

# Your Roadmap to Home Ownership

## 1 Meet with a real estate professional

Discuss the type of home you're looking for, including style, price, and location. Take this time to formalize your partnership by signing the **Buyer Representation Agreement**. It's a crucial move that lets your agent fully commit to finding your dream property, kicking off an exciting search tailored just for you.

## 2 Get pre-approved

You will need pay stubs, W2s, and bank statements. Knowing what you can afford is critical to a successful home shopping experience.

## 3 Search for homes

The fun part! Your agent will schedule showings and help you find the perfect.

## Advanced search

Not all real estate website are the same. Your real estate professional has tools and systems to ensure you see every available home that meets your criteria.

## 4 Make an Offer

Your agent will prepare the offer based on the price and terms you choose.

## 5 Negotiations and contract

It may take a few tries to get it just right, but hang in there. You're on your way.

### Contract

In most cases the contract provides you with a timeline to obtain financing, as well as time to inspect the physical condition of the home. Your real estate professional will inform you of all of your rights and responsibilities related to the contract.

## 6 In Escrow

You and the Seller have agreed to the price and terms. The home is effectively held for you until closing.

## 7 Final details

Perform due diligence, order the appraisal, conduct an inspection, and review terms with the lender.

### Preparing for closing

You will be finalizing your loan, reviewing documents, and discussing the findings from the inspection. Your agent will be managing this entire process for you.

## 8 Closing

This is the transfer of funds and ownership. A title company or an attorney typically acts as an independent third party to facilitate the closing.



## Buyer's Guide to Financing

### Introduction

This guide walks you step-by-step through preparing to buy a home, working with a real estate professional, financing options, credit and savings goals, what not to do during the loan process, negotiation strategies, and trusted resources. Use this as a practical roadmap from planning through closing.

### 1. Meet with a Real Estate Professional

#### Why meet early

- Real estate professionals bring local market knowledge, transaction experience, and lender relationships that save time, money, and surprises.
- Meeting an agent early helps you set realistic expectations for neighborhood pricing, closing timelines, and financing options.

#### Lender matchmaking

- Experienced agents know which lenders offer particular loan programs (conventional, FHA, VA, USDA, down-payment assistance, portfolio loans) and which lenders have a track record of clear communication and reliable underwriting.
- A good agent will refer lenders who treat clients like people — not just numbers — and who work well with local appraisers, title companies, and underwriters.

#### Local market intelligence

- Agents understand neighborhood trends, builder incentives, HOA rules, and appraisal norms that affect lender approvals and the strength of your offer.
- Realtors coordinate pre-approval referrals and help time the contract-to-close process to reduce the chance of funding delays.



## 2. Preparing to Buy — Timeline & Savings

### When to start

- Begin 6–18 months before you intend to buy. Early planning allows time to improve credit, build savings, research neighborhoods, and address potential obstacles.

### How much to save

- Down payment:

- 20% is often cited because it avoids private mortgage insurance (PMI), but it is not required for many loan programs.

- Conventional low-down programs: 3%–5% for qualified buyers.

- FHA: typically 3.5% with qualifying credit.

- VA/USDA: often offer 0% down for eligible buyers.

- Down-payment assistance programs: grants, deferred loans, or second mortgages may be available through state, local, or nonprofit programs.

- Closing costs:

- Plan for roughly 2%–5% of the purchase price depending on state and lender fees. Include prepaid costs (taxes, insurance) and any lender-required reserves.

- Emergency reserves:

- Maintain 2–6 months of living expenses after closing if possible; lenders sometimes require proof of reserves.

### Budget targets

- Keep total housing costs (principal, interest, taxes, insurance, PMI, HOA) within conservative affordability guidelines — commonly 28%–36% of gross income depending on lender and overall debt.

-Target savings = down payment + closing costs + emergency buffer.



### **3. Credit Health & Qualification**

#### **Typical credit thresholds**

- 700s and up: best rates and broadest program access.
- Mid-600s (~620–680): many conventional and government loan options are available; rates and mortgage insurance terms may be less favorable than those with 700 plus.
- 500s–619: certain lenders and programs (including some FHA options) may consider applicants on a case-by-case basis; expect higher rates and stricter underwriting.

#### **Actions to improve credit**

- Pay down revolving balances — aim for credit utilization under 30%.
- Make all payments on time for 12+ months.
- Avoid opening multiple new accounts.
- Pull credit reports from the major bureaus, correct errors, and dispute inaccuracies.

#### **Common documentation lenders require**

- Recent pay stubs, W-2s or tax returns (self-employed typically need 2 years of tax returns and profit-and-loss statements).
- Bank statements (commonly 2 months).
- Government-issued ID and proof of assets/reserves.
- Gift letters and donor documentation for gifted down payments.

### **4. What Not to Do While Financing a Home**

#### **Avoid actions that can derail approval:**

- Don't make major purchases on credit (new car, furniture) before closing — new debt increases your debt-to-income ratio.



- Don't change jobs, reduce income, or switch from salaried to commission-only pay without lender approval.
- Don't move large sums between accounts without documentation — lenders require source-of-funds paper trails.
- Don't co-sign new loans or permit others to open accounts using your name.
- Don't open or close multiple credit accounts near application time.
- Don't accept cash gifts without documented gift letters and donor bank statements.
- Always clear significant financial moves with your loan officer.

## **5.How a Realtor Can Help You Save Money & Negotiate**

### **Negotiation levers**

- Seller concessions: Realtors negotiate for sellers to pay part or all of closing costs or provide credits for repairs.
- Price negotiation: Agents use comparable sales and inspection results to secure price reductions or seller-paid items.
- Builder incentives: Experienced agents know which builders offer lender-paid incentives, upgrades, or rate buy-downs and how to include them in offers.
- Inspection and repair negotiations: Agents leverage inspection findings to obtain credits or required repairs.

### **Offer structuring and protection**

- Contingencies (financing, inspection, appraisal) protect buyers. Agents advise when to include or adjust contingencies based on market conditions.
- Escalation clauses, earnest money strategies, and inspection timelines can help you submit a competitive offer while limiting risk.



## **Coordination and timing**

- Realtors coordinate with lenders, inspectors, appraisers, and title companies to keep timelines on track and highlight issues early to prevent closing delays.

## **6. Loan Program Overview**

### **Conventional loans**

- Popular, flexible options with 3%–20% down choices. PMI required if down payment is under 20%. Best rates for borrowers with strong credit.

### **FHA**

- Lower down payment (typically 3.5%), more lenient credit thresholds, but mortgage insurance is required.

### **VA**

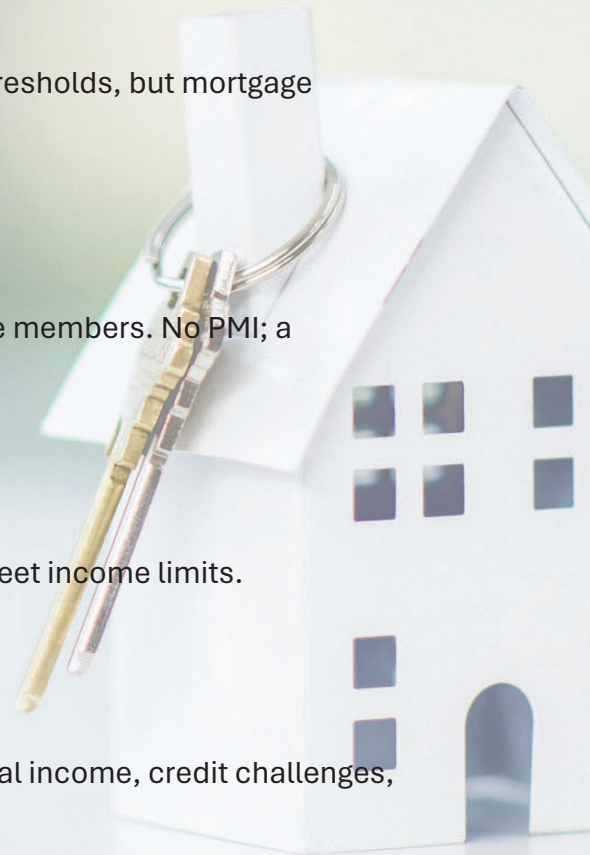
- 0% down options for eligible veterans and active-duty service members. No PMI; a funding fee may apply.

### **USDA**

-0% down for qualifying rural properties and borrowers who meet income limits.

### **Portfolio and specialty loans**

- Local lenders may offer flexible underwriting for nontraditional income, credit challenges, or unique property types.



## **Down-payment assistance**

- Grants, deferred loans, and local programs may reduce or eliminate down payment and/or closing costs for eligible buyers. Check state and local housing finance agency programs.

## **7. Appraisals, Inspections & Underwriting**

### **Appraisal**

- Lender-ordered valuation of the property. If the appraisal is low, agents can provide comparable sales or renegotiate the price or request reconsideration with additional data.

### **Inspection**

- A buyer-ordered evaluation of the home's condition. Inspection results are a primary negotiation tool for repairs or credits.

### **Underwriting**

- Underwriting verifies income, assets, employment, credit, and property eligibility. Timely and accurate documentation speeds the process.

### **Typical timeline**

- Pre-approval → offer accepted → inspection → appraisal → underwriting → clear-to-close → closing.

-Average timeline: 30–60 days, depending on market, lender, and loan type.

## **8. Practical Checklists**

### **6–18 months before buying**

- Review credit reports and start improving scores.

- Build a home-buying budget and start saving.



- Meet with a real estate professional and discuss lender referrals.
- Research neighborhoods, schools, and commute times.

### **2–6 months before buying**

- Get pre-approved with 2–3 recommended lenders.
- Gather documents: pay stubs, W-2s/tax returns, bank statements, ID.
- Avoid large purchases, job changes, and large account transfers.

### **After finding a home**

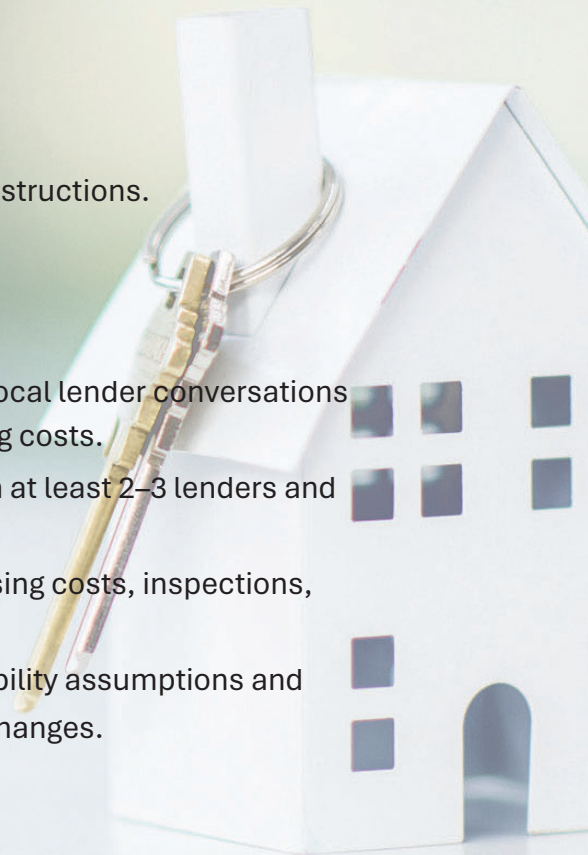
- Order a home inspection and negotiate repairs or credits.
- Stay in close contact with your loan officer and realtor.
- Prepare final funds and confirm closing logistics and wiring instructions.

### **9. Common Pitfalls & How to Avoid Them**

- Relying only on online rate quotes: Pair online research with local lender conversations and realtor referrals to understand local appraisals and closing costs.
- Not shopping multiple lenders: Request Loan Estimates from at least 2–3 lenders and compare rates, fees, reputation, and communication.
- Underestimating cash needs: Budget for down payment, closing costs, inspections, moving, and immediate repairs.
- Overstretching monthly payments: Use conservative affordability assumptions and stress-test your budget for interest rate increases or income changes.

### **10. Trusted Resources**

- National Association of Realtors (NAR) — buyer guidance, best practices, and market data.



- State Realtor associations (example: Texas Realtors) — state-specific programs and resources.
- Local Realtor associations (example: Houston Association of Realtors) — local market reports, builder contacts, and community-specific guidance.
- U.S. Department of Housing and Urban Development (HUD) — FHA rules, housing counseling, and homebuyer resources.
- State and local housing finance agencies — down-payment assistance, first-time buyer programs, and approved lender lists.
- Ask your real estate professional for current, local resources and recommended lenders tailored to your market.

### **Next Steps**

1. Schedule a meeting with a trusted local real estate professional and request lender referrals.
2. Get pre-approved with 2–3 recommended lenders and gather required documents.
3. Build and confirm your savings plan for down payment, closing costs, and reserves.
4. Keep credit stable; avoid major financial moves until after closing.
5. Use inspections, appraisals, and negotiated concessions to protect value and reduce out-of-pocket costs.



### **One-Page Buyer's Checklist (Quick Reference)**

- o Meet with a local realtor and request lender referrals.
- o Pull credit reports; correct errors and begin improving scores.
- o Save for down payment (3%–20% depending on program) + 2%–5% closing costs + emergency reserves.
- o Gather employment and asset documents for pre-approval.
- o Avoid new debts, job changes, large transfers, or big purchases while financing.
- o Get pre-approved, compare Loan Estimates from multiple lenders, and select the best fit.
- o Order inspection, negotiate repairs/concessions, and remain engaged with lender and realtor.
- o Confirm final closing funds and verify wiring instructions through verified channels.

### **Final Note**

A trusted real estate professional and responsive lender are among your most powerful allies. They help match you to the right loan program, negotiate terms, coordinate timing, and protect your interests throughout the purchase. Use this guide as your roadmap and consult your agent and lender for local specifics and tailored advice.

