



# Get Mortgage Ready.

**HOME IS RIGHT AROUND THE CORNER.**

A step-by-step guide for first-time homebuyers.

**amerifirst** HOME MORTGAGE

[amerifirst.com](https://amerifirst.com)

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## HELLO, FIRST-TIMER.

If this is the first time you're buying a home, welcome to the neighborhood. Every year we help thousands of customers just like you buy their first home. We're right beside you as you navigate the road to homeownership, offering guidance, tools and support to help you reach your designation. And because we know that buying your first house can be overwhelming, we've put together this guide to help you get started on your journey.

We know you have lots of questions about homeownership. That's why we're here. You can ask us anything!

## GET READY.

While we know mortgages inside and out, we're more interested in people like you who need our loans. Our friendly loan officers are happy to chat and tell you everything you need to know. Sign up for a complimentary one-hour consultation with one of them and you'll receive:

- Guidance on credit requirements
- A review of your credit report
- Your income and asset analysis
- Answers to your questions

# Buy instead of rent.

## IT'S TIME TO GET OUT OF THE RENT RACE AND BUY A HOME OF YOUR OWN.

While buying isn't right for every person or for every life stage or circumstance, there are several perks of homeownership that tend to stay stable over time, including:



### Monthly savings

With a long-term mortgage, monthly house payments can be less than you pay for rent. The difference can be sizeable!



### Investment

As you pay down your loan and property values go up, you can build home equity that adds to your net worth.\*\*



### Tax savings

You can deduct property taxes and the interest on your mortgage payments from what you owe the IRS.\*



### Community

Being part of a neighborhood can help build a strong social network.



### Control

Without a landlord, you make the choices about everything, from paint colors to pets, visitors and children.

## SHOULD YOU BUY OR RENT?

Trying to decide if it's cheaper to buy or rent? Let's compare renting vs owning costs for a typical apartment and a typical home in Tampa, FL.

### Buy

Average home price: \$215,000  
Down payment: \$43,000 (20%)  
Mortgage interest rate: 4.625%  
Terms: 30 years  
APR: 4.706%

### Rent

Average monthly rent for two-bedroom apartment:  
\$1,649

If you stay in your home for 5 years, buying is cheaper than renting. **You'll save \$766 per month and \$45,909 in total.**

Use this simple [rent vs buy calculator](#) to find out what option is best for you in your community.

\*Not intended to be tax advice. Consult your tax professional. \*\*Not intended as financial advice. Consult your financial adviser. Figures shown are estimates based on the market conditions as of the date of publication and are subject to change without notice. Interest Rate for this example is based on an excellent credit score (750-850). Actual rate, annual percentage rate (APR) and other figures may vary. Interest rates are fixed. Not all applicants will qualify. Please contact us for an exact quote and for more information on fees and terms.



# Eight steps to buying a home.

Buying a house requires time, energy and patience, however, preparation and education can make the path to homeownership a lot easier to navigate. Follow our eight steps to make your journey almost as easy as a walk in the park.

---

1



## Get pre-approved.

Getting pre-approved is a crucial first step in the homebuying process. It shows your seller that you are serious about buying their home and gives you a distinct advantage in a competitive market.

---

2



## Go house shopping.

Be sure to find a house that fits your budget, needs and style.

- Contact a trusted real estate agent
- Choose a house
- Make an offer

3



### Document collection.

It's not the most exciting step, but it's certainly necessary. We'll tell you which documents you need to submit in order to get your home loan.

- Sign initial application with lender

4



### Submit loan application.

After we have all of the necessary documents, you will be able to fill out an official application which will solidify the amount you can borrow to buy your home.

- We'll order an appraisal and title report
- Get a quote for Homeowner's insurance

5



### Conditional approval.

At this stage, your financial documents are evaluated by our Underwriting Department and your loan is approved subject to additional conditions.

- Additional documentation may be required
- Approval within 2-5 days of loan package submission (turn time varies based on volume)

6



### Clear to close.

Once you are clear to close, you are just days away from signing one of the most important documents in your life - the deed to your new home!

- Underwriting Department performs final review
- Approval is given to close the loan
- Closing Department works on closing package
- Final Settlement Statement available for your review
- Closing date/time scheduled

7



### Closing day.

Today is the day! All your hard work has paid off and you are just a few signatures away from officially owning your new home.

- You and seller sign closing paperwork with title company
- Title company records final Deed of Trust

8



### Celebrate.

Who doesn't love this step? It's the end of a journey that started with a dream. **Break out the bubbly! You're a homeowner!**

# 08 / get set.

## 09 / **THE GAMEPLAN**

Get pre-approved and shop with confidence

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# Get pre-approved and shop with confidence.

In today's housing market, it's no secret that the number of buyers searching for their dream home greatly outnumbers the inventory of homes for sale. This has created a competitive marketplace where buyers need to do all they can to stand out. You can show home sellers and real estate agents you are serious about buying your dream home by getting pre-approved for a mortgage before starting your search.

The first step in getting pre-approved is completing the loan application provided by your lender. You'll need to submit documentation of your financial history, including income, assets, and debts. You should expect to provide at least the following documents:

- W-2 statements
- Bank statements
- Credit report
- Tax returns
- Place of residence
- Self-employment documents

## PRE-APPROVAL VS PRE-QUALIFICATION: WHAT'S THE DIFFERENCE?

### Pre-qualification.

You discuss your financials with one of our loan officers and provide information about your income, debt, savings and employment. Based on this conversation, we'll give you an estimate of the loan amount you may qualify for.

### Pre-approval.

You complete a loan application and submit documents detailing your financial information – income, debt ratio and savings – which we'll review and use to provide a specific loan amount for which you are approved.

Pre-qualifications and pre-approvals at Amerifirst Home Mortgage are always complimentary!

## BENEFITS TO GETTING PRE-APPROVED.

**You're a more powerful buyer.** Real estate agents and sellers will see you as a serious buyer when you have the backing of Amerifirst. Pre-approval means we have reviewed your financial background and determined how much home you can afford.



**Reduce surprises.** Talking to us before you begin house hunting can reduce unexpected surprises – such as a black mark on your credit report or debt-to-income ratio – when it's time to make an offer.

### Save yourself some time.

Getting pre-approved can also save you valuable time by identifying how much you can afford, so you can target your home search to your price level. This also allows you to focus on the features of the home rather than worrying about the price tag.



### Shorter closing periods.

A pre-approval can help to speed up the closing process, since much of your financial information is already collected and in the lender's system.



BAD

POOR

FAIR

GOOD

EXCELLENT

600

650

700

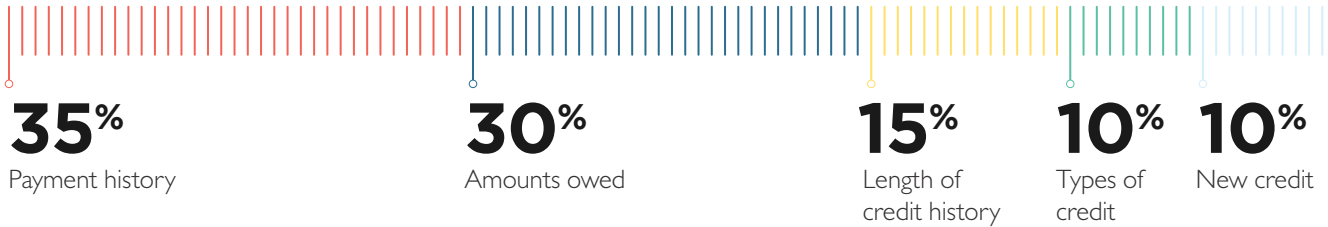
750

800

## What makes up a credit score?

When you apply for a home loan, we'll look at your credit score, a three-digit number between 300 and 850, which is the rating you've earned through spending and borrowing habits. The higher your score, the more likely it is that you'll qualify for a loan. Better credit scores can also earn you lower interest rates, which means you could pay thousands less for your mortgage over time.

## THESE FIVE CATEGORIES DETERMINE YOUR CREDIT SCORE:



## WHAT'S YOUR SCORE?

When a lender considers your application for credit, they turn to one (or all) of the three-main credit-reporting agencies for your score, which indicates your reliability as a borrower.

Your credit score is made up of the following information:

- How many payments you've made on time
- How long you've had open accounts in good standing
- Derogatory marks, like accounts in collections, bankruptcies and tax liens

## FOUR TIPS TO IMPROVE YOUR CREDIT SCORE TO GET MORTGAGE READY.

If your credit is below the "Good" range, don't worry. There are things you can do to improve your score. Here are four tips to help you prepare for homeownership.

### Pay your bills on time.

Prospective lenders are keenly interested in your ability to meet monthly payment obligations. One late-payment can be damaging - dropping your score by 50 to 100 points. To avoid this from happening, there are actions you can take to keep yourself organized. For example, you can establish automatic monthly payments from your checking account and/or set up email and text alerts to be notified when your bills are coming due. The longer you pay your bills on time, the better your score.

*Quick tip: Paying off past-due balances older than two years has little effect, if any, on your credit score. As odd as it sounds, paying off delinquent items older than 24 months can even bring your score down. Be sure to look at the dates of these items.*

### Check your credit report.

You can get a free copy of your credit report from [AnnualCreditReport.com](https://www.annualcreditreport.com) and review it for accuracy. You may want to contact the creditor and credit reporting agency to correct any errors.



### Keep balances low on credit cards.

Borrowers who habitually max out credit cards are often viewed as individuals who cannot handle debt responsibility. For this reason, you should maintain low credit card balances. Keep debt at least 30% below your credit card limit to keep your debt-to-income levels manageable. Use your cards for items you can pay off at the end of the month and make payments on time. Also, if you pay off a credit card, don't close the card as this rarely helps your credit score. In fact, closing a card is more likely to hurt your credit score.

### Open a secured credit card if you don't have one.

If you've had trouble getting approved for an unsecured credit card because of poor or unestablished credit, a secured card will help you get back on track. A secured card requires you to make a cash deposit (usually less than \$500) that becomes the credit limit for that account. Banks often offer secured cards; be sure to get one that reports your good behavior to the credit bureaus.

Looking for a secured card? Check out [Wallethub's recommended cards](#).



# 4 The four C's of credit.

If you're nervous that you may not qualify for a mortgage, we're here to help. In a nutshell, we look at the four C's to determine how much you may be qualified to borrow.

## Capacity.

Your current and future ability to make your payments.

## Capital/cash reserves.

The money, savings and investments you have that can be sold quickly for cash.

## Collateral.

The home, or type of home, that you want to purchase.

## Credit.

Your history of paying bills and other debts on time.

If you qualify for a loan, we'll provide you with a pre-approval letter outlining the maximum amount you are qualified to borrow – keep in mind that the amount is not always how much you should borrow. You should only borrow what you feel you are comfortable repaying.

Ready to get pre-approved? [Click here](#) to get started!

\*Not intended as credit counseling, accounting or investment advice. Contact your financial representative for more information.



# Avoid loan setbacks.

One of the most important steps during the homebuying journey is securing financial approval for your mortgage. During the loan process, we'll watch your credit report right up until closing day. This is not the time to take on new loans, make big purchases, change jobs or make large, unexplained bank deposits.

## TOP TEN THINGS TO AVOID WHEN BUYING A HOUSE.

Once you've applied for financing, we'll closely evaluate how large of a mortgage you can afford. During this time your credit, income, debt and assets will be examined so you'll want to avoid or postpone the following activities while your loan is being processed.

### DON'T:

- Change jobs, become self-employed, or quit a job (if possible)
- Buy or lease a new car, truck or van that you have to finance
- Max out your credit cards or let any current accounts fall past due
- Spend the money you have set aside for your down payment and closing costs
- Omit any debts or liabilities from your loan application
- Buy new furniture on credit for your new home
- Open new credit card accounts or close any credit accounts
- Deposit any gift funds or make any other large deposits into any of your accounts without checking with your mortgage lender
- Change bank accounts
- Co-sign a loan for anyone

# Your monthly mortgage payment



## WHAT MAKES UP A MORTGAGE PAYMENT?

Buying a home can be one of the most rewarding investments you'll ever make. If you're thinking of making the move, it's important to calculate your monthly mortgage payment to make sure it fits within your budget before making a commitment.

Your mortgage payment consists of four key parts: principal, interest, taxes and insurance (often abbreviated as "PITI"). Added together, these figures determine your total mortgage payment.

**Principal** is the money you borrow to purchase the home. A portion of the principal is usually paid off with each mortgage payment and reduces the outstanding balance you own, which increases your home equity.

**Interest** is the percentage your lender charges you for taking out a loan. Items that affect your interest rate include credit score, down payment, loan program, loan type, property type and loan to value.

**Taxes** are annual property taxes homeowners pay to local governments to fund public services (schools, roads, police, etc.), and are usually a percentage of the assessed property value. Before buying a house, be sure you know what you'll be paying for local property and county taxes.

**Insurance** refers to your homeowner's insurance and helps protect you against financial loss from fire, natural disasters or other hazards. This type of insurance is required for all homebuyers who finance their homes with a mortgage.

Private Mortgage Insurance is required on many loans if you make a down payment of less than 20 percent of the home's purchase price. It protects the lender if you stop making payments on your loan.

Remember, many loan quotes will only include your principal and interest. You'll also need to factor in the taxes and insurance to determine your total monthly mortgage payment.

### WHAT IS MORTGAGE ESCROW?

If you're taking out a loan on your first home, it can be stressful to think about managing a monthly mortgage payment, as well as paying property taxes and home insurance premiums. One way to keep yourself organized and ensure you save the funds needed to pay these expenses is to set up an escrow account with your lender. With a mortgage escrow account, you pay your lender 1/12 of your annual real estate tax bill and homeowners insurance premium each month, along with your regularly scheduled payment. The lender collects your monthly payments and pays your county assessor and insurance company as the bills are due.

An escrow account is usually required for first-time homebuyers who have made less than a 20 percent down payment. In this case, you will also most likely need private mortgage insurance, or PMI, on your mortgage loan to guarantee against borrower default. This amount will also be included in your escrow payment.

Once you become a homeowner, you'll find that your monthly mortgage payment is a little more complex than writing the monthly rent check. As you build equity in your home, however, writing that check can be far more rewarding. Understanding where your money is going and budgeting for your monthly mortgage expenses can be a key strategy for successful homeownership.

**1,200**  
**800**  
**1,000**

your home's annual property taxes

your annual homeowners insurance

your annual private mortgage insurance

**3,000**  
**/12**

yearly total

**\$250**

your monthly escrow cost





# Buying a home with a low or no down payment is possible.

If you're looking to buy your first home, saving money for your down payment could be your biggest roadblock. While we offer conventional loan products that require a down payment, you do have other options. For example, you may qualify for loans programs backed by the federal government that require low or no down payment. Your dream home may already be within your reach!

## LOW DOWN PAYMENT OPTIONS

### Conventional Mortgage

Minimum low down payment of 3%; seller can pay a portion of closing costs. Private mortgage insurance required on loans with less than 20% down.

### FHA Mortgage

Minimum low down payment of 3.5%, low rates and flexible lending guidelines.

### FHA 203(k) Renovation Mortgage

Buy and remodel – or refinance and remodel – and roll renovation costs into the loan, with as little as 3.5% down.

### HomeStyle Renovation Mortgage

As little as 5% down payment; loan amount based on house value after improvements.

### USDA Rural Development Mortgage

No down payment is required. This loan is an affordable way to buy or build a home in rural neighborhoods. Property must fall within defined geographical areas. If you're looking to make upgrades, you can use the USDA Renovation Loan to wrap the purchase and renovation costs into one mortgage - and one payment!

### Veterans Affairs (VA) Mortgage

No down payment required. This program boosts homeownership for those who have served our country, offering fixed-rate mortgages with no mortgage insurance required.

*Did you know? We partner with state agencies to provide programs that can help with your down payment and closing costs. Your loan officer can give you the details.*



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go.

18 / **TRUST YOUR TEAM**

Choosing a neighborhood

Choose a realtor<sup>®</sup>

Making an offer

Home inspection + appraisal

# Choosing the neighborhood for your home.

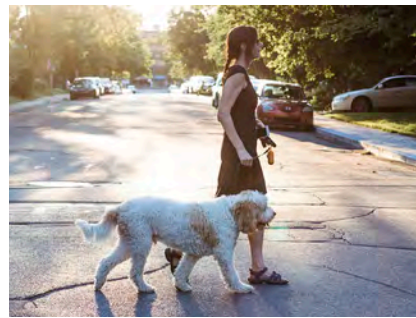
## WONDERING WHAT TO LOOK FOR?

If you're house shopping, you'll also be looking at potential neighborhoods. In fact, the character and amenities of the neighborhood may be as important to the property value as the house itself. Whether you're looking for a neighborhood with large houses and expansive lawns, or a modern condo in a thriving downtown area, here are a few characteristics that make up a great living area.



### Crime protection

Block watches and neighborhood meetings are signs of a neighborhood committed to fighting crime and of a tight community. Get the hard facts about any problems in the neighborhood by checking municipal police department websites for statistics and asking your real estate agent for information. Read up on crime and other reports at [NeighborhoodScout.com](https://www.neighborhoodscout.com).



### Convenience

Homes located close to employers and in city centers are usually in high demand. From commuting to work to running out for a gallon of milk, the proximity of the places where you travel most can impact your quality of life. Ask yourself how much time you're willing to spend behind the wheel. Calculate your commuting time at [Smartasset.com](https://www.smartasset.com).



### High school test scores

Ask any parent with school-age children and you will quickly learn that the quality of the school system is one of their top priorities when choosing a neighborhood. Living in an area with a much sought-after school system raises your property value, so be sure to read written reviews, test scores and other school data at [GreatSchools.org](https://www.greatschools.org).



### Vitality

A good sign of a neighborhood's vitality and safety is seeing people riding bikes and walking to school. Leaving home without your car keys and walking to the market or coffee shop is also a wellness booster and contributes to a sense of community. Look up an address or zip code on the Walk Score website to get a "walkability" rating.

# How to choose a Realtor® that's right for you.

Are you searching for your dream home on one or several apps or taking online virtual tours of houses on the market? While online house searching can maximize your ability to compare and contrast homes by the features that are important to you, should they replace the services of a professional Realtor®? We've put together some FAQs to help you decide.

## DO I NEED A REALTOR® TO BUY A HOUSE?

You bet! Navigating a real estate purchase is a complicated process. An experienced professional who knows the market can save you time, money and heartache by helping you find the right home and make and negotiate the best purchase terms on your behalf. Equally as important, they'll help reduce your stress by walking you through each step of the homebuying process, especially if you're a first-time homebuyer. A Realtor® is also professionally connected and can recommend a reputable lender, inspector and other service providers.

## HOW DO I FIND A GOOD REALTOR®?

Ask friends, co-workers and family members for references and find one with the experience, skill and personality that matches your needs. Your lender can also be a valuable resource for helping you find an agent.

## DO I PAY MY REALTOR® TO HELP ME FIND A HOUSE?

As the buyer, you won't pay any fees to an agent. Your agent will be compensated by the seller, even if the home for sale is not their listing.



## WHAT CAN A REALTOR® DO FOR ME?

A good Realtor® will listen carefully to your priorities and won't waste time showing you a mid-century modern ranch when you're pining for a craftsman bungalow. They should also know the local area inside and out, especially if you're moving into a new community. Not only will they be up on market trends, they'll know about local schools, commute times and under-the-radar red flags that could have a negative effect on the neighborhood.

Remember, it's a Realtor's job to have a thorough understanding of the market. This includes providing you with a comparative market analysis to help you understand the trends and determine the price to offer in your preferred neighborhood.

# Ready to make an offer?



Negotiating a home sale involves a little give-and-take from both the buyer and the seller. You can increase your success rate by learning how to play the game with our four tips below.

## Make sure your real estate agent understands your position.

Having an agent on your side who knows exactly what your priorities are is vital during the deal.

- Once you decide to make an offer on a home, your agent should proactively share important information about the process
- A good agent should also know how motivated the seller is and why they are selling their home
- Your agent should understand how much you are willing to spend and how much you'll compromise

## Act Fast.

In a housing market where buyer demand outpaces the supply of homes for sale, buyers end up competing for their dream home. You'll have the best chance of winning your favorite home in a hot market if you're the first to see it.

- Know what you want so that when you see it, you can act quickly
- Be realistic - you're most likely not going to get everything you want in your home so know what you can live with and what you can't. If you hesitate too long, someone else will snatch it up
- Make an offer that expires within a short deadline – like 24 hours

## Make a solid offer.

Your real estate agent will be instrumental in helping you put in a solid offer based on their experience and other key considerations.

- The best real estate agents know the value of the home they are attempting to buy
- Make a clean offer. Don't ask for closing costs or a home warranty if you know there are multiple offers
- In a competitive market, your agent knows that making the first offer should be your BEST offer

## Prepare for counteroffers.

Make your first bid below your top limit, so you'll be able to negotiate if a seller makes a counteroffer. If you get caught in a bidding war, and you hit your limit, walk away.

- If your offer doesn't receive a counteroffer from the seller, you know your offer was too low
- Once the seller believes you can arrive at a price agreeable to them, they will be willing to negotiate
- Consider writing an offer letter telling the owner how important getting this particular house is to you (raising your family, getting involved in the neighborhood, etc.)



## PROTECT YOURSELF WITH A HOME INSPECTION.

**Every home sale should begin with a thorough inspection.**

A home inspection, which involves a comprehensive examination of the structure and components of the home (electrical system, plumbing, etc.) by a qualified inspector, is a vital part of any homebuying process.

Home inspection costs vary depending on the area in which the property is located and the size of the home itself. Don't skip this important step as the cost of an inspection pales in comparison to what you would pay to replace faulty plumbing or make foundation repairs.

To protect yourself as a homebuyer, you can include an inspection contingency in the purchase contract that gives you the option of backing out of the deal if the home inspection finds issues with the property. For example, if the seller isn't willing to fix the issue, you have the option to walk away.

However, don't expect sellers to grant your every request. Decide what you can live with and try to negotiate what you can't by asking for a replacement/repair or a reduction in the asking price. Once you've come to an agreement, you should decide on a date to walk through the house and confirm that any repairs have been done to your satisfaction.

You should also do a final walk through shortly before closing to make sure the house is in the same condition it was when you first wrote an offer and had the inspection performed.



## IS AN APPRAISAL NECESSARY?

Yes! When you are buying a home, your lender will order an appraisal during the loan process. The home appraisal determines the value of the home and plays a role in how much your mortgage company is able to lend you for home financing.

**Finding out if your dream home is worth the price.**

A home appraisal is an unbiased estimate of the true or fair market value of what a home is worth.

What is the appraiser looking for? He or she is examining key characteristics of the property. This includes square footage, number of bedrooms and bathrooms, condition of the home, recently sold houses that are comparable and in close proximity and health and safety issues.

What if the property appraises for less than your offer? You have options. Since lenders won't lend more than what the property appraises for, you can bring more cash to the table, request the seller to adjust the asking price, or rescind your offer altogether.

As you can see, the appraisal is a very important part of the loan process and one that protects both you and your lender.

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**finish  
strong.**

23 / **LET'S GET READY TO MOVE**

# Let's get ready to move!



WEEK

- Set up a "move" folder with all your paperwork.
- Transfer insurance policies (life, auto, homeowners).
- Set aside items to be sold or donated. Have a garage sale.
- Arrange utility services (gas/electric, water, trash, sewage) to be turned on/off at your old and new homes.
- File a "Change of Address" with the post office.
- Research moving companies, get quotes and schedule move.
- Start packing. Set aside a move-in box for items you'll need immediately at your new home.
- Contact your creditors, financial institutions and magazines/newspapers with your new address.
- Contact your children's schools and arrange for their records to be transferred.
- Drain fuel from gas-powered equipment like lawn mowers.
- Dispose of hazardous and flammable items such as gasoline, bleach and aerosol cans.
- Cancel internet, cable TV, security, pest control, cleaning help, lawn maintenance, etc.

## MOVING DAY

- Look around one last time for missed items
- Carry small valuables (cameras, laptops, jewelry) with you
- Plan to be at the new home when movers arrive



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