

# Home Buyer's Guide

*By Nadia Leggett, GRI Realtor*  
e-Merge Real Estate



## Did You Know?

Before beginning your home search, it's best to speak with a lender and determine your credit standing. You might find out more than you planned. Once you have received your pre-approval, you are ready to find your dream home. Don't worry! I have some great lenders I work closely with to get you started today.

## Pre-Qualification vs Pre-Approval

A Pre-Qualification is a quick estimate of how much you can afford to spend on your home.

A Pre-Approval is when the lender has checked your credit & verified documentation to approve a specific loan amount.

## What is DTI?

The Debt to Income (DTI) is the percentage of a consumer's monthly gross income that goes toward paying debts.

DTI can be calculated by dividing total monthly debt by gross monthly income. There are specific and different DTI ratios for each type of conforming loans.

EX: \$2,000 debt / \$6,000 income = 33% DTI

## Mortgage Loan Types

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### CONVENTIONAL

- Typically requires at least 620 Credit Score
- 5% - 20% Down Payment
- Not insured or guaranteed by government entity
- Avoid cost of Private Mortgage Insurance

### FHA

- The Federal Housing Administration Mortgage Insurance Program
- Typically requires at least 580 Credit Score
- 0 - 35% Down Payment
- Requires Private Mortgage Insurance increasing the size of monthly payment

### VA

- U.S. Department of Veteran Affairs Loan Program for Military Service Members & Family Members
- Guaranteed by the Federal Government
- Typically requires at least 620 Credit Score
- 100% Financing Option (No Down Payment)



## Mortgage Loan Types Continued

### *USDA*

- The United States Department of Agriculture loan program in rural areas
- 100% Financing Option (No Down Payment)
- Typically requires a Credit Score of 640

## Are You Lender Ready?

When speaking with your lender, you'll want to be fully prepared in order to determine your ability to purchase and how much home you can afford.

- Proof of Income
  - W2 Statements (2 years)
  - Paystubs (30 - 90 days)
  - Additional Income (Alimony)
  - Tax Returns
- Tax Returns & Proof of Assets
  - Proof of Down Payment & Closing Costs
  - Bank Statements
  - Investment Accounts
  - Gift Letter (If you receive cash from a close friend or family member to assist with your home purchase)
- Employment Verification

- Additional Documentation
  - Driver License
  - Social Security Number

The sooner you turn in your complete verification paperwork, the sooner you will be one step closer to closing on your new home.

## You Found Your new Home!

- Write an offer
- Under Contract (Submit Pre-Approval)
- Home Inspection (Typically \$300 - \$500)
- Appraisal (Opinion of value inspecting the size, condition, function & quality of the property)
- Closing
- Possession

Depending on the type of financing selected, closing on your new home can take anywhere from 30-60 days on average.

## WELCOME HOME!