

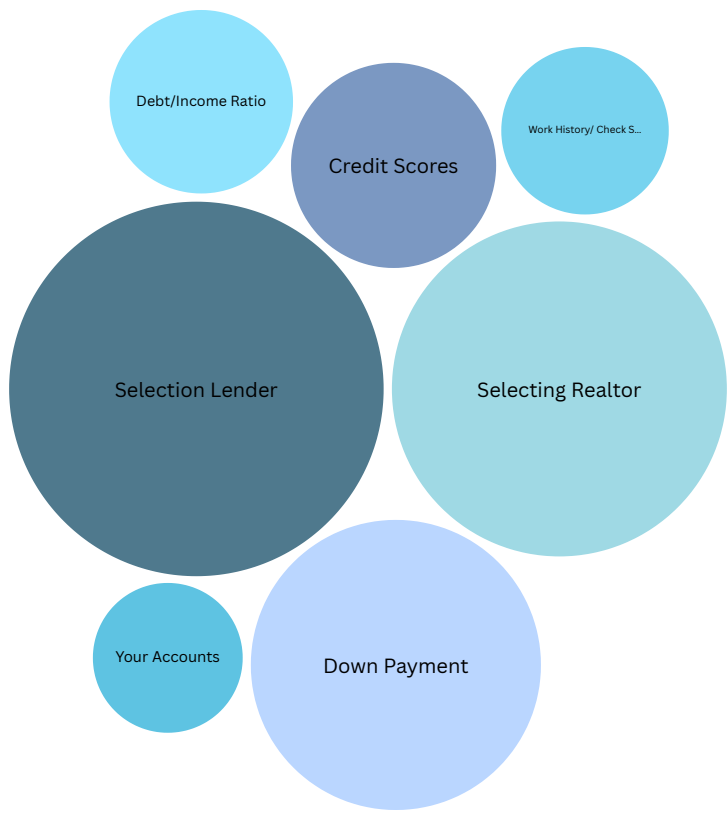


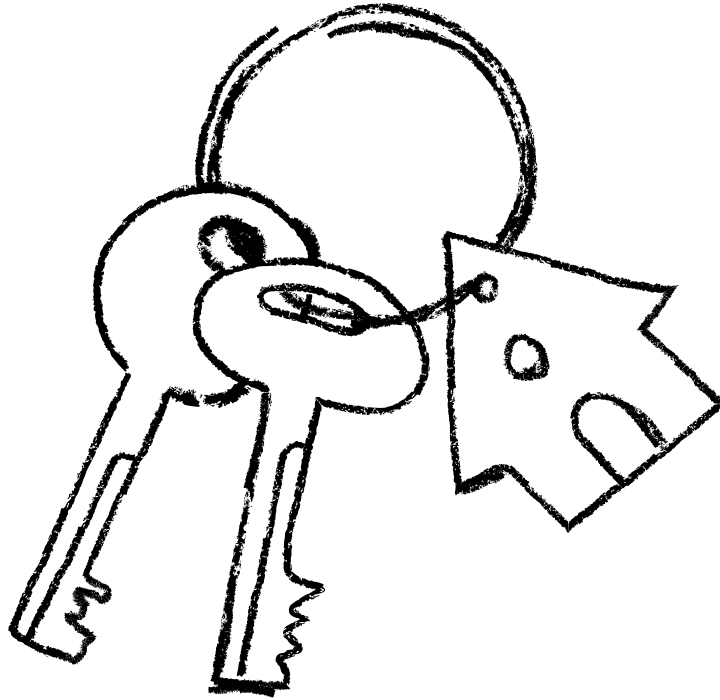
# 1st Time Homebuyer Strategy

Prepared by:

PLANNING

DATE: \_\_\_/\_\_\_/\_\_\_





# Passport to Purchasing Your Home

This passport includes steps with fillable outlines to help you manage your progress on your journey to purchasing your first home. It also has web resources that you will need to keep you informed and on track. If you are not confident that keeping tabs with the included checklist will get you to the closing table, then you should contact a lender/bank/credit union that best suits your needs and goals for your home purchase.

Buying your first home may not be the biggest milestone you will accomplish, but it can be a bit overwhelming, confusing, or even intimidating. This guide will help you confidently navigate going from dreaming of purchasing a home to actually owning one. Inside, you will find tips to help you know what to expect on your journey to ownership. Getting you to “clear to close” starts with this guide and places you in control!

# Main Checklist

Overview: Use this page to keep track of overall progress and completion



*Credit Score*

\_\_\_\_ - \_\_\_\_

In some cases, the lowest score to be qualified for a home loan can be a 500, but it requires a sizeable down payment for an FHA loan. However, the better credit (FICO) score you have, the better your rate and loan options you will receive.

*Money in the bank*

\$ \_\_\_\_\_

Are you a first time homebuyer? Chances are you will qualify for a loan that only requires a down payment of 2% to 5%! Did you know that not all loans require 20% down? However, you are going to need to show a cushion of money in the bank of at least \$3,000, so stop spending that extra money now and put it in savings. Your lender may want to know that you can manage your money, and this is how they will evaluate your readiness.

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	<p>In addition to your down payment, you may also have to pre-pay for items such as home inspection, termite inspection and appraisals for the home that you find and lock-in on. This may cost between <u>  \$300  </u> and <u>  \$600  </u>. Keep that in mind that when you are trying to save money for items, you may need to cover other costs during your closing process that are not built (escrowed) into your loan.</p>
<p><i>Occupation</i></p> <p><input type="checkbox"/> _____</p>	<p>You will need to show at least two years of work history, preferably in the same line of work. If you switched companies, you will still have to show that it was in the same field of work. If you are self-employed, you will need to show your income via tax returns. Be careful not to write off all your income when filing taxes because it will look like you did not make any money. If you are a student preparing to graduate, you will need to show your transcripts as a supplement for the two year employment requirement.</p>
<p><i>Debt/Income Ratio</i></p> <p><input type="checkbox"/> _____</p>	<p>This is a ratio that will be calculated by the lender. A “good” debt-to-income (DTI) range is 30% to 40% of your salary depending on the loan product. Basically, you will need to have more income coming in than you have debts going out. It is the ratio of income vs. debts already obligated on your credit report including the new house payment and escrows (taxes and insurance.)</p>
<p><i>Secure your lender</i></p> <p><input type="checkbox"/> _____</p>	<p>You want to find a lender that is logical for you and your situation. If you think that you will need help in person, get a local lender; but if you prefer email and uploading to portals and there is a lender in a nearby city, you can choose them, as well. Drive around in some of the areas where you want to live to see if there are lender signs in the yards of properties listed. Do you want to know more about <b>down payment assistance</b>? Research which mortgage lenders have the certifications and can offer these programs.</p>

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*Secure the real estate agent/REALTOR*

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Find a REALTOR in your preferred buying area. You may think that you can do it by yourself, but real estate agents are licensed professionals who have access to documents and vetted resources that can make your transaction run as smoothly as possible. Honestly, having an agent working on your behalf reduces your stress and minimizes errors in the process. In other words, you need one!

# Project Timeline

<i>Task or Deliverable</i>	<i># of Months</i>	<i>Notes</i>
Check list completed		
Application completed		
Got an approval? Start shopping!		
Closing		



# Break It Down

Let's break down each category:

<b>Know your score</b>	<p>Typically, a credit score of 650 or better is needed to qualify for better interest rates, but the minimum that you can get qualified with is a 500. Keep in mind, the lower your credit score is, the higher your interest rate will be which can make your monthly payment higher. A credit score of 620 is usually what you need to qualify for down payment assistance. There may be some lender services that will allow a lower score , but they may require a much larger down payment.</p>
<b>Locate your score</b>	<p>You can use tools such as:</p> <p>Lenders - They use a mortgage FICO score.</p> <p>Credit Karma App - You can view and track your vantage score (but is not what your lender will use.)</p> <p>Myfico.com - This is a detailed credit report with very specific FICO scores including one specifically for home loans.</p> <p>If you feel you are in need of credit repair or building, you can check with your lender for direction if you already have one. Here are a few financial specialist that are also Tyler REALTIST that we work with and recommend:</p> <ul style="list-style-type: none"><li>● Next Level Financial Solutions <a href="https://nlfsolutions.as.me">https://nlfsolutions.as.me</a> - DeAna Gee</li><li>● Gaston Financial - LaTonia Gaston</li></ul>

**Timeline**

Stay on track! Six to 12 months is a good starting point to get your score in the right place. Give yourself some grace but remain disciplined to getting your score where it needs to be so that you can apply for your home loan in your desired time frame.

# Break It Down

Let's break down each category: Money In The Bank / Occupation

<b>How Much Money?</b>	<p>Even though you may make a good income, you will still need to show that you have money in the bank. The lender will want to see that you can save money. Start with having at least \$5,000 - \$10,000 (more on the lower end if you have a low-to-moderate income) in your bank account. You will show this with official bank statements that you can retrieve from your bank directly. Screenshots of your bank account WILL NOT WORK.</p> <p>You will need to have the money in the bank for at least two months prior to beginning the application process, and it must stay the same until the CLOSING DAY. Please do not buy cars, toys, trailers, furniture, etc... until you have closed on your new home.</p>
<b>Occupation</b>	<p>For the majority of lenders, you will need to show at least two, consecutive years of employment history in the same line of work.</p> <p>For example : If you were a truck driver for one year, worked at Dollar General and drove a truck for Swift for one year, this would be acceptable.</p> <p>You will verify this by showing your check stubs. It is crucial to make sure that you know how to save or collect this documentation now so it will be easy for you to give them to your lender when needed later.</p>

<b>Goals</b>	<p>Make your goal specific for what your lender needs. If you already have at least two years of documentation ready to show, then you are in a good position! If you need another year to get things together, that is okay, too. Just make your goal a year from now to ensure that you are ready.</p> <p>For those who are finishing or recently finished school, some loan products count school towards your occupation. Be sure to inquire about that if you were in school prior to working in that school related field.</p>
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# Break It Down

## Breaking down Debt-To-Income (DTI) Ratio:

<b>Debt</b>	<p>Debt is anything that you have to pay monthly:</p> <p>Car notes, credit card (minimum payment) bills, payments on any loan, child support payments, (new home escrows, which are taxes and home owner insurance) are some examples of debt.</p> <p>At the creation of this document, medical bills are not counted towards debt.</p> <p>The sum of all these payments will be your debt. Please add all monthly debt and fill in the blank.</p> <p>\$ _____</p>
<b>Income</b>	<p>Income is your gross monthly, verifiable income:</p> <p>Checks from work, six months of verifiable received child support, housing vouchers, <b>first-time home buyer</b> credit (Mortgage Credit Certificate...your lender has to be certified to offer it, but still ask about it) rental property income, self-employment income, social security, disability, pension retirement, and military benefits are some examples of income. Please add all monthly income and fill in the blank.</p> <p>\$ _____</p>

<b>Out of Range?</b>	<p><b>Do not panic</b> if your range is too high. You can work on this by monitoring your credit and strategically pay down those debts that you can get rid of easiest. Also, make sure that you are not missing ANY income. Check with your lender to see if any extra payments that you receive consistently qualifies as additional income. This is also where a MCC credit comes in handy. Again, your lender should be able to tell you if you qualify for that credit. Stick to your timeline and remain disciplined so that you can reach that goal!!! <b>YOU CAN DO IT!!!</b></p>
<b>Home Insurance</b>	<p>Searching for coverage for your home is very important. Selecting insurance plays a crucial part in determining the amount of your monthly payments. Finding an insurance agent that you can trust is a great start to finding reliable but affordable insurance. When it really matters, it is important for you to get an agent that you KNOW you can count on.</p> <p>Your insurance COUNTS TOWARDS YOUR DEBT. This is important to note when you are calculating your debt-to-income ratio. Even though you are NOT currently paying it, it WILL be included in the ratio. This is why it is so important to shop around for the best rate. Ask your lender or real estate agent about trusted insurance agents that they have worked and had positive outcomes with in the past.</p>

# Break It Down

Find Your Lender and Real Estate Agent:

## Locate a Lender

There are many mortgage companies and lenders available, and you just need to find one that best fits your needs for getting into the home you desire. Look for home buyer seminars in the area. This is a great way to meet lenders in person. Drive around in the areas where you want to live. Often times, you will find signs of lenders in the yards of homes that are sale that area. Search for mortgage lenders in the area. However, your lender does not have to be located in your city. If you are good with technology, a Texas licensed lender elsewhere may be a better option for you because you will have more options statewide. If you need a lender that you can visit in person often or need more assistance with paperwork, a local lender may be the better option. Do you need down payment assistance? Check [www.TSAHC.org](http://www.TSAHC.org) for lenders in the area that are certified to provide this help . Lenders that we recommend that are also Tyler Realist are listed below:

- Altra Federal Credit Union- Neil Davis, Tyler, TX
- Cadence Bank /Huntington Bank - Letishia Cross, Tyler, TX
- Inclusive Lending LLC - Bobbie Terry , Irving , TX
- Mortgages by Amber Team - Amber Bowlden, Tyler, TX
- Summit Lending - Sue Walker, Tyler,TX

## Real Estate Agent

You need a REAL ESTATE AGENT. Please do not let anyone try and talk you out of using a trained professional. Your real estate agent will “have your back” from start to finish and keep the transaction on-task and orderly. Make sure you select one that you trust.

Before you start shopping for a home, you will need to have an approval letter from your mortgage lender company. Your real estate agent will show you houses based on what your mortgage company has shown you can afford. Please do not waste your time or your agent’s time by viewing houses that you cannot afford.

Your real estate agent will handle all paperwork, contracts, and other documents needed for inspections and other tasks that you may not know need to be completed. However, they will know, and they will educate and guide you through the process seamlessly.

Some trusted realtors that are also Tyler Realtist that we recommend are:

- eXp Realty: Tracy Blanks, Tyler, TX  
Michael Allen, Tyler, TX
- Johnson Realty: Eryne Henderson, Longview, TX  
Natasha Harrel, Longview, TX  
Sametra Well, Longview, TX
- Keller Williams : Danielle Richardson, Tyler, TX  
The Sister Team (Regina Edwards), Tyler, Athens  
Steffi Bowers, Tyler, TX  
Terosa Jones, Tyler, TX
- RealEdge Real Estate : Phyllis Roberts, Tyler, TX
- S.E.T. Realty : Sissy Bellar, Tyler, TX
- Kimberly Denay Realty : Kimberly Wilson, Lindale/Tyler, TX

# Break It Down

Additional Trusted Resources We Work  
With That You May Need.

<b>You may find you want to build</b>	<p>You may find that you cannot find the home you are looking for and may discover you can afford to build, or maybe you will need some repairs down the line. Trusted construction companies we work with include:</p> <p>Cross Nevel Level Homes LLC - Baldwin Cross, Contractor</p> <p>Deejay Properties LLC. - Dekerrian Cooper</p>
<b>Inspectors/ Movers/ Exterminators</b>	<p>Hackett Moving and Delivery - Michael Hackett</p> <p>Patriot Pride Inspections - Bobby Birch - East Texas</p> <p>Superior Pest Management LLC - Carl Brown</p> <p>AIRPRO Elite AC &amp; Heating - Roderick Hawkins</p>
<b>Notaries</b>	<p>Land purchase contract are often needed to be signed by a notary. Trusted notary services we work with are below.</p> <p>JLT Enterprise Notary Services - John L. Taylor</p>

# CONGRATULATIONS!!!

YOU'RE A HOME OWNER

*"The only limits to the height of your achievements are the reach of your dreams and your willingness to work for them."* – Michelle Obama

## Key Takeaways

- **Dream Big:** Your aspirations set the stage for what you can accomplish. Allow your imagination to soar beyond perceived constraints.
- **Relentless Effort:** Achieving lofty goals requires dedication and perseverance. Keep pushing forward, even when faced with challenges.
- **Believe in Yourself:** Confidence in your abilities can propel you beyond what you once thought possible. Trust in your capacity to achieve greatness.

Remember, the journey to achieving goals you never thought you could reach begins with a single step fueled by hope, determination, and unwavering belief.



## GLOSSARY

Appraisal – a valuation of the property. An appraiser renders an estimate of value as of a certain date under assumptions and conditions state in the appraisal report. Typically, a buyer’s lender requires an appraisal to verify that the loan is secured by property that is worth a certain amount. An appraisal is not the same as an inspection

Appreciating Asset – property that increases in value over time

Brokers – a real estate broker may represent a party (buyer, tenant, landlord, or seller) in a real estate transaction or may act as an intermediary between the parties. A party may work with the broker or with one the broker’s agents. Buyer, tenant, landlord, and seller will be provided a form titled “Information About Brokerage Services” which defines agency relationships. An agent may help a seller or landlord market the property or help a buyer or tenant locate a property. The agent is obligated to negotiate the transaction and may assist in gathering information and may coordinate many details in the transaction. Brokers and agents are not inspectors. They do not possess the expertise to conduct inspections and therefore do not make any representations, warranties, or guarantees about a property’s condition. Agents are not attorneys. Parties are encouraged to seek the assistance of an attorney to help in understanding any of the legal consequences and provisions of the contract or transaction.

Buyer’s Market – the number of homes on the market is greater than the number of buyers

Closing Costs – Mortgage fees and expenses beyond the down payment that include title insurance, attorney fees, appraisals, taxes

Contingency – a clause that allows buyers to back out of buying a house if terms aren’t met

Credit Scores – a numerical score that predicts how likely you are to pay a loan back on time

Deed-in-Lieu – a mutual understanding between lender and borrower that states the borrower is no longer able to make their mortgage loan payments

Default – when a borrower fails to uphold the terms of their mortgage loan

Dual Tracking – when a mortgage servicer continues to foreclose on a homeowner while at the same time considering their application for a loan modification

Earnest Money – a deposit made to the seller that demonstrates the buyer's good faith to purchase the home

Equity – the difference between how much a home is worth and how much is owed on the mortgage

Escrow – when a third party temporarily holds money or property during the home-buying process

FHA Loans – a US Federal Housing Administration mortgage insurance backed mortgage loan that is provided by an FHA approved lender

Foreclosure – a legal process in which a lender forces the sale of a home in an attempt to recover the loan balance from a borrower who has stopped making payments

HOA (Homeowner's Association) – a governing body of a home community run by volunteers and enforces community rules

Home Inspection – a limited, non-invasive evaluation of a home that is up for sale

Lead-Based Paint – If a property was built before 1978, federal law requires that the seller or landlord provide the buyer or tenant with: (1) the pamphlet titled "Protect Your Family from Lead in Your Home; (2) the records and reports the seller or landlord has concerning lead-based paint or hazards; and (3) an opportunity to have the property inspected for lead-based paint or hazards

Legal Foreclosure – an attempt to legally force the sale of a home

Lender – a person or organization that lends funds for the purchase of a home

Lien – a legal claim on a piece of property

Loan Servicer – a company that collects loan payments, addresses customer concerns, and maintains the loan

Loss Mitigation – the process of borrowers and mortgage services working together to create a plan to avoid foreclosure

Mold – It is not uncommon to find mold spores in a property. The concern about mold increases when there are large amounts of mold found in a property. The Texas Department of Insurance publishes a document titled “Protect Your Home from Mold” which discusses mold in more detail

Non-judicial Foreclosure – allows the lender to sell the borrower’s home without going to court

Private Mortgage Insurance (PMI) – insurance that will pay a portion of the balance to the mortgage lender if the borrower defaults on the loan

Residential Service Contracts – A residential service contract is a product under which a residential service company, for an annual fee, agrees to repair or replace certain equipment or items in a property (for example, covered appliances, air conditioning and heating systems, and plumbing systems). Trip charge typically apply to the service calls. If the buyer requests names of residential service companies from an agent, the buyer should note that the agent is not making any representation or warranty about the service company

Seller’s Market – the number of homes on the market is less than the number of buyers

Short Sale – when a homeowner sells their home for less than they owe on the mortgage

Survey – may identify the location of boundaries, major improvements, fence lines, drives, encroachments, easements, and other items on the property. The buyer should obtain a survey early enough in the transaction to help the buyer identify any encroachments, encumbrances to title, or restrictions. The contract will typically contain a provision which identifies who is responsible for providing a survey and the right to object to encumbrances to title disclosed in the survey

Tax Prorations – typically, a buyer and seller agree to prorate a property’s taxes through the closing date. Property taxes are due and payable at the end of each calendar year. The escrow agent will estimate at closing, the taxes for the current year. If the seller is qualified for tax exemptions (for example, homestead, agricultural, or over-65 exemption), such exemptions may or may not apply after closing. After closing the taxes may increase because the exemptions may no longer apply. When buying a new construction, the taxes at closing may be prorated based on the land value only and will later increase when the appraisal district includes the value of the new improvements. The actual taxes due, therefore, at the end of the year and in subsequent years may be different from the estimates used at closing

Title Insurance – protects homeowners and lenders against any property loss or damage due to they might experience because of liens or defects in the title to the property

## Disclaimer Statement

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