

STEP BY STEP GUIDE ON HOW TO BUY YOUR 1ST HOME WITH AS LITTLE AS NO MONEY DOWN IN 30 DAYS!!!

HOW TO BUY YOUR 1ST HOME IN 7 EASY STEPS



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Step 1 – Find a Mortgage Broker

Documents you must have in your possession for your Mortgage Broker

- ▶ Driver Licenses
- ▶ Last 2 years W2's
- ▶ Last 2 months bank statements where you receive direct deposit
- ▶ Last 3 paystubs from employer



Results from Credit Check and FICO score from Mortgage Broker

- ▶ Your FICO score will be checked from all 3 credit bureaus: Experian, Equifax & Trans Union.
- ▶ Debt to income ratio must be low. Less than 33% revolving debt compared to available credit.
- ▶ Middle FICO score must be 640 or above and you will be approved for Rural loan (No money down).
- ▶ Middle FICO score must be 580 or above for approval for FHA loan (3.5% down payment)
- ▶ Get a pre-approval letter from mortgage broker on how much you qualify based on debt to income ratio.
- ▶ Ask for estimated closing costs from lender/broker.

Step 2 - Find a Real Estate Agent

Documents you must have in your possession before your Realtor can start to work for you.

- ▶ Driver Licenses
- ▶ Pre-approval letter from Mortgage Broker stating the amount of funding you qualify for from the lender.
- ▶ A signed contract with the Realtor no shorter than 6 months and not longer than one year.



Real Estate Agent needs to know

- ▶ What type of home you're looking for? House, Townhouse, Condo etc....?
- ▶ What local area's are you looking to buy in?
- ▶ How much house can you afford?
- ▶ How much earnest money do you have to put down to go into contract?
- ▶ Time frame on when you want/need to move?
- ▶ Best time to look at homes that you would like to see?

Step 3 - Choose Title Company to Close Deal

Documents you must have in your possession for the Title Company of the buyers choice.

- ▶ Driver Licenses
- ▶ Earnest Money Deposit
- ▶ Real Estate purchase contract



Our Advise

- ▶ Choose Title Company your Mortgage broker recommends you to work with. Things will move a lot faster in closing the deal.
- ▶ The Title Company has the Attorney your looking for that specialize in Real Estate closings.

Step 4 – Home Inspection & Termite Inspection

Home Inspection

- ▶ Elect a home inspection to be performed within the 1st week of submitting a contract to buy and the seller has accepted your offer.
- ▶ This can give you leverage on price or position to back out the contract if there are any issues that the seller doesn't agree to fix within 15 days of a signed contract to buy.
- ▶ Be sure to walk through with the inspector conducting the Home inspections and note any issues you notice and have him explain any issues he calls out.

The home inspector works on behalf of the buyer's best interests since the buyer is paying his tab out of pocket.



Termite Inspection

- ▶ Elect a termite inspection to be performed within the 1st week of submitting a contract to buy if the seller accepts your offer.
- ▶ This gives you leverage on price or position to back out the contract if there are any issues that the seller doesn't agree to fix within 15 days of a signed contract.
- ▶ If there is an isolated incident, the inspector will let you know.
- ▶ If there is an infestation, the inspector will tell you to beware.
- ▶ Any ongoing termite infestation, the lender will not fund the home. This is in your best interest.
- ▶ The termite inspector works on behalf of the buyer's best interests since the buyer is paying his tab out of pocket.

Step 5 – Appraisal

Appraisal of home value

- ▶ Mortgage broker will order appraisal after receiving a contract to buy, home inspection and termite letter from buyer.
- ▶ Appraisal will have to be at or over the home selling price for funding.
- ▶ If appraisal is under the selling price, the buyer can negotiate the price down or make up the difference by adding cash at closing.



Appraisal Advise

- ▶ Be there when the appraisal is being conducted. The individual conducting the appraisal is working on behalf of the Lender best interest.
- ▶ The home will be the lenders collateral for lending you the money.



Step 6 - Ready to Close

Final Walk Through

- ▶ Home inspector will return to verify if all issues have been fixed if any.
- ▶ Buyer does final walk through to see if home is still conforming to all requested repairs if any



Settlement Disclosure from Title Company and Closing day

- ▶ Buyer has certified check from bank on any remaining balance on funds needed for down payment.
- ▶ Buyer to review settlement documents to verify all cost of buying home. This include lender fees, attorney fees, deed stamps, transfer fees, etc....
- ▶ Attorney should present and go through each sheet of paper work to close deal.
- ▶ Ask questions on any documents you do not understand.

Step 7 - Must Do's and Must Do Not's!!!

DO'S

- ▶ Pay off 2/3 of all credit card balances before applying for mortgage funding. Example $\$1000 \text{ credit card} / 3 = \333.33 balance. This will get the best possible FICO score.



DO NOT'S

- ▶ Open any new credit card accounts.
- ▶ Open any new installments loans for automobiles.
- ▶ Add debt to any existing credit card balances.
- ▶ Cosign for anyone.
- ▶ Change your job.
- ▶ Reduce your 40 hour work week.
- ▶ Open any new bank accounts

