



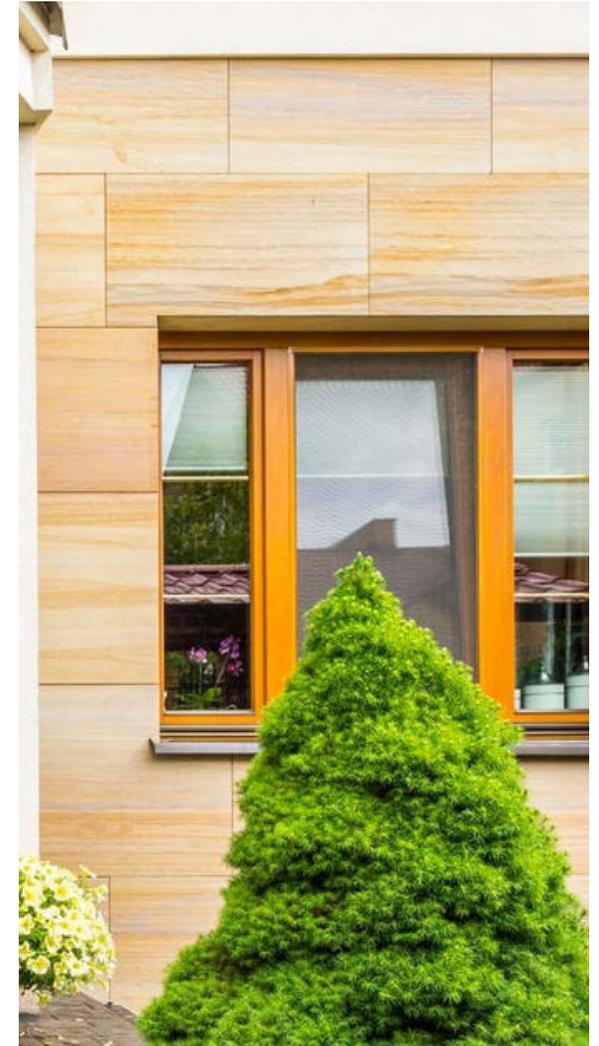
# GUIDE TO HOME OWNERSHIP



A Step-by-Step Roadmap  
For First-Time Homebuyers

## **MAKING YOUR HOMEOWNERSHIP DREAMS A REALITY**

Owning a home gives you a chance to put roots down for the future. In your new home, you can make long lasting memories that you and your family will share for years to come. Buying a house requires a large investment of your time, money, and energy. There's a lot of planning and steps that go into it. So whether you're a first-time buyer, or maybe you just need a refresher, the whole process can seem overwhelming if you're just getting started. The good news is that you don't have to do this alone. To help you prepare for the future and have the best home buying experience possible, we've created this guide to break down the entire process step by step.



## **DON'T DISQUALIFY YOURSELF!**

There are a lot of myths out there about what it takes to qualify for a home loan.

Here are some examples:

*Myth 1: You need perfect credit to qualify.*

*Myth 2: You have to pay a 20% down payment.*

*Myth 3: You can't qualify if you have any outstanding debts.*

ALL of these myths are actually false!

## **START BY GETTING PRE-QUALIFIED**

If you're unsure about whether you can qualify for a home loan, talk to a mortgage advisor to get pre-qualified.

There are no credit checks or commitments required at this stage. Pre-qualification is just a quick and easy way to determine:

- If you're likely to qualify for a home loan
- Any areas of improvement you should focus on, like saving for a down payment or building your credit
- A rough estimate of your budget



## **GET PRE-APPROVED BEFORE SEARCHING FOR HOMES**

Pre-approval is more in-depth than pre-qualification. During pre-approval, your mortgage advisor will request several documents (proof of income, tax info, bank statements, and more).

After your mortgage advisor reviews all the required documents and verifies your eligibility for pre-approval, you will receive a pre-approval letter. This letter helps you stand out as a serious home buyer to a seller, which gives you a leg up during the closing process.

Also, you will learn your maximum loan amount. This amount sets your budget, telling you how much house you can afford. The maximum loan amount is the ceiling, so you may consider homes that fall under this budget. This gives you more wiggle room for closing costs and moving expenses.



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## **TALK TO A MORTGAGE PRO ABOUT YOUR OPTIONS**

There are several different options when it comes to down payment, interest rates, duration of the loan, and home buyer assistance programs.

Speak to one of our accredited mortgage advisors who can assess your unique situation and help you choose the best course of action for you.

Keep in mind, it's important that your mortgage advisor understands your story and your unique home buying needs. This understanding allows them to piece together the best financing options customized for you.

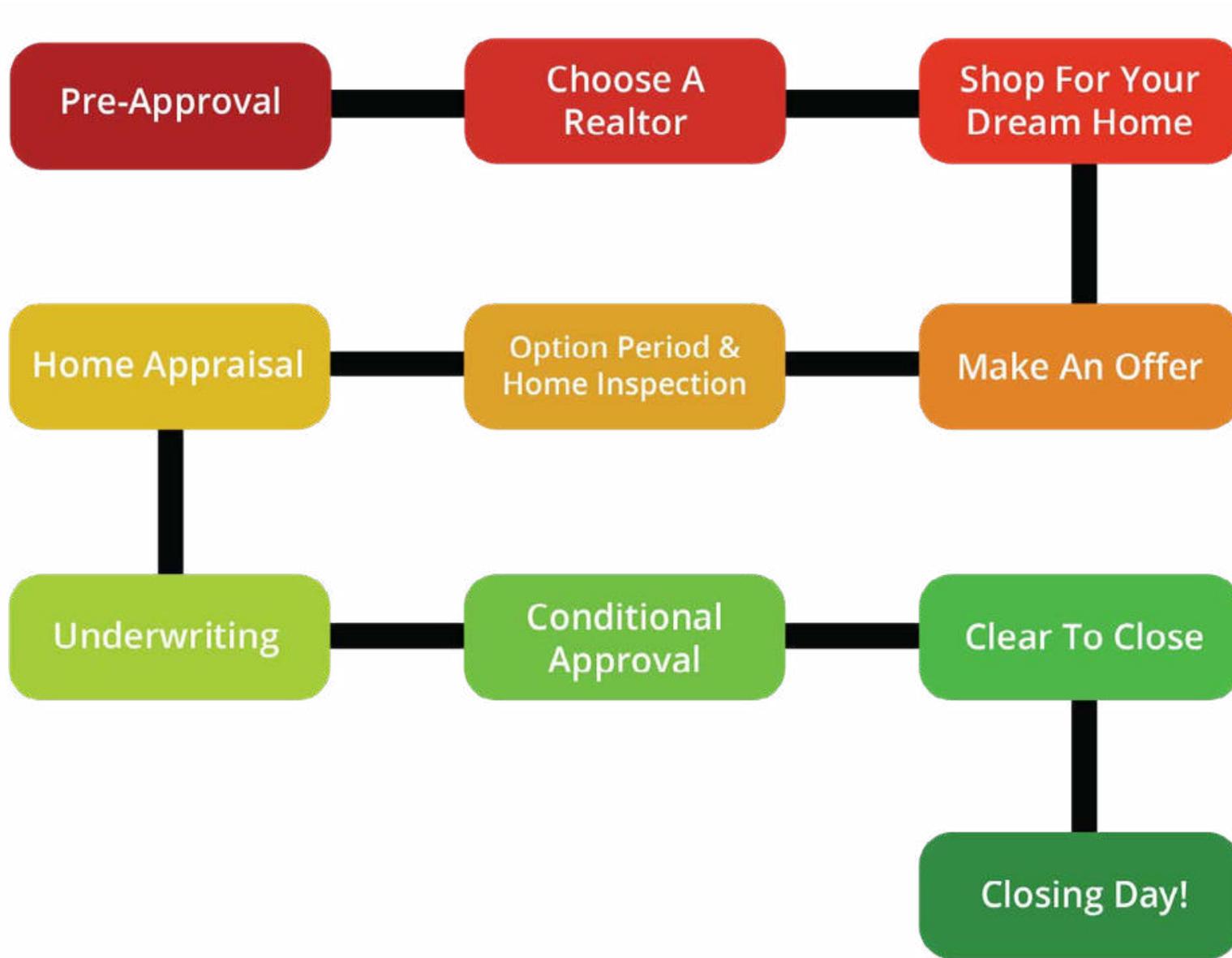
## **KEEP YOUR FINANCES STABLE**

To help the home buying process go as smoothly as possible, you want to keep your household finances stable until you close on your new home.

Here are some things to avoid:

- Messing with your credit score
- Making large purchases or taking on more debts
- Experiencing a loss in income

## ROADMAP TO HOMEOWNERSHIP





## **GETTING PRE-APPROVED**

Pre-approval gives you a maximum loan amount, which sets your budget before you start house shopping.

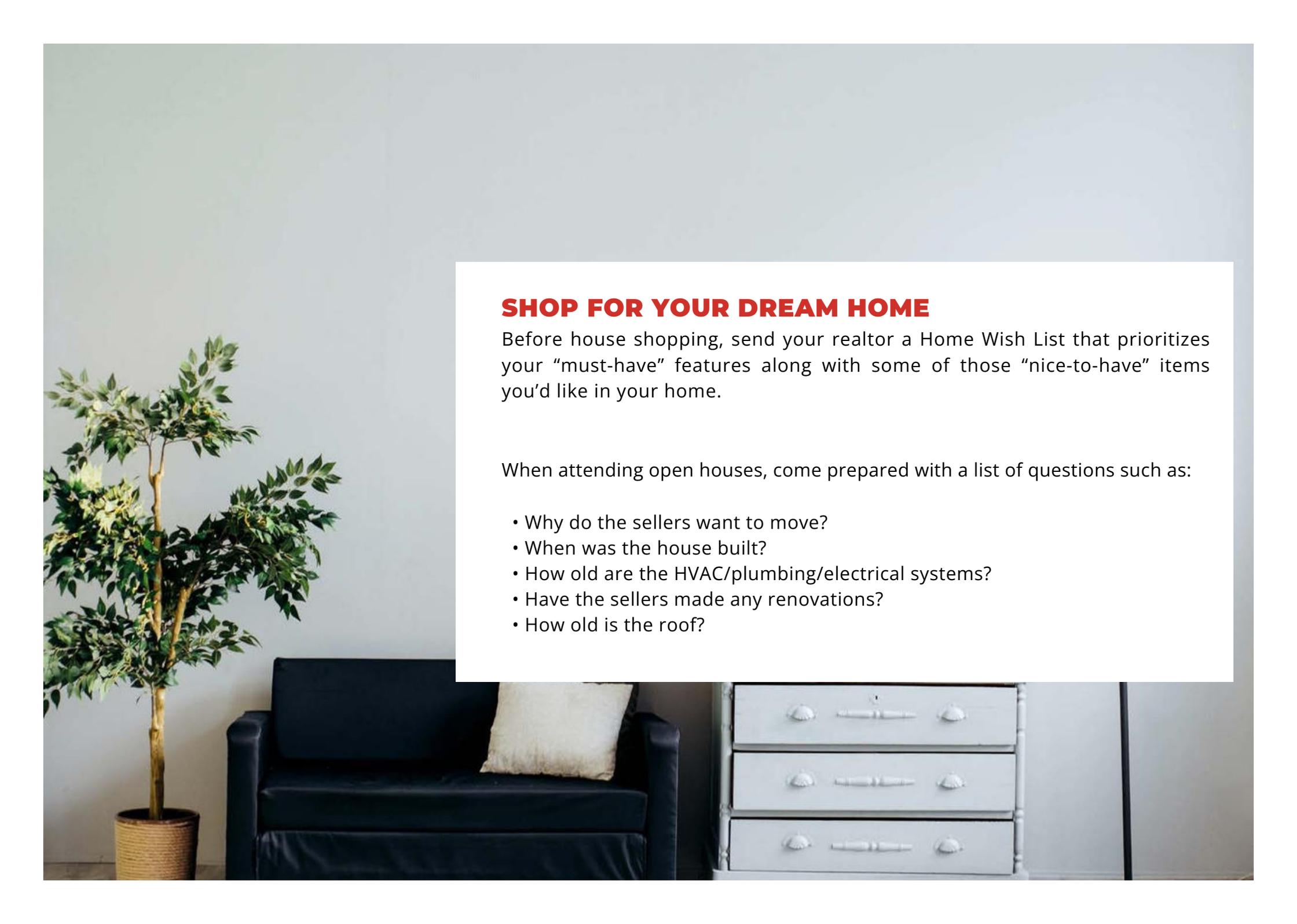
You'll also get a pre-approval letter! This helps you stand out as a serious home buyer to sellers. It's much easier to submit a loan application and close on a home when you've already been pre-approved.

## **CHOOSING YOUR REALTOR**

Picking the right real estate agent is absolutely crucial, especially when you are in a highly competitive "seller's market."

The realtor's responsibilities include taking you out shopping for homes, helping you put together your offer, discussing all the contingencies that go into your offer, making your offer appear as attractive as possible to the seller, negotiating with the seller, and then renegotiating with the seller later on in the event that issues arise with the home inspection or the appraisal.

When choosing a real estate agent, do not take this decision lightly. If you don't already have a real estate advisor that you absolutely love, ask your Hero Home Programs accredited lender who they believe would be the best fit for you.



## **SHOP FOR YOUR DREAM HOME**

Before house shopping, send your realtor a Home Wish List that prioritizes your “must-have” features along with some of those “nice-to-have” items you’d like in your home.

When attending open houses, come prepared with a list of questions such as:

- Why do the sellers want to move?
- When was the house built?
- How old are the HVAC/plumbing/electrical systems?
- Have the sellers made any renovations?
- How old is the roof?

## MAKE AN OFFER

From this step forward, things will start to move pretty fast! Your realtor will help you put an offer down on the home. But keep in mind, the conditions of this initial offer may change later on.

Once you make an offer on the home and the seller accepts your offer, you may need to put down an earnest money deposit.

The earnest money deposit demonstrates your commitment to follow through with the purchase, which in turn allows the seller to take the home off the market.

When closing on the home, the earnest money deposit will typically be applied to your down payment or closing costs.

Talk to your realtor about including contingencies in your offer. If the deal falls through, having certain contingencies in your offer allows you to recoup your earnest money deposit.

For example, the home inspection contingency allows you to back out of the deal if the property fails a home inspection. Also, an appraisal contingency protects you if the appraisal comes up lower than expected.





## **OPTION PERIOD & HOME INSPECTION**

After putting down the earnest money deposit, you'll have an agreed upon time window of about 5-10 days known as the "Option Period." During this timeframe, you'll need to have a home inspection before making your final decision whether you want to move forward to closing.

The inspector will take a close look at the house to identify any issues that need to be addressed. These items include issues with the home's foundation, roof, HVAC system, plumbing, electrical systems, as well as any structural or safety concerns.

We strongly recommend that you hire a reliable and experienced home inspector, research their reviews, and choose someone who you trust will do a thorough inspection. It's also a good idea to attend the home inspection.

Depending on the results of the home inspection, you and your realtor may negotiate further with the seller. During these negotiations, your realtor may ask the seller to pay for repairs, or make adjustments to your initial offer.



## HOME APPRAISAL

Before fully approving your loan, your mortgage lender will request a property appraisal of your new home. This appraisal is to ensure that the home's appraised value is high enough to justify the purchase price and/or loan amount.

The appraiser is going to look at factors such as the property's age, condition, amenities, neighborhood, and similar properties that have sold in that same area within the last year.

Ideally, there are no surprises, and the initial estimated property value (that the seller listed) matches up with the appraiser's valuation.

But what if the appraisal comes back with a valuation that is much lower than the initial estimated property value?

In this case, your mortgage lender and realtor should be able to work with you to find a solution.

For example, your realtor can renegotiate with the seller, asking them to lower the purchase price, which in turn would lower the home loan amount.

Another option is to order another appraisal and contest the original appraisal.

However, if the appraisal is a total dealbreaker that prevents you from closing on your home, then having an appraisal contingency in your original offer allows you to back out of the deal without losing your earnest money.

## UNDERWRITING

Once all the negotiations are finalized, your mortgage advisor will turn your loan application over to the underwriter. An underwriter has the final say in whether you get approved for the loan.

During this step, it's crucial that you stay in close contact with your mortgage advisor. Your mortgage advisor will let you know if you need to provide any last-minute documentation before the underwriter can move you along toward final approval.

## CONDITIONAL APPROVAL

As the underwriter reviews your loan application, they may need to make additional conditions to your loan before you get the final approval. Your mortgage advisor will notify you if there are any additional conditions to your loan.

At this point, you may need to provide even MORE documentation. We know this part of the process can get pretty tedious, but we're almost to the finish line!





## **CLEAR TO CLOSE**

The underwriter gives final confirmation that you are fully approved to close on the loan.

The closing department will prepare all the final closing documents for you to review and sign on Closing Day.

## **CLOSING DAY!**

- You'll pay the down payment and closing costs.
- You and the seller sign the final closing paperwork.
- The deed is transferred to your name.
- You'll then receive the keys to your new home!

Congratulations!

Now it's time to get ready for Move-In Day!



## **Need Help Qualifying For Your Dream Home?**

If you're looking to buy or refinance a home, give us a call and we can help set you up with the best financing options available.

Our accredited mortgage advisors will speak with you about your unique situation, get an overall picture of what you're looking to accomplish, so that they can then hammer out the details in making your dreams a reality.

Your mortgage advisor will also take care of all the research for you to find any available benefits and discounts you can qualify for. We'll then walk you through the next steps toward finding homebuyer programs in your local area, so you can get the best value possible on your home purchase.

