

Essential Steps for First-Time Homebuyers to Prepare for Homeownership

1. Check Credit Score

- Obtain your credit report and review it for accuracy.
- Have a goal of maintaining a good credit score of 580 or above.
- Address any errors and work on improving your score if necessary.

2. Determine a Budget

- Assess your current financial situation.
- Maintain a steady income/employment.
- Calculate how much you can afford for a down payment and monthly mortgage payments.

3. Save for Down Payment

- Start saving early.
- Aim for at least 20% of the home's purchase price to avoid private mortgage insurance (PMI). However, there are several down payment options 0%, 3%, 3.5% and possible grant programs

4. Reduce Debt

- Pay down existing debts to improve your debt-to-income ratio and try to stay around 35% DTI.
- Avoid taking on new debts before applying for a mortgage.

5. Get Pre-Approved

- Shop around for lenders and compare mortgage rates.
- Obtain pre-approval to understand how much you can borrow and show sellers you're a serious buyer.

6. Understand Loan Options

- Research different types of mortgages (fixed-rate, adjustable-rate, FHA, VA, USDA, etc.).
- Choose the one that best fits your financial situation and future plans.

7. Create a Home Wish List

- Prioritize your needs and wants in a home (location, size, amenities, etc.).
- Be prepared to compromise based on your budget and market conditions.

8. Find a Real Estate Agent

- Choose an experienced agent who knows the local market.
- Communicate your needs and budget clearly to your agent.

9. Organize Documents

- Gather important financial documents such as tax returns, pay stubs, bank statements, and employment history.
- Having these ready will expedite the mortgage application process.

10. Research Neighborhoods

- Explore different areas to find a location that suits your lifestyle and budget.
- Consider factors like school districts, commute times, and community amenities.

11. Get a Home Inspection

- Once you find a home you like, hire a professional inspector.
- Identify potential issues and negotiate repairs or price adjustments with the seller.

12. Plan for Closing Costs

- Be aware of additional costs such as appraisal fees, title insurance, and closing fees.
- Budget for these expenses to avoid surprises at closing.

13. Be Flexible & Patient

- The homebuying process can be lengthy and competitive.
- Stay adaptable and be prepared to act quickly when you find the right home.

**Contact me today
to start your journey
toward homeownership!**

UNIONHOME MORTGAGE



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OH RMLA RM.802837.000.