
FIRST TIME HOMEBUYERS



EVERYTHING YOU NEED TO KNOW TO MAKE BUYING YOUR FIRST
HOME EASY AND AFFORDABLE.

Presented By:

Your Logo Here

WHY BUY?



- ❖ Tax deductions
- ❖ Stable housing costs
- ❖ Appreciation on your investment
- ❖ Gain equity
- ❖ *You control your property*

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ARE YOU READY TO BUY?

- ❖ Steady income
- ❖ Pay bills on time
- ❖ Low to medium debt
- ❖ Down payment available
- ❖ Ability to pay mortgage



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WHAT TYPE OF HOME?

- ❖ Type of community
- ❖ New home
- ❖ Resale home
- ❖ Fixer-upper
- ❖ Features
 - ❖ # Bedrooms
 - ❖ # Bathrooms
 - ❖ Garage, etc.



HOW MUCH HOME CAN YOU AFFORD?

- ❖ Housing costs < 29% of gross income
- ❖ Housing costs & debt no more than 36% of gross income
- ❖ Consider special loan programs



WHY BE PRE-APPROVED?

- ❖ You know what you can afford before you begin to shop
- ❖ Shows sellers you are serious about buying
- ❖ Can make an offer as soon as you find the home you want



DOCUMENTS FOR PRE-APPROVAL

- ❖ Pay stubs (2-3 months)
- ❖ W-2 forms (2 years)
- ❖ List of long term debt
- ❖ Recent bank statements
- ❖ Tax returns (2 years)
- ❖ Proof of any additional income



WHAT KIND OF MORTGAGE IS RIGHT FOR YOU?

- ❖ Do you expect your finances to change?
- ❖ Are you planning to live in the home for a long time?
- ❖ Are you comfortable with your payment fluctuating?
- ❖ Do you want to have your mortgage paid off by a certain time?

FIXED RATE MORTGAGE

- ❖ Payments remain the same
- ❖ 15 or 30 year repayment terms
- ❖ Advantages: predictability & insurance against rising interest rates



ADJUSTABLE RATE MORTGAGE

- ❖ Payments increase or decrease on a regular schedule with interest rate changes
- ❖ Increases are subject to limits
- ❖ ARM linked to specific index or margin
- ❖ Advantages include a low initial interest rate with lower monthly payments

15 VS. 30 YEAR TERMS

- ❖ 30-Year – in first 23 years of loan more interest paid than principal affording larger tax deductions
- ❖ 15-Year – Loan is generally at a lower interest rate and equity is built faster because early payments pay more to principal.



SPECIAL PROGRAMS AVAILABLE

- ❖ First time homebuyers
- ❖ No down payments
- ❖ Less than perfect credit
- ❖ Heavy debt burden
- ❖ Irregular income or self employed



HOW YOUR REALTOR CAN HELP

- ❖ Guides you through the process, buying or building
- ❖ Knows the community
- ❖ Can provide you with lists of homes that meet your requirements



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HOW A REALTOR CAN PROTECT YOU

- ❖ Seller is represented by the listing Realtor
- ❖ Listing Realtor is bound to protect and represent the seller
- ❖ A buyer's agent would be bound to protect and represent you (the buyer)



BEGIN LOOKING FOR HOMES

- ❖ Compare to list of “must haves”
- ❖ Imagine your furniture – will it fit?
- ❖ What is the state of repair (or disrepair)?
- ❖ Imagine it in all seasons
- ❖ Ask your Realtor to point out the pros & cons



WHEN YOU'VE FOUND THE HOME YOU WANT

- ❖ Determine amount you're willing to offer
- ❖ Decide how much earnest money you'll put down



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DETERMINING THE AMOUNT OF THE OFFER

- ❖ What are comparable homes selling for
- ❖ What is the home's condition
- ❖ How long has the home been on the market
- ❖ What are the financing terms
- ❖ What is the seller's situation
- ❖ Rely on your Realtor for guidance
- ❖ Be prepared to negotiate

ABOUT THE EARNEST MONEY

- ❖ Usually between 1-5% of the purchase price
- ❖ If offer is accepted, earnest money becomes part of your down payment or closing costs
- ❖ If offer is rejected, the money is returned to you
- ❖ If you back out of the deal, you forfeit the money

MAKING THE OFFER

- ❖ Your Realtor will assist you in making the offer, which will include:
 - ❖ Legal description of property
 - ❖ Amount of earnest money
 - ❖ Down payment and financing details
 - ❖ Proposed closing date
 - ❖ Price you are offering
 - ❖ Length of time offer is valid
 - ❖ Details of the deal

HOME INSPECTION

- ❖ Contract should be contingent upon it
- ❖ Professional inspector evaluates safety and condition of the home
- ❖ Includes structure, construction and mechanical systems.



CLOSING COSTS INCLUDE

- ❖ Escrow fees
- ❖ Property taxes
- ❖ Interest
- ❖ Loan origination fee
- ❖ Recording fees
- ❖ Survey fee
- ❖ Appraisal
- ❖ Homeowners insurance
- ❖ Mortgage insurance (if applicable)
- ❖ Title insurance
- ❖ Loan discount points
- ❖ First payment to escrow account
- ❖ Documentation prep fees



ON CLOSING DAY

- ❖ Present receipt of homeowner's insurance
- ❖ Closing agent will list money you owe seller and money seller owes you
- ❖ Seller will provide proofs of any warranties or inspections
- ❖ You'll read documentation & sign on the dotted line
- ❖ You'll pay all closing costs and receive a settlement statement
- ❖ The deed will then be recorded



CONGRATULATIONS – YOU'RE A HOMEOWNER!!



PRESENTED TO YOU BY

For more information:

Your Company Name

Office telephone number

Alternate telephone number

Web site address

Email address

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