

FIRST-TIME

Homebuyer Seminar

Creating prosperity and stability through
homeownership for current and future generations

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MEET YOUR SPEAKERS



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F E A R

I don't have
the money.



F A C T

There are a variety of
down payment options
available to you.

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F E A R

I can't afford
my dream home.

F A C T

The best way to get
closer to your dream
home is to buy your
first home.

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F E A R

I should wait until
the real estate market
gets better.

F A C T

There is never a
wrong time to buy the
right home.

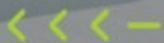
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A photograph of a family of four sitting on a bed. A man in a peach-colored shirt is in the center, holding a baby. A woman in a striped shirt is on the right, also holding a baby. They are all looking at an open book. The background is a tufted headboard.

STEPS TO HOMEOWNERSHIP

1

Decide to Buy



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Decide to Buy

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A home is an “accidental” investment that creates
leverage opportunities.

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In a few years, you can use your equity to trade up to a better home.

OR

You might consider using some of your home equity to invest in a rental property or a second home.

Decide to Buy

If you took out a 30-year fixed-rate mortgage for **\$375,000** and made monthly mortgage payments of **\$2,250**, you'd pay **\$810,000** in mortgage and interest payments over the life of the loan.



And after 30 years, you'd own a home with an appreciated value ***potential of \$910,000.***

At 3% annual appreciation. Keep in mind that appreciation rates vary greatly based on local conditions.

Compare that to paying \$2,000 per month in rent over 30 years. Even if your landlord improbably never raised rent, you would still spend ***\$720,000 and own nothing.***

STEPS TO HOMEOWNERSHIP

2

Hire Your Team

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Hire Your Team



What an agent does for you

- Educates you about the market
- Analyzes your wants and needs
- Steers you to homes that fit your criteria
- Coordinates the work of other needed professionals
- Negotiates on your behalf
- Reviews paperwork and deadlines
- Solves any problems that may arise



Advantages of a buyer's representation agreement

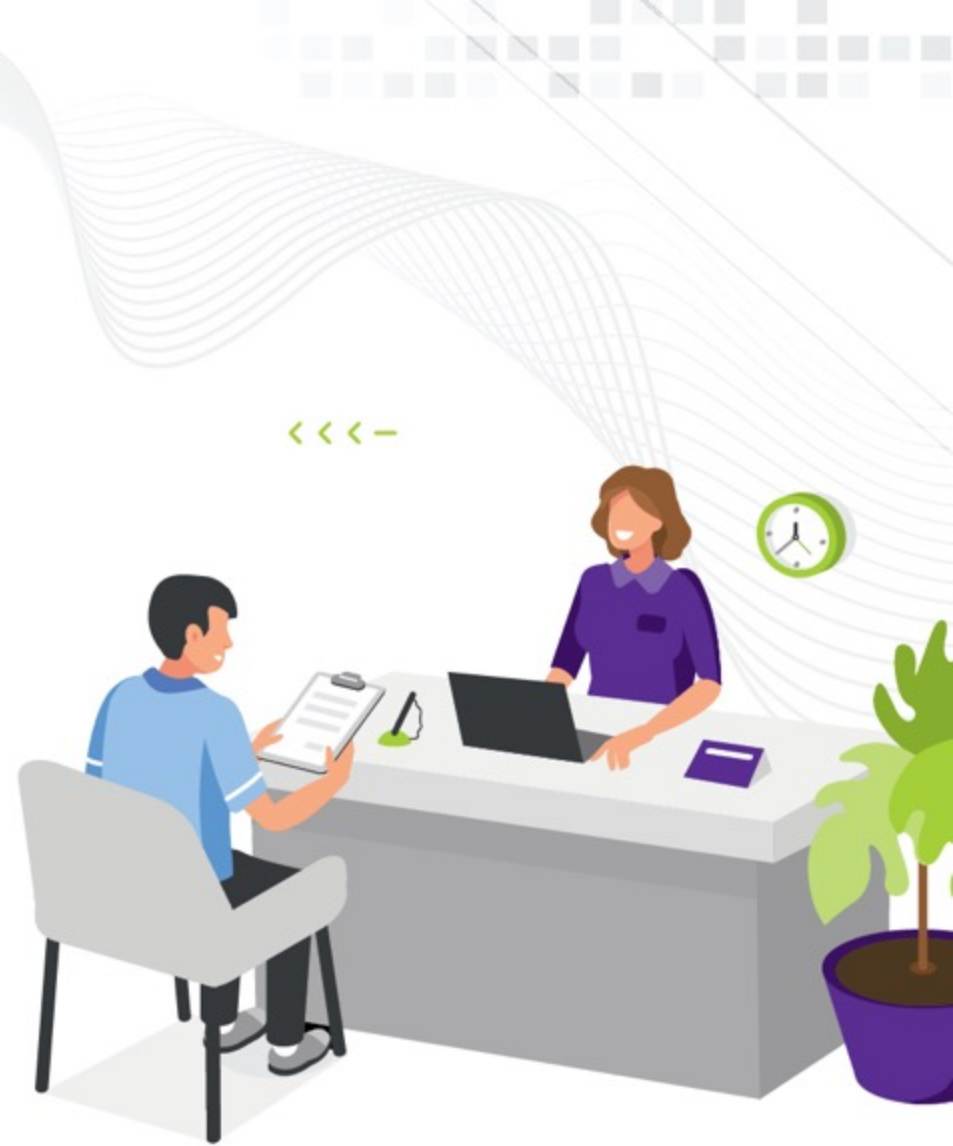
- Sets mutual expectations in writing between you & your agent
- Commits your agent to getting you into the home you want, while you commit to working exclusively with your agent

Hire Your Team



What a Loan Consultant does for you

- Educates you about mortgage financing
- Facilitates your loan from pre-approval through closing
- Advises you on loan programs that suit your needs
- Coordinates and works with your realtor, escrow and any other related parties
- Personal loan concierge throughout the process and for the life of your loan



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STEPS TO HOMEOWNERSHIP

3

Secure Financing

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Secure Financing

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Pre-approvals are particularly useful when home shopping because they:

- 1 **Begin the application process**
- 2 **Determine your actual budget**
- 3 **Identify you as a serious buyer**
- 4 **Check credit rating/issues**

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Getting a Pre-Approval

In order to issue a pre-approval, the lender will examine and verify the borrower's debt, income, savings, assets and credit report to ensure the borrower can repay the loan amount. Pre-approval states that you have a preliminary approval for the loan amount you are eligible to borrow.

A pre-approval is preliminarily approved based only upon the information we have received to date from you. All information must be verified prior to the issuance of a final loan approval. This is not an offer or commitment to lend nor does it guarantee a final loan approval. A final loan approval is subject to verification of the information you have provided and full underwriting review by loanDepot.

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Secure Financing

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Documents you may need to provide:

- Paystubs for current 1 month period
- Prior 2 years W-2 forms
- Federal tax returns with all schedules for prior 2 years
- Copy of valid state issued driver's license or government issued photo ID
- Bank statements for prior 2 months for all accounts, showing sufficient funds for down payment and closing costs



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Secure Financing

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Determine what you can afford:



How much savings do you have?



What is your income?



What are your debts?

Take inventory of your monthly income versus your monthly debts, as well as your savings, to figure out how much you can put toward a down payment and how much you can afford to pay each month. I can assist you with running these numbers (pre-qualification).

Secure Financing

These are the different components that make up your monthly mortgage payment:

Principal

This is the actual amount of your loan.

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Taxes

Many homeowners also pay their real estate taxes as part of their mortgage payment.

Interest

The interest is the amount a lender charges you for borrowing the money to buy the home.

Insurance

Typical homeowner's insurance protects your home and property against fire or other damage.

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Secure Financing

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Review your credit

Knowing your credit is very important when determining if you qualify for a mortgage. This is the time when you should pull your credit report and take the necessary steps to ensure you have built up a sufficient credit history and that your score is the best it can be.

In most cases, the higher the credit score, the better the mortgage rate you'll qualify for.

This will also leave you plenty of time to correct any errors or inaccuracies on your report which may cause problems in qualifying for a loan later.

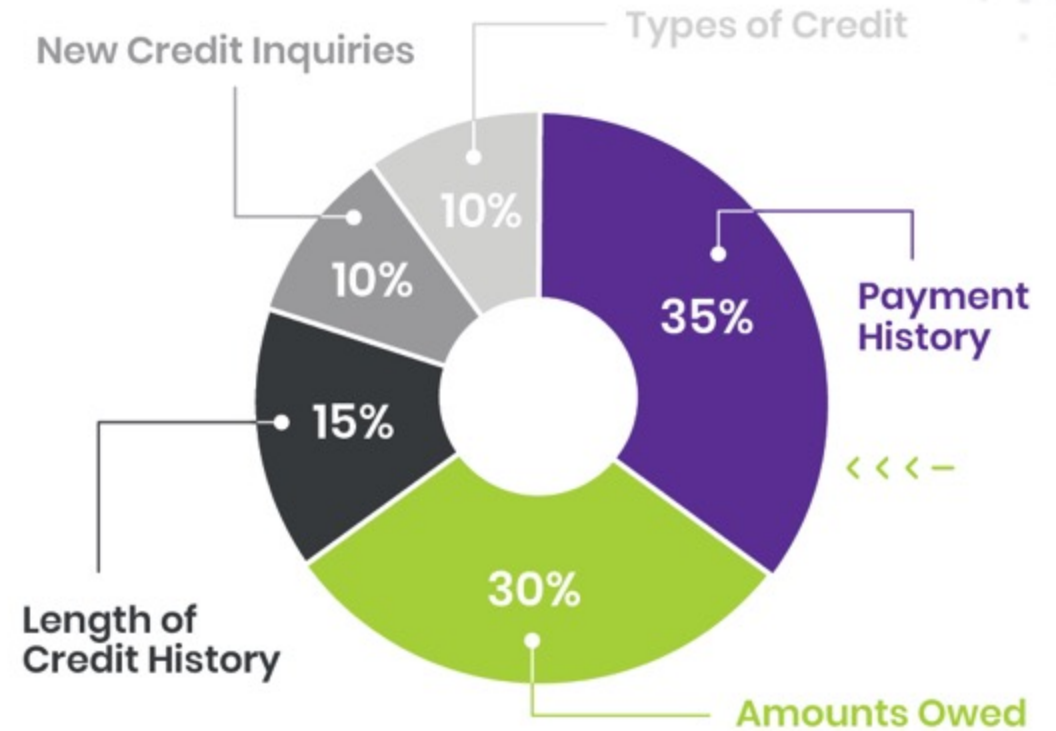
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About your credit score

A loan consultant will run your credit report at the beginning of the loan process. This report is good for 90 to 120 days and will be used until it expires unless there is erroneous information that needs to be corrected. This will pull 3 scores from 3 credit bureaus. Your credit score is a 3-digit number ranging from 350-850.



Secure Financing

Common loan programs:

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**30-Year
Fixed**

**5-Year
ARM**

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**7-Year
ARM**

**10-Year
ARM**

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Secure Financing

DO

- Stay current on your rent payments.
- Continue using credit as normal and stay current on all your existing accounts.
- Make sure to follow the correct procedures if you are receiving gift money. Cash gifts are not allowed. Gifts should be from a relative.
- Communicate with your team.

DO NOT

- Apply for/open/close/max out/pay off any credit card accounts.
- Make a major purchase.
- Consolidate your debt onto 1 or 2 credit cards.
- Change bank accounts or transfer any balances from 1 account to another unless you provide a clear paper trail.

STEPS TO HOMEOWNERSHIP

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Find Your Home

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Find Your Home



DEFINE

Define your home criteria—analyze your values, needs, and wants.



CONSULT

Consult with your agent and loan consultant to understand the rules of your market.

Find Your Home

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When viewing
a home, what
you consider
and what your
agent considers

ARE DIFFERENT

What You'll Look For

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Layout, space, a sense of value, convenience of location to work and schools, and features and amenities.

What Your Agent Will Look For

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How the home compares in terms of size, layout, and value to other homes in the area. Property type, as well as maintenance and structural concerns.

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STEPS TO HOMEOWNERSHIP

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Make an Offer

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Make an Offer

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Three components of an offer:

PRICE

Your offer must reflect the true market value of the home.

TERMS

Six basic categories address timing and financial considerations.

CONTINGENCIES

Often referred to as “conditions” that allow you to opt out of a deal if the home has a problem.

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Make an Offer

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**Perform
Due
Diligence**

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Property Inspection

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Exposes any
structural or
hidden issues

Homeowners Insurance Policy

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Protects against
loss or damage

Make an Offer

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Pre-Closing Responsibilities

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- Appraisal, survey, title search, and title insurance
- Keeping yourself mortgage worthy!
- Doing a final walk-through of home
- Getting your settlement statement
- Getting your certified funds
- Obtaining evidence of insurance
- Transfer of clear title

Make an Offer



ESCROW



The escrow company is responsible for **facilitating** your transaction.

Escrow performs a **title search** to identify current liens and encumbrances.

Escrow acts as the **middleman** between the seller and buyer.

Escrow will issue a **title insurance policy** that covers clear title to the new owner.

STEPS TO HOMEOWNERSHIP

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Closing

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Closing

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What does closing mean?

- Lender issues loan documents and sends them to escrow
- Escrow prepares the loan documents for the buyer and closing docs for the seller
- Buyer schedules an appointment to sign the loan documents with a Notary public
- Escrow will request loan funds from the lender and final deposit from the buyer
- Escrow will record the Deed of Trust with the county

Then the transaction is closed!

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Common Questions

- What is the time-line for buying a home from getting pre-approved to closing?
- Who should be contacted first: a loan officer to ask for pre-approval or real estate agent to have that person advise on a loan officer to use?
- How early in the process should buyers get pre-approved? How long is the preapproval good for? If a buyer is not wanting to purchase until next year should they still get preapproved now?
- Is there down payment assistance programs out there and when are those a good option?
- What kind of loan fees are there and what are points?
- How can a loan officer help in getting our offer accepted in an extremely competitive market? Are there some things that we as buyers can do to help get our offer accepted too?
- If a parent or relative might want to give money to help with the 20% down payment, is there any paperwork that needs to be documented for the loan qualification process?
- Lastly is there a better time in the year to buy? What are the thoughts on the future of the real-estate market in CA?

Questions and Answers





Thank you for your time and good luck with your home search!



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