



# Preparing to Buy a Home

Overview Guide - Congratulations on preparing to buy a new home! It's exciting, but can also be a little scary. This overview is intended to help you navigate some key areas of the process.

## 1 CREDIT SCORE

Determines whether you qualify for a mortgage and affects the interest rate lenders will offer. Different programs have different minimum scores (580 or 620), but having a higher score improves your interest rate. Need to boost your score? Let's talk about the best ways to do this.

## 2 DEBT-TO-INCOME (DTI) RATIO

How much you have in monthly payments, compared to your monthly gross income determines your DTI. Different loan programs have different acceptable ratios, but it comes down to ensuring you can afford the loan.

## 3 DOWN PAYMENT

Minimums can vary based on loan program (most common 3% or 3.5% but there also 0% down options), this also impacts the need for mortgage insurance or not. Let's talk about options in relation to what you are looking to put down, monthly payment goal, etc. to determine the best path.

## 4 SAVINGS/ASSETS

Closing costs generally range from 2%-3% percent of the home's purchase price (includes origination fees, title fees, appraisal, prepaid property taxes and insurance). You'll need to show you have these funds available or plan for a seller credit to pay for these costs.

## 5 GIFT FUNDS

There are key rules around the use of and what are considered gift funds, but if you have gift funds available for down payment and closing costs these can be highly beneficial. (generally gifts from family members are allowed, friends not allowed).

## 6 BE FINANCIALLY FIT

Pay your bills on time, keep credit card balances as low as possible, don't open any new credit accounts or close existing accounts. Be aware that job changes could also have a significant impact, so let me guide you if are thinking of a job change during this process.

## 7 PREPARE FOR YOUR APPLICATION

You will primarily need these documents to submit as part of your application:

- Photo ID
- 30 days of Pay Stubs
- 2 Months Bank Statements
- 2 years W2's or Tax Returns



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# Home Programs & Process

Homebuyer programs and process guide - I will empower you throughout this process while delivering better rates, the right term, and the lowest closing costs to you, as quickly and efficiently as possible.

## 1 HOMEReady®/HOMEPOSSIBLE®

For both first time and non-first time home buyers these are programs based on median income levels for a given area, offering lower interest rates. Let's talk more to see if you qualify.

## 2 PERMANENT RATE BUY DOWN

Also known as Discount Points, for an additional cost you can buy down your interest rate for the life of the loan. Rate decrease and costs vary, but we will discuss these options. Seller credits can also be used to purchase these.

## 3 TEMPORARY RATE BUY DOWN

Temporarily buy down your interest rate with 2-1, 1-0, or other buy down options. For example, with a 2-1 buy down, your interest lowers by 2% in year 1, and then 1% in year 2, with your selected rate starting in year 3. Seller credits can also be used to purchase these.

## 4 DOWN PAYMENT ASSISTANCE

Multiple options exist and do depend on credit score and median income levels. In addition they often have higher average interest rates and refinance limitations. Let's discuss, to explore your options and see if it makes sense for you.

## 5 FIRST TIME HOME BUYERS

Receive lower down payment requirements on Conventional loans (3% instead of 5%) and sometimes receive slightly lower interest rates.

### MORTGAGE PROCESS OVERVIEW



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