

# The Homebuyers Guide

A step-by-step detailed guide for people working towards buying a house



PRMI



NMLS # 3094

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## STEP #1: CHECK YOUR CREDIT

The first thing you must do is check your credit score and find out what your credit score is!

Why is it #1? Because it is what will affect your mortgage payment and minimum downpayment the most!

Your credit score is a very important consideration when you're buying a house, because **it shows your history of how you've handled debt**. And having a good credit score to buy a house makes the entire process easier and more affordable – the higher your credit score, the lower mortgage interest rate you'll qualify for.



**Contact us today and we'll pull your credit and review it with you for free!**

Here are a couple of things that may boost your scores like keeping your balance on credit cards at 30% of the limit. If you don't have credit history, you need to build your credit up by getting some small credit cards and maybe an auto or small personal loan and start making regular payments on them.

There are over 27 different credit scoring models. A mortgage credit report is slightly different than a score used to buy a car, or insurance, or a credit card.

## WHAT DOES YOUR CREDIT SCORE MEAN?







## STEP #2 CREATE A BUDGET

You will need to sit down and **create a budget to determine what type of mortgage payment you can afford.**



After you create your budget, then you need to determine how much you can afford for a mortgage payment. Currently, if you have money left over after you pay your current rent and expenses then you may be able to afford a higher mortgage payment. If you don't have any money left over at the end of the month or you can't make ends meet then you may need to make some cuts in your budget like dining out at the local steakhouse every week or going to ballgames which cost an arm and leg these days.

The bottom line, you may need to make some sacrifices but buy a home you can afford so you are not "house poor."

# WHAT CAN YOU AFFORD?



## Step 1 Monthly Income

Wages, salaries, business income after expenses

Interest, dividends or rental income

Other income (alimony, child support, pensions, or Social Security)

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**Total Monthly Income (Step 1)**

**\$-----**

## Step 2 Monthly Non-Housing Expenses

Car payment and insurance

Cell phone

Student loan

Credit card

TV/Internet/Netflix/Etc.

Groceries/Gas/Other

Travel/Recreation/Fun Money

Child care

Monthly bank loan payments (other than a mortgage)

Alimony or child support you owe

Savings and investments

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**Total Monthly Non-Housing Expenses (Step 2)**

**\$-----**

## Step 3 Amount Available for Monthly Housing Expenses

Total monthly Income (Step 1)

Minus Total Non-Housing Expenses (Step 2)

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**Equals Amount Available for Monthly Housing Expenses (Step 3)**

**\$-----**

## Step 4 Monthly Estimated Housing Expenses

Mortgage loan payment (principal and interest – see chart)

Property taxes

Mortgage insurance

Homeowner's insurance (liability, flood, fire)

Utilities (heat, water, electricity, gas, trash removal)

Maintenance and repairs

Other (assessments, homeowner's association dues)

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**Total Monthly Estimated Housing Expenses (Step 4)**

**\$-----**



## STEP #3: GET PRE-APPROVED

**You must get pre-approved before shopping for a home because you need to know the exact price range you can look in.** Many Realtors won't show you homes until you have a pre-approval letter in your hand. You will need to provide the last 2 pay stubs, the last 2 years' W2 forms, and the last 2 months' bank statements.

Once you submit your application and income documentation, then we will run your credit and submit your application to underwriting for pre-approval. The process usually takes less than a day and we can issue a pre-approval letter to show sellers that you are a serious buyer.

**You don't need great credit and a large down payment to purchase a home.** There are many low-down-payment programs and we offer down payment assistance to eligible homebuyers.

### Buyer's Purchasing Power

☐ Monthly Mortgage Payment (Principal and Interest)

		HOME LOAN AMOUNT				
		\$410,000	\$390,000	\$370,000	\$350,000	\$330,000
MORTGAGE INTEREST RATE	4.25%	\$2,017	\$1,919	\$1,820	\$1,722	\$1,623
	4.00%	\$1,957	\$1,862	\$1,766	\$1,671	\$1,575
	3.75%	\$1,899	\$1,806	\$1,714	\$1,621	\$1,528
	3.50%	\$1,841	\$1,751	\$1,661	\$1,572	\$1,482
	3.25%	\$1,784	\$1,697	\$1,610	\$1,523	\$1,436
	3.00%	\$1,729	\$1,644	\$1,560	\$1,476	\$1,391

Principal and interest payments rounded to the nearest dollar. Total monthly payment may vary based on loan specifications such as property taxes, insurance, HOA dues, and other fees. Interest rates used here are informational and for marketing purposes only. Consult your licensed Mortgage Advisor for current rates.

### What's the difference between a Pre-Approval and Pre-Qualification?

Pre-qualifying is just the first step. It gives you an idea of how large a loan you'll likely qualify for. Pre-approval is the second step, a conditional commitment to actually grant you the mortgage.



# There's a **Loan** Out There **for You**

We offer a wide selection of loan programs to meet just about every customer's needs, whether you're looking for a low down payment option, remodeling your kitchen, or investing in a high-value property.

## Loan Options for Almost Every Situation

### **Adjustable Rate Mortgage (ARM)**

Designed for those who wish to start with a low introductory monthly payment.

### **Chenoa Fund**

Down payment assistance program with flexible options.

### **Conventional**

"Traditional" loan with low rates and low down payment options.

### **FHA**

Government-backed loan for first-time homebuyers or those with higher debt-to-income ratios.

### **FHA 203k Dream Loan**

Loans up to \$31k above purchase price for remodeling or home repairs.

### **FHA 203(h) Disaster Relief Loan**

Little-to-no down payment\* financing to those whose homes were damaged or destroyed by a natural disaster.

### **FHA Solar Wind and Select**

Finances home purchase and installation of energy-saving upgrades.

### **HUD Program**

Low down for eligible properties.

### **Investment**

Options to finance investment property using rental income or asset depreciation as qualifying income.

### **Jumbo**

Finances home purchases up to \$3 million with options for low down payment and no mortgage insurance.

### **Manufactured Home Loans**

Special loan programs for either built or unbuilt manufactured homes.

### **One-Time Close Construction**

Finances land, construction and permanent mortgage into one loan.

### **Refinance**

Allows property owners to lower their monthly payments or withdraw equity.

### **USDA**

Area-specific rural and suburban property financing with no down payment.\*

### **VA**

Little-to-no down payment\* loans specifically for those who have served, or are currently serving in the military.

\*Closing costs and fees may still apply.

**CONTACT A MORTGAGE ADVISOR TO DISCUSS  
WHAT LOAN OPTION IS BEST FOR YOU!**





## STEP #4: INTERVIEWING AGENTS

**When it comes to buying your first home, you'll want to be sure you have a real estate agent that best fits your needs.** That's why interviewing a few different agents is a great idea!

**Here are a few questions to ask potential Agents:**

- How long have you been selling real estate?
- What percentage of your business is spent working with buyers?
- How well do you know the areas I am looking in?
- How do you prefer to communicate? (Phone, email, text?)
- How often will you communicate with me?
- How many clients are you currently representing?
- How will you notify me of potential homes that hit the market?
- What sets you apart from other real estate agents in the area?
- How will you keep me on track during the buying process?
- The best time for me to tour houses is \_\_\_\_\_ (daytime, nights, weekends, etc.). Will that work with your schedule?
- Will you and/or your company be able to provide me with resources on home loans, home insurance, home warranty, title, and anything else I need during the buying process?
- Do you have any references that I could contact?

# HOME BUYER'S CHECKLIST

Buyer's Name(s): \_\_\_\_\_

Price Range: MIN \$\_\_\_\_\_ - MAX \$\_\_\_\_\_

Desired Neighborhoods/School Districts:

\_\_\_\_\_  
\_\_\_\_\_

Bedrooms: \_\_\_\_\_ Bathrooms: \_\_\_\_\_ Square Footage: \_\_\_\_\_

House Style: ☐ Cape Cod ☐ Colonial ☐ Farmhouse ☐ Log Cabin ☐ Multi-level ☐ Ranch  
☐ Split-Level ☐ Tudor ☐ Victorian ☐ Other: \_\_\_\_\_

FEATURES	DESIRED	HIGHLY DESIRED	MUST-HAVE
Cul-de-Sac Street			
Garage			
Fenced-in Yard			
Pool			
Deck and/or Patio			
Front Porch			
Hardwood Floors			
Open Floor Plan			
Finished Basement			
Updated Bathroom(s)			
Spa Bath			
Master Bathroom			
Eat-in Kitchen			
Granite Countertops			
Kitchen Island			
Kitchen Appliances Included			
Fireplace			
Central Air			
Washer/Dryer Included			
Office			
Walk-in Closet			
Security System			
Dining Room			

Other: \_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_





## STEP #6: PURCHASE OFFER & CONTRACT

Here's where the game has changed the most in recent years.

More than likely, you will be competing with multiple offers on the same house. You and your real estate representatives will need to do absolutely everything in their power to help your offer stand out!

How do we do that?

- **Get you Pre-Approved vs Pre-Qualified**
- **Use PRMI's \$5,000 Closing Guarantee for the seller.**
  - If we don't close on time, PRMI pays the seller \$5,000 \*Restrictions apply
- **Shorten time frames:**
  - Instead of closing in 30 days, potentially shorten the time frame to 14-18 days to compete with cash offers.
- **Remove Contingencies:**
  - Contingencies allow buyers to legally back out of contracts to buy a house. Common contingencies in the past are the financing and the appraisal or the home inspection contingencies.
- **Offer above asking price:**
  - It's not ideal but may be necessary. That 5%, 10%, 15% down may need to be used to pay the difference between appraised value and the sales price.



## STEP #7 HOME INSPECTION

Usually, you have about one week after you have a signed contract to get a home inspection on your new home and address any issues with the seller. You can ask them to fix things or give you a cash credit at the closing. You can walk away without a penalty if the seller decides not to make any repairs.

**The home inspector's job is to point out all the imperfections of a home which tends to freak out many first time home buyers.**

The typical home inspection lasts 2-3 hours and you should be present to ask questions and go over the home inspector's findings.

We believe you must get a home inspection **when you buy a house because it may look pretty on the outside but there may be things you can't see which may be major safety issues like mold in the attic, leaky pipes, faulty wiring, or a cracked foundation.**

You don't want to spend thousands of dollars fixing things or expose yourself to safety issues that can be a threat to you and your family's health. **You will be glad you spent a few hundred dollars to know if you are buying a safe and sound home which will help you sleep better at night.**





## STEP #8:

# CLOSING!

The magic moment is here and you are ready to close on your new home! Your Realtor will be there with you to handle any issues which may have come up during the walkthrough and any questions or concerns you may have about the home.

Buying your first home is the biggest decision you will ever make in your life and you need to know what steps to take to become a homeowner.

The road to homeownership was a long and hard journey but it was worth all the sweat in the end. There is no greater feeling than sitting in your backyard on a beautiful sunny summer day with your family and cooking some hot dogs and hamburgers on your grill and enjoying some apple pie.







## Time to Make a Move

If you're considering purchasing a new home—or researching for the day when you feel ready—you've already made a great decision for both your finances and your quality of life.

With rising home prices, great financing options, and a higher cost of living for renters vs. homeowners, now is the perfect time to make the move to homeownership, and educating yourself on the process and available options is the first step.

This guide will walk you through:

- The mortgage loan process
- What you can expect from your homebuying experience
- The benefits of owning your own home
- Why now is the optimal time to stop renting and start investing in your future through homeownership

The information in this booklet will allow you to make a confident, informed decision about buying a home. You may be surprised at what's possible.

## Mortgage Process

### The Easy Way Home

With paperwork, credit checks, and some very significant financial decisions, financing a home can seem daunting. An experienced mortgage professional can deliver a smooth and easy loan process that's easy to understand and over before you know it.

### Step 1: Pre-Approval

Submit your loan application and get pre-approved for your ideal mortgage program, which will be carefully selected by your expert loan officer.

### Step 2: Start Shopping

Find the perfect home with advice and guidance from your dedicated real estate team.

### Step 3: Property Review

A professional appraises the home's fair value so you know you're getting the best deal.

### Step 4: Credit Decision

The underwriter approves your loan, and keeps you updated throughout the approval process so you always know where you stand.

### Step 5: Signing

Your loan documents are prepared and thoroughly explained, so you can confidently sign on the dotted line.

### Step 6: Welcome Home

The funds are disbursed to all parties, the title company records your new lien at the county, and you are the official owner of your perfect new home.

**Congratulations!**



You **Deserve**  
a **Home** You **Love**



We'd love to help guide you  
through the mortgage process  
and find the financing you need.



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Primary Residential  
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