the balance in full.

#4 RESEARCHING NEIGHBORHOODS

Before you start looking at homes, research the neighborhoods you're interested in to determine whether they meet your needs in terms of safety, schools, amenities, recreational, and commute times.

#5 UNDERSTANDING CLOSING COSTS

Closing costs are fees associated with the home buying process, such as home inspection, appraisal title, transfer tax, and mortgage fees. Understanding these costs will help you prepare financially for the home buying process. The fees are estimated at the beginning of the loan process and are finalized just before settlement. So don't be surprised if the numbers go up or down.

#6 WORKING WITH A REALTOR

A Realtor will help you navigate the home buying process, find properties that meet your needs, and negotiate with sellers.

#7 SUBMITTING A OFFER

So, you've found a property for your new home. The Realtor prepares the offer package that includes the Agreement of Sale and additional documents that are submitted to the Seller via the Seller's agent.

#8 HOME INSPECTIONS

Getting a home inspection is an important part of the home buying process as it helps you identify any potential issues with the property before you go any further in the process. Before you invest any more time and financial resources.

#9 APPRAISAL

The is an inspection of the property to determine its value in relation to the surrounding properties that have sold in the area within the last 6 - 12 months.

#10 TITLE INSURANCE

This company insures that your new property will be free and clear of any liens that existed before settlement because the lender want to be in 1st lien position.

#11 HOMEOWNERS INSURANCE

Homeowner's insurance is a type of insurance that protects your home against damage and liability. It's important to understand the different types of coverage available and choose a policy that meets your needs.

#12 LENDER UNDERWRITING (LOAN COMMITMENT)

The Lender reviews and verifies all the documents that you are required to submit. This is also a compliance audit to make sure that all program/product guidelines are met.

#13 THE CLOSING / SETTLEMENT

BRING YOUR CASHIER'S CHECK, SIGN MORTGAGE DOCUMENTS, GET YOUR KEYS!!!

#14 MAINTAINING YOUR NEW HOME

Once you've purchased your new home, it's important to maintain it to protect your investment. This includes regular maintenance tasks such as cleaning gutters, changing air filters, and checking smoke detectors.



MONTHLY BUDGET



Monthly Income	
Income 1	
Extra income	
Total monthly income	

Monthly Expenses	
Excess / Shortage	

Housing	Cost
Mortgage or rent	
Phone	
Electricity	
Gas	
Water and sewer	
Cable/Internet	
Waste removal	
Maintenance or repairs	
Supplies	
Other	
Subtotal	

Activites	Cost
Streaming Services	
Movies	
Concerts	
Sporting events	
Live theater	
Athletic Activities	
Other	
Other	
Other	
Subtotal	

Transportation	Cost
Vehicle payment	
Bus/taxi fare	
Insurance	
Licensing	
Fuel	
Maintenance	
Other	
Subtotal	

Taxes	Cost
Federal	
State	
Local	
Other	
Subtotal	

Insurance	Cost
Home	
Health	
Life	
Other	
Subtotal	

Savings and Investments	Cost
Savings 1	
Savings 2	
Retirement1	
Retirement 2r	
Subtotal	

Food	Cost
Groceries	

Gifts and Donations	Cost
Charity 1	
Charity 2	

Dining out	
Other	
Subtotal	

Charity 3	
Charity 4	
Subtotal	

Pets	Cost
Food	
Medical	
Grooming	
Toys	
Other	
Subtotal	

Legal	Cost
Attorney	
Alimony	
Liens or Judgements	
Other	
Subtotal	

Personal care	Cost
Medical	
Hair/nails	
Clothing	
Dry cleaning	
Health club	
Org. dues or fees	
Other	
Subtotal	