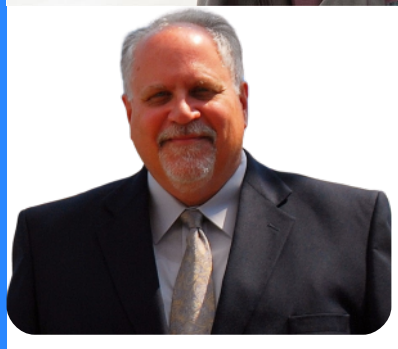
HOMEBUYER GUIDE EDITION

A GUIDE TO BUYING

Your First Home





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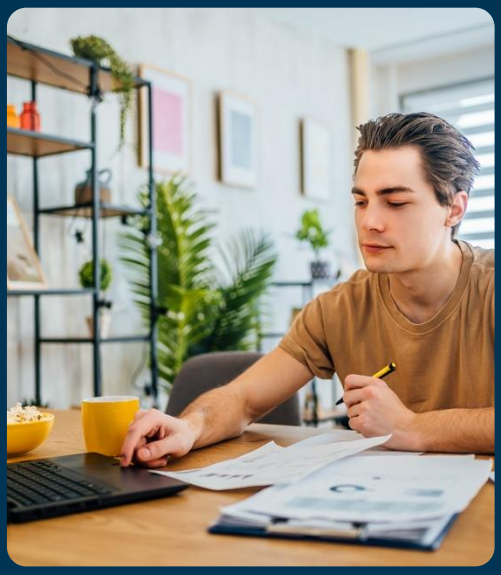
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Buying Your First Home? It's Okay To Feel Nervous



Buying your first home is exciting, but let's be real – it can also feel overwhelming. It's a big step, and with that comes plenty of questions.

- *Am I making the right decision?*
- *Can I really afford this right now?*
- *Do I have enough money left to cover repairs?*
- *What if I lose my job?*

But here's the thing: every first-time homebuyer has these thoughts. *Here's some information that can give you a bit of perspective, so you don't have to worry.*

Focus on What You Can Control

Since homeownership is new to you, you're probably feeling like it's hard to know what to budget for. And that can be a bit scary. You'll have the mortgage, home insurance, and maintenance to think about – maybe even lawn care or homeowner's association (HOA) fees. It's easy to let the dollar signs be overwhelming. As *Zillow* says:

"Buying a house is a big decision, and you might feel confused and indecisive as you assess your current financial situation and try to work through whether or not the timing is right. ***Making big life choices might come with some self-doubt, but crunching the numbers and thinking about what you want your life to look like will help guide you down the right path.****"*

The important thing is to focus on what you can control. By partnering with a local agent and a trusted lender, you can get a clear understanding of what you can borrow for your home loan, what your monthly payment would be, and how your mortgage rate can impact it. And since that payment will likely be your biggest recurring expense, the key is to make sure the number works for you.



Don’t Stress About Repairs

The maintenance and repairs? Those can be a little bit harder to anticipate. But don’t forget you’ll get an inspection during the homebuying process to give you a better look at the condition of your future house. And with your inspection report in hand, you’ll have a good idea of what needs work. This way, you can start saving up so you’re ready if and when something breaks.

But even then, if this is something that’s still really nagging at you, talk to your agent about asking the seller to throw in a home warranty. Those can cover repairs for some of the bigger systems in the house, like the HVAC, if they break within a specific time frame. While this isn’t a huge expense for the seller, just remember, the likelihood of a seller agreeing to one depends on what’s happening in your local market and how competitive it is right now.

It’s Okay To Stretch – Just Not Too Far

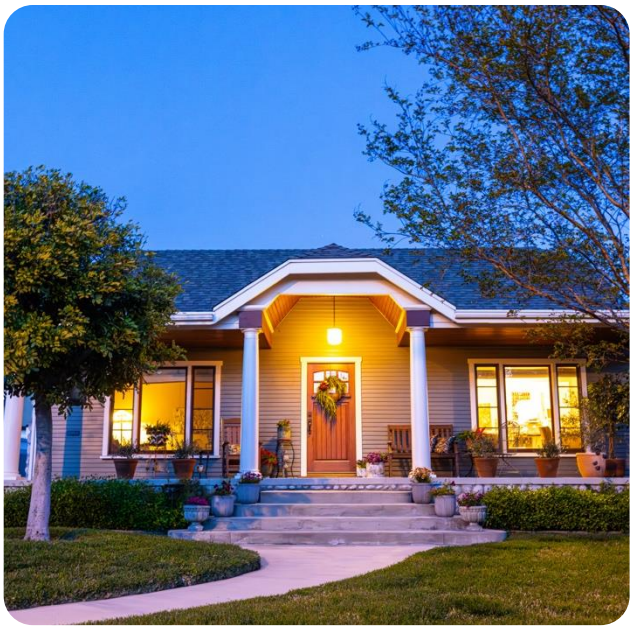
Chances are money will be a little tight – at least at first. And that’s to be expected. A lot of times when someone buys their first home, they cut down on things like shopping and eating out for a while until they get a better idea of how their expenses will shake out in the new home.

But if you’re crunching the numbers and you won't have enough money left for things like gas, food, etc. – it's a sign you’d be stretching yourself too far. The last thing you want is to take on a payment that’s too much to handle. But stretching a little? That’s different. That’s normal.

Your Job Will Probably Change

Don’t forget, you’ll likely earn more down the road, so that slight stretch now won’t seem so bad as time goes on. As you advance in your career, you’ll probably start to make more money, too. So, as your paycheck grows, the payments will get easier. Renting is a short-term option – and it’s one you deserve to get out of. Buying a home is a long-term play.

And just in case you’re worried about what happens if you do lose your job, you should know there are options, like forbearance, designed to help you temporarily pause payments on your home loan due to hardship.



Bottom Line

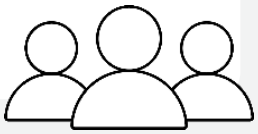
Buying your first home is a big decision, and it’s okay to feel a little nervous about it. That’s normal. But if you’re ready to buy, don’t let fear keep you from moving forward.

Your Homebuying Checklist

Buying your first home is exciting, but it can also be a little nerve-wrecking. If you're not sure where to begin, that's okay. This simple checklist will help you get started.

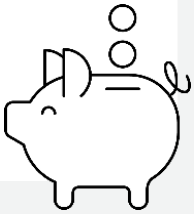
Assemble Your Team

- ❑ A local real estate agent
- ❑ A trusted lender



Prep Your Finances

- ❑ Save money for your down payment
- ❑ Look into down payment assistance programs
- ❑ Check your credit score
- ❑ Maintain good credit
- ❑ Talk to a lender about your mortgage options
- ❑ Talk to a lender about what you typically need for closing costs
- ❑ Figure out your homebuying budget

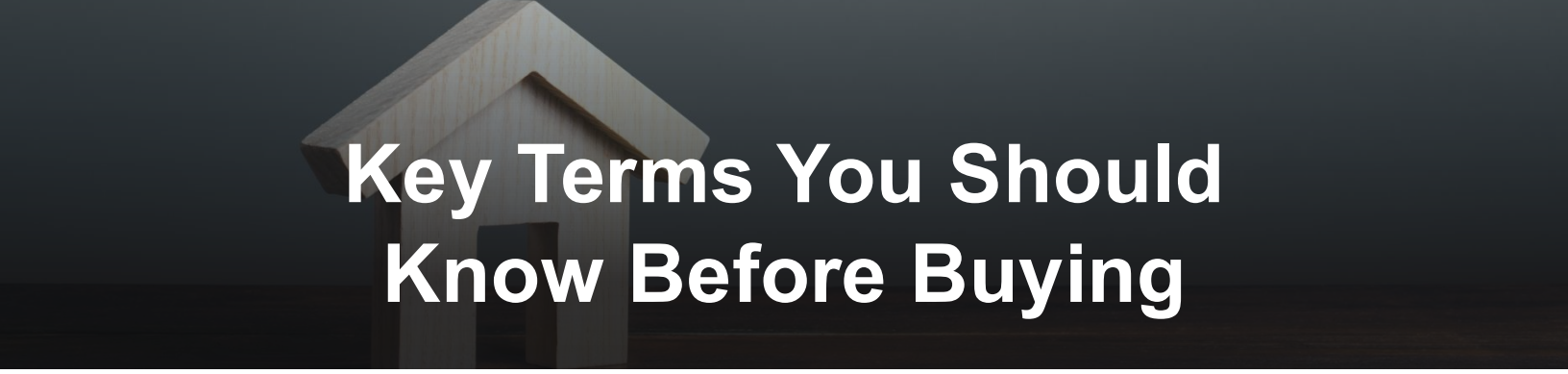


Gather Your Documents

- ❑ W-2s and tax documents (past 2 years)
- ❑ Recent pay stubs (past 1-2 months)
- ❑ Bank statements (past 1-3 months)
- ❑ Investment account statements
- ❑ Copy of your driver's license
- ❑ Residential history (past 2 years)
- ❑ Statements for any outstanding debts, like student or auto loans
- ❑ Proof of any supplemental income like bonuses, side work you do, etc.



Remember: You don't have to figure everything out on your own. If you need more information on any of the items above, don't hesitate to reach out.



Key Terms You Should Know Before Buying

Affordability

A measure of whether someone earns enough to qualify for a loan on a typical home based on the most recent price, income, and mortgage rate data. When home prices and mortgage rates are higher, they can impact affordability.

Appraisal

A report highlighting the estimated value of the property completed by a qualified third party. Lenders rely on appraisals to validate a home's value and ensure they're not lending more than the home is worth.

Closing Costs

The fees required to complete the real estate transaction you pay at closing. Ask your lender for a complete list of closing cost items, including points, taxes, title insurance, and more.

Credit Score

A number ranging from 300–850 that's based on an analysis of your credit history. This helps lenders determine the likelihood you'll repay future debts.

Down Payment

Down payments are typically 3.5–20% of the purchase price of the home. Some 0% down programs are also available. Ask your lender about what you may qualify for.

Equity

The difference between what your house is worth and what you owe on your mortgage. This is part of why owning a home is one of the best ways to build wealth in this country.

Inspection Contingency

A provision in a contract requiring an inspection to be completed. This essential step gives you information on the home's condition and repairs.

Mortgage

A loan using your home as collateral. It also may be used to indicate the amount of money you borrow, with interest, to purchase your house.
The amount of your mortgage often is the purchase price of the home minus your down payment.

Mortgage Rate

The interest rate you pay to borrow money when buying a home. As mortgage rates fluctuate, consult a lender so you know how it can impact your monthly mortgage payment.

Pre-Approval

A letter from a lender that shows what they're willing to lend you for your home loan. This, plus an understanding of your savings, can help you decide on your target price range.

Sources: FTC, First American

Why Buying a Home Still Pays Off in the Long Run

Renting can feel much less expensive and much simpler than buying a home, especially right now. No repairs, no property taxes, no worrying about mortgage rates – you just pay the bill and move on with your life. But here's the part people don't talk about enough:

Renting doesn't help you build your financial future. *Meanwhile, homeowners grow their net worth just by owning a home.*



Renting vs. Owning: How the Costs Really Compare

Let's break down one of the key differences between renting and buying. When you rent, your payment goes to your landlord, and then it's gone. When you own, part of your payment comes back to you in the form of equity (the wealth you build as the value of your home increases, and you pay down your home loan).

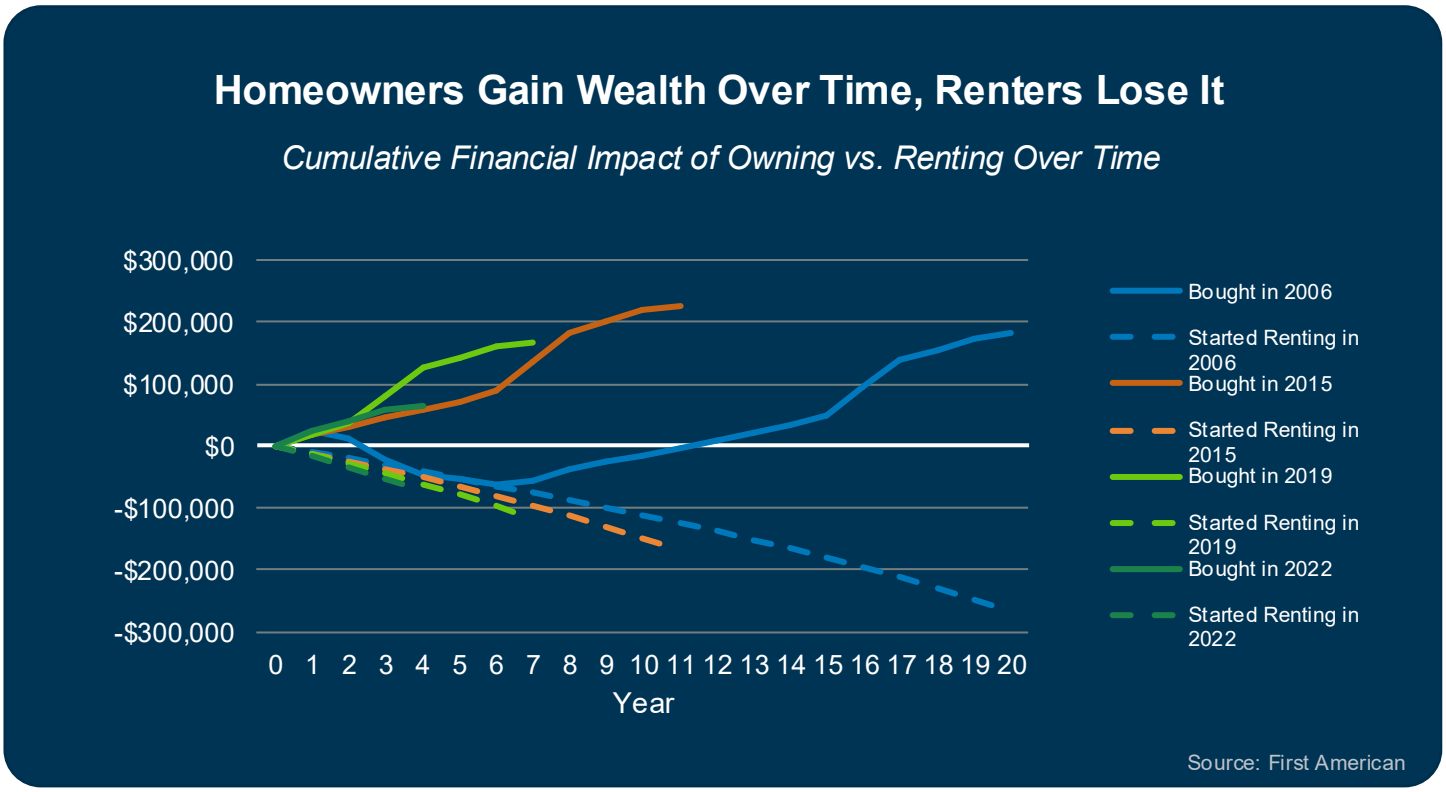
So, while renting may seem more affordable now, you have to remember it comes at a long-term cost: **you're not building your wealth**. And it turns out, that's a bigger miss than you may expect.

First American recently analyzed the long-term financial impact of renting versus owning a home. They compared mortgage payments, property tax, insurance, repairs, and maintenance against the equity gained through home price appreciation and paying down the mortgage. And they did that during several different time frames to see if it tells a consistent story:

- **2006**: the start of the housing bubble
- **2015**: 10 years ago
- **2019**: just before the pandemic (the last normal years in the market)
- **2022**: when mortgage rates jumped

In each time frame, two things were true: renters ended up losing money over time. And homeowners gained it.

Here's some data so you can see this play out. Each color represents one of the key time frames. The solid lines show the buyer's investment over time and how their net worth actually grew the longer they lived in their home. The dashed line represents the renter's investment. In the end, they sank more and more cash into renting without gaining any financial benefit.



Basically, homeowners come out ahead for every time frame *First American* looked into. And that's even after you factor in the other expenses that come with homeownership, like insurance, repairs, and property taxes.

Now, that doesn't mean buying always beats renting in the short term. But the longer you own, the wider the wealth gap becomes.

Affordability Is Starting To Improve

You might still be thinking, "*Okay, but buying feels out of reach for me right now*." Fair. The past few years haven't been easy for buyers. But things are starting to shift.

Mortgage rates have come down, home prices are softening, and incomes have been rising. And according to *Zillow*, typical monthly payments have gotten a little easier compared to this time last year. No, buying isn't suddenly easy. But it is easier than it was just a few months ago. And in the long run, history shows it's worth it.

Bottom Line

Renting may feel less expensive, but owning is what builds real wealth over time. And with affordability starting to improve, the path to homeownership may be opening up more than you think.



The Credit Score Myth

Would-be homebuyers aren't sitting on the sidelines because they don't want to buy. They're sitting out because they think they can't. And sometimes it's their credit score that's holding them back.

According to a *Bankrate* survey, **2 out of every 5 (42%) Americans believe you need excellent credit to qualify for a mortgage.** That may be why, when renters are asked why they don't own yet, "*my credit isn't good enough*" comes up often. Maybe you're in the same boat. You look at your score, see it's not where you want it to be, and assume buying your first place just isn't realistic right now. But here's what you need to know.

You Don't Need Perfect Credit To Buy a Home

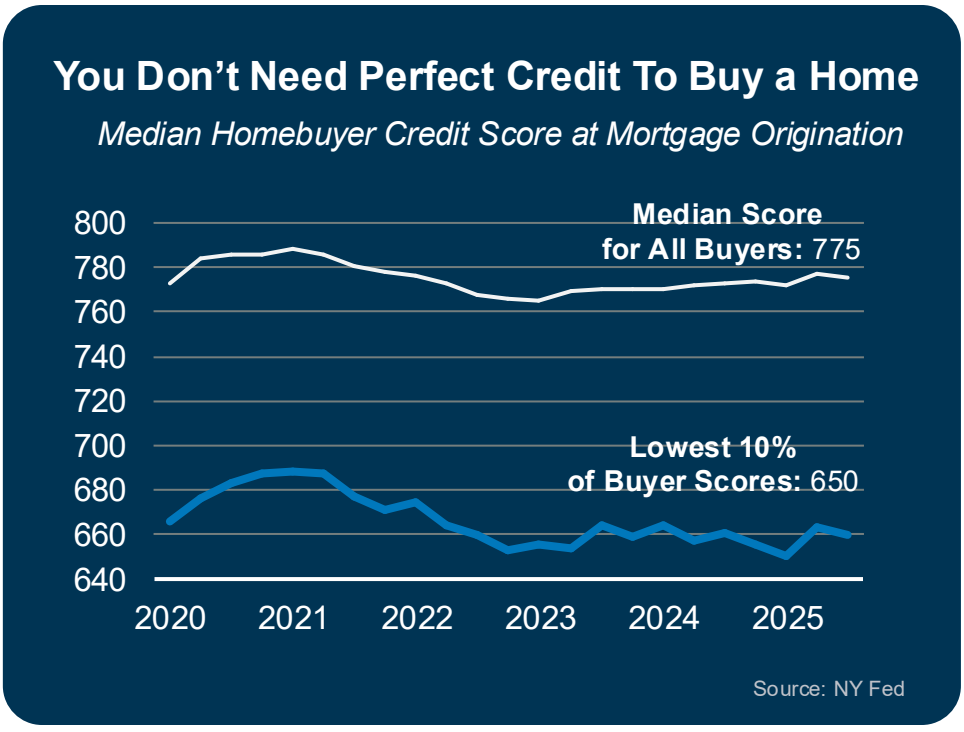
Even though a lot of people assume you need flawless credit to buy a house, that's not necessarily the case.

So, where does this myth come from? Part of the confusion stems from the fact that the typical homebuyer today does have a fairly strong credit score. In fact, according to data from the NY Fed, the median credit score for all buyers is 775.

But that doesn't mean you need a credit score that high to qualify.

Looking at recent buyers, a number were able to get a mortgage with scores below that threshold.

Data shows 10% of scores were around 650. That means some were higher than that and some were lower, but the median in that lowest 10th percentile was around that range (*see graph to the right*).



So, even if your score isn't as high as you want, that doesn't just close the door.

FICO explains there is no universal credit score you absolutely have to have when buying a home:

"While many lenders use credit scores like FICO Scores to help them make lending decisions, each lender has its own strategy, including the level of risk it finds acceptable.

There is no single 'cutoff score' used by all lenders, and there are many additional factors that lenders may use . . ."

The best thing to do is to talk to a trusted lender to see what's possible for you.

Because a portion of buyers are buying with scores in the 600s – and maybe that means you can too. If credit has been the reason you've been waiting to buy a home, it might be time to take another look at your options.

Bottom Line

Your credit score is important. But that doesn't mean it has to be perfect.

If you want help understanding where you stand and what your next step could be, connect with a local lender. You don't need to have everything figured out to start the conversation.





Don’t Let Your Student Loans Hold You Back from Buying

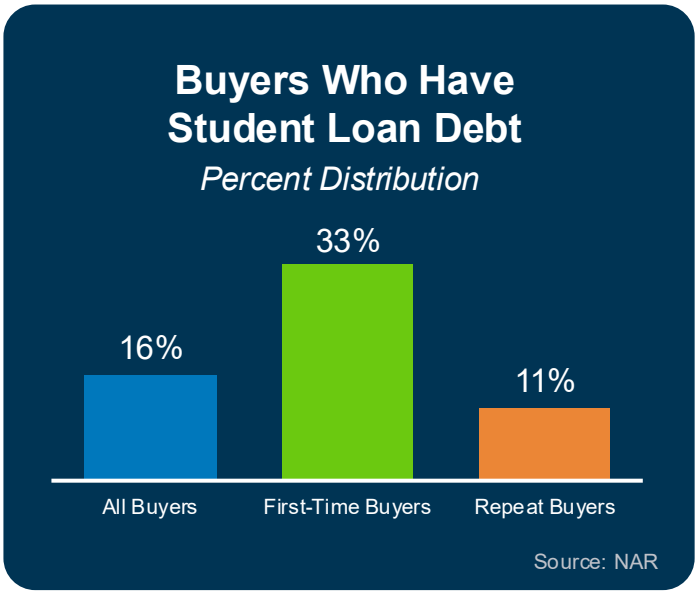
Did you know? According to a recent study, **72%** of people with student loans think their debt will delay their ability to buy a home. Maybe you’re one of them and you're wondering:

- *Do you have to wait until you’ve paid off loans before you can buy your first home?*
- *Or is it possible you could still qualify for a home loan even with that debt?*

Having questions like these is normal, especially when you’re thinking about making such a big purchase. But you should know, you may be putting your homeownership goals on the backburner unnecessarily.

Can You Qualify for a Home Loan if You Have Student Loans?

According to an annual report from the *National Association of Realtors* (NAR), 33% of first-time buyers had student loan debt. That means other people in a similar situation were able to qualify for and buy a home, even though they also had student loans.



And you may be able to do the same, especially if you have a steady source of income. As an article from *Chase* says:

***“It’s important to note that student loans usually don’t affect your ability to qualify for a mortgage any differently than other types of debt** you have on your credit report, such as credit card debt and auto loans.”*

If your income is steady and your overall finances are solid, homeownership can still be within reach.

Bottom Line

Having student loans doesn’t mean buying a home is off the table. Before you count yourself out, talk to a lender to get a clearer picture of what you can afford and how close you are to taking the first step toward homeownership.

What You Really Need To Know About Down Payments

The Misconception:

"I have to put 20% of the purchase price down."

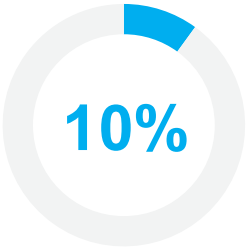
The Reality:

Many people don't, especially first-time buyers.

The Median Down Payment for First-Time Buyers Is Less Than 20%



Common Misconception



First-Time Homebuyers

Source: NAR

And you don't even have to put that much down. There are some home loan options that require as little as 3.5% or even 0% down.

Plus, data shows **80%** of first-time buyers qualify for help with their down payment via down payment assistance programs.

Unfortunately, only **13%** actually take advantage of that.

The average program provides a benefit of roughly $18,000.



To learn more about your loan options or assistance programs, connect with a trusted lender.



Why Pre-Approval Should Be Your First Step – Not an Afterthought

Finding the right home feels exciting – but being pre-approved for your loan is what makes it possible. Whether you're planning to buy soon or still just thinking about it, getting pre-approved is one of the best moves you can make. Here's why.

What Is Pre-Approval, Really?

Pre-approval is much more than a guess. It means a lender has reviewed your finances (like your income, assets, credit score, debts, and savings) and told you how much they're willing to let you borrow for your loan.

It's basically a reality check for your home search, so you can make sure it aligns with your budget and shop confidently when you're ready to go.

Why It's a Power Move Right Now

The housing market's been shifting lately, with mortgage rates moving, prices moderating, and inventory rising. So, knowing what you're working with in the current market is a big reason why pre-approval matters. Here's what it gives you:

- **Clarity:** You'll know what you can afford before you fall in love with a house that's out of reach.
- **Confidence:** Sellers will take your offer seriously when they see you're pre-approved because you're not a risky buyer.
- **Control:** If rates come down and you want to jump on the moment, you're already a step ahead with your plan.

Don't Wait Until You're "Ready"

Pre-approval doesn't mean you're buying a house tomorrow. It just means you'll be ready when the time comes.

And most pre-approvals are good for 60–90 days and can be refreshed easily if your plans change.

Pre-approval doesn't box you in. It opens doors.

In today's market, buyers who win aren't the ones who wait. They're the ones who plan. *As Experian explains*:

> *". . . you'll want to make sure you receive your preapproval letter before you start looking at homes so you can submit a strong offer as soon as you find what you want. The process can take anywhere from a day to a few weeks, so if you procrastinate, you may lose out to a competing offer."*

Bottom Line

If you're even thinking about buying in the next few months, connect with your agent and a trusted lender and talk about pre-approval today.

Am I Ready To Buy? These 5 Questions Will Help You Decide



If you're trying to decide if you're ready to become a homeowner in the next twelve months, there's probably a lot on your mind.

You're thinking about your finances, today's mortgage rates, home prices, the current state of the economy, and more. And, you're juggling how all of those things will impact the choice you'll make.

Here are a few questions that can give you clarity on whether or not you're ready to make your move.

1. Do you have a stable job?

Buying a home is a big commitment. You're going to take out a home loan stating you'll pay that loan back. Knowing you have a reliable job and a steady stream of income is important and will give you peace of mind for a purchase so large.

2. Have you figured out what you can afford?

If you have a reliable paycheck coming in, the next thing to figure out is what you can afford. This depends on your budget, spending habits, debts, and more.

At this point, it helps to talk with a trusted lender. They'll be able to tell you about the pre-approval process and what you're qualified to borrow, current mortgage rates and your approximate monthly payment, closing costs, and other expenses you'll want to budget for. That way, you have a good idea of what to expect.

3. Do you have an emergency fund?

As you crunch your numbers, you'll want to make sure you have enough cash left over in case of emergency. Think about it. You don't want to overextend on the house, and then not be able to weather a storm if one comes along. It's not a fun topic, but it's an important one. As CNET says:

"You'll want to have a financial cushion that can cover several months of living expenses, including mortgage payments, in case of unforeseen circumstances, such as job loss or medical emergencies."



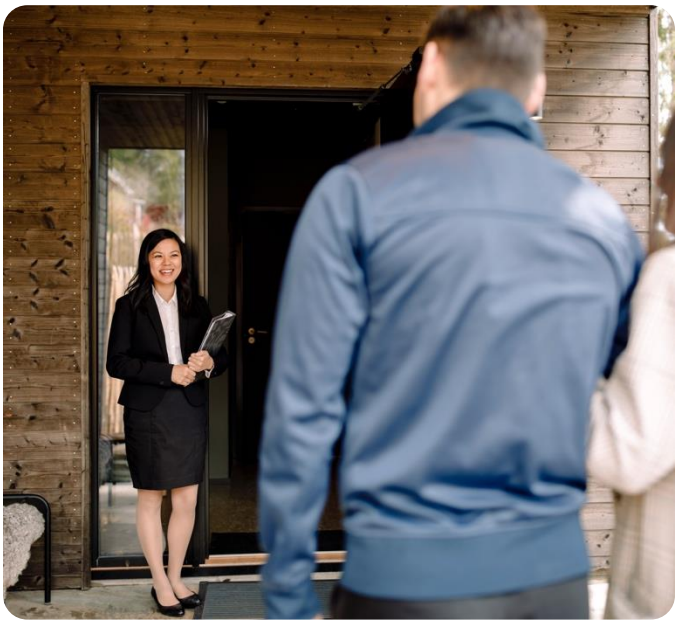
4. How long do you plan to live there?

It was mentioned above, but buying a home comes with some upfront expenses. And while you'll get that money back (and more) as you gain equity, that process takes some time. If you plan to move again soon, you may not recoup your full investment.

So, how long should you stay put in an ideal world? Lawrence Yun, Chief Economist at the *National Association of Realtors* (NAR), explains:

"Five years is a good, comfortable mark. If the price of your home appreciates considerably, then even three years would be fine."

So, think about your future. If you're going to live there for a while, it may make sense to go for it. But, if you're looking to sell and move within a year or two because you're planning to transfer to a new city with that promotion you've been working so hard for, or you anticipate you'll need to move to take care of family, those are things to factor in.



5. Do you have a team of real estate professionals in place?

If you do, great. But if you don't, finding a trusted local agent and a lender is a good first step. Having the right team can make figuring out everything else easier.

The pros can talk you through your options and help you decide if you're ready to make your move, or if you have a few more things to get in order first.

Bottom Line

While housing market conditions are definitely a factor in your decision, your own personal situation and your finances matter too. If you want to have a conversation about the most important things you need to consider when buying a home, let's connect.

Things To Avoid After Applying for a Mortgage

Consistency is the name of the game after applying for a mortgage. Be sure to discuss any changes in income, assets, or credit with your lender, so you don't jeopardize your application.



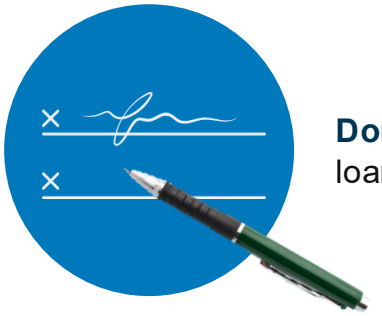
Don't change bank accounts.



Don't apply for new credit or close any credit accounts.

Don't deposit cash into your accounts before speaking with your bank or lender.





Don't co-sign other loans for anyone.

Don't make any large purchases.



Before doing anything financial in nature, talk to your lender.



How To Stretch Your Options, Not Your Budget

There's no denying affordability is tough in many spots right now. But that doesn't mean you have to put your plans to buy a home on the back burner. You may just need to think a bit differently about what you plan to buy.

1. Look at Fixer-Uppers with Untapped Potential

A fixer-upper is a home that's livable but requires some work. Because of the repairs involved, these homes are usually less expensive up front than move-in-ready options. According to a survey from *StorageCafe*, fixer-uppers come with price tags that are about 29% lower, making them a solid choice if you're having trouble finding anything in your budget. As *The Mortgage Reports* notes:

"If you're a house hunter who's not afraid of sweat equity, ***buying a fixer-upper could be your ticket to homeownership****. Doing so could lead to big savings, even in some of the nation's largest and most popular housing markets."*

2. Expand Your Options by Looking at Townhomes

Similarly, townhomes typically cost less than single-family homes – due to their more limited size. According to *Redfin*, the average townhome costs: $363k. And the typical detached, single-family house costs $446k. So, if you're trying to buy but feel stuck because of prices, shifting your focus to townhomes could be one way to buy without maxing out your budget.

3. Consider Pooling Resources To Buy a Multi-Generational Home

Another way to break into the market is by purchasing a home with friends or loved ones. That way you can split the cost of things like the mortgage and bills to make it easier to afford a home. According to *Money.com*:

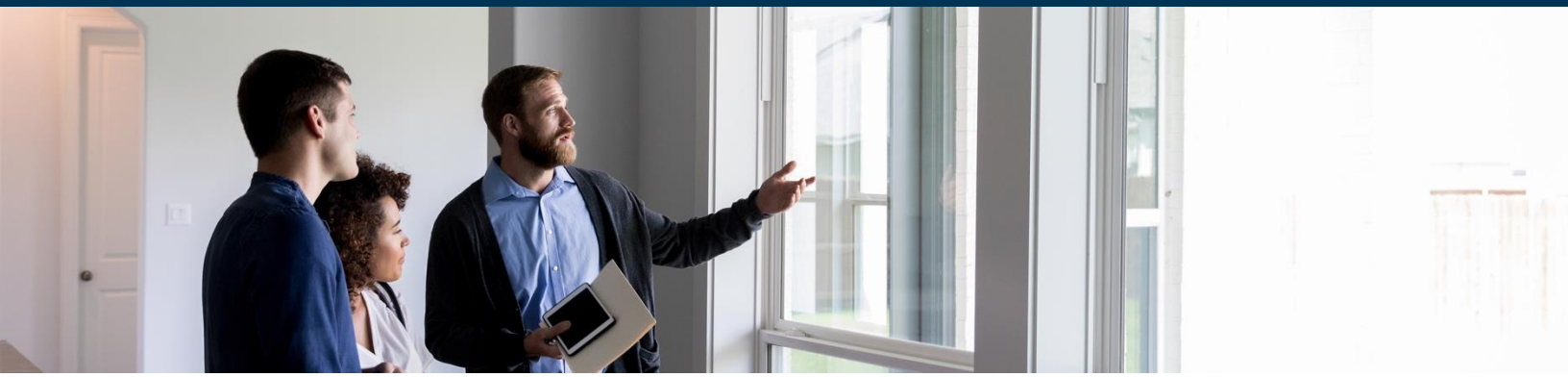
"Buying a home with another person has some obvious advantages . . . With two incomes in the mix, buyers can likely qualify for a larger mortgage — a big help in today's high-cost market."

Bottom Line

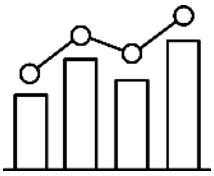
You have options – you just need someone who knows how to find them. Let's connect so you can explore what's available where you live. Sometimes there's a hidden gem you wouldn't find otherwise.

How an Agent Helps You Throughout the Process

Buying a home is a major milestone, so it's important to have the right people helping you out. And while it's tempting to just look up advice or homes online, that's not the best resource for you. A good agent is.



Here's why your agent's expertise is so important. They'll:



Keep you up-to-date on today's market conditions. The housing market is always changing and what's happening in one place may not be the same thing that's happening somewhere else. You need someone by your side who will keep you informed on the latest trends in your area and what they mean for you.



Explain the ins and outs of contracts. When it comes to buying a home, you'll sign various disclosures and contracts as part of the process. Before you give any of these legally binding documents your autograph, your agent will help explain the terms and conditions.



Serve as your advisor in the negotiation process. Even after the contract is signed by the seller, there's a lot of room left for negotiating terms after the home inspection and appraisal. Your agent will handle all the back-and-forth communication and look out for your best interests along the way.



Give advice and share their experience. There are a lot of firsts you'll encounter along the way. When your offer isn't accepted, your must-haves aren't realistic, or you don't know what to do, you want someone who knows what they're doing. Your agent's expert advice and know-how will give you peace of mind.

Your Roadmap to Homeownership

Here are some of the key milestones you can expect on your path to homeownership.

1

Assemble Your Team

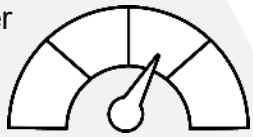
Find a local real estate agent and trusted lender to be your guides through the process.



2

Check Your Credit

Take steps to improve it as needed. A higher score can unlock better loan options and rates.



3

Stack Up Your Savings

Make sure you know what to save for. And ask your lender about assistance programs to see if you qualify for financial help.



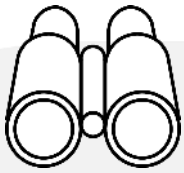
4



Get Pre-Approved

Find out what you can borrow for your home loan before you start house hunting. That way you can act fast when you find the right home.

5





Go House Hunting

Check out neighborhoods and home styles with your agent. Keep an open mind – you might find ”the one” where you least expect it.

6

Make an Offer

Your agent will help craft a competitive offer and negotiate on your behalf.

7

Get an Inspection and Appraisal

Make sure the home is in great shape and priced fairly. If anything unexpected pops up, you can renegotiate before closing.



8

Make It Official

Closing day is the final stretch. Sign your paperwork, grab the keys, and become a homeowner.



9



Move into Your New Home

You did it. Send in the movers, start unpacking, and make your house a home.



Let's Chat.



Do you have questions about the process of buying a home, what to expect as a first-time buyer or what's happening in the market? Don't hesitate to reach out.

Whether it's housing market related, or something about your specific situation, I've helped other buyers find their first home - and I can help you too.

Chris Garguilo

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HOMEBUYER GUIDE EDITION

EQUAL HOUSING OPPORTUNITY