




FIRST-TIME
HOME BUYERS
% **GUIDE** \$

{ WHAT DO I REALLY NEED
TO KNOW BEFORE I'M READY TO
BUY MY FIRST HOME? }

Are you ready to become a homeowner, but aren't sure where to start? Get ahead of the game by reading this comprehensive guide to learn everything you need to know before you start looking for a home.

In this guide, you'll find steps and advice to help you formulate a plan to achieve a painless first-time buying experience.

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GETTING STARTED



Welcome, first-time homebuyer!

The dream of homeownership is a powerful one. The independence and feeling of accomplishment that comes with being a homeowner is your goal. You've made the decision — it's time to start the journey.

A home is a valuable investment; it solidifies your commitment to your community and provides a much-needed space for family, privacy and growth. But buying a home is a big step and can be a complicated process. You're going to have lots of questions, and you'll need expert advice.

Get ahead of the game by qualifying for a loan and establishing financial parameters early in the process. Many buyers do the opposite, finding a home or a Realtor first, then having to backtrack through the mortgage loan process. You'll avoid the hassle by getting qualified upfront and you'll know what you can afford before house hunting.

Downloading this Memphis Millennials First-Time Home Buyers Guide is a positive first step in making your dream a reality. In this guide, you'll find steps and advice to help you formulate a plan to achieve a painless first-time buying experience.

A home is the biggest ticket item of your life. It's critical to devise a plan to ensure you can comfortably afford the financial responsibility. Here are five steps to get you off to a good start.

1. Preview Housing Market – Online Research

Online research using real estate databases is an efficient way to give yourself a preview of ideal neighborhoods and real estate listings in Memphis. You'll get an idea of availability and price and hone in on a few neighborhoods where you can imagine putting down roots.

You can also estimate a house payment using an online mortgage calculator.

Save the estimated amount for later, you'll need that to calculate your monthly house payment in step 4.

trulia **realtor.com** **Zillow**

2. Learn Your Credit Score

A credit score is an important consideration when you are planning to buy a home. Higher credit scores, ranging 720 and above, yield lower interest rates on your mortgage. The Consumer Finance Protection Bureau recognizes three major credit reporting companies: Equifax, Experian and TransUnion. You can get a free copy of your credit report once a year from all three here:

annualcreditreport.com

3. Know Your Debt-to-Income Ratio

Your debt-to-income ratio is determined by adding together all your monthly expenses (like current mortgage, car payment, credit cards, etc.) and dividing the amount by your gross monthly income. The result of this calculation is used by lenders to establish your ability to manage payments and repay the loan. Ideally, lenders look for a DTI ratio smaller than 36%. A debt-to-income ratio of 43% is the highest ratio lenders usually allow for qualified loans.

4. Add a Monthly House Payment to Your Home Budget

Now the big question: Do you have enough money left each month to add a house payment to your budget comfortably? As a first-time buyer, it's likely your homeowners insurance and property tax costs will be included with your mortgage principle and interest (P&I) in your monthly payment.

Use the monthly payment result from your online research from step 1 and deduct the estimated house payment from your income. If the amount of income remaining is comfortable for you and the DTI ratio is acceptable, move to the next step.

[Home Budget Calculator](#)

Credit scores range from 300 to 850

“Higher scores represent a better credit history and make you eligible for lower interest rates.”

— Consumer Financial Protection Bureau

FUNDING YOUR DOWN PAYMENT



The industry standard for a down payment is 10% to 20% for a home mortgage. Twenty percent is considered preferable to obtain the best interest rate and lowest payments on a mortgage. When a down payment is less than 20%, private mortgage insurance (PMI) may be required. There are other options, but regardless of the route you take, a down payment is a substantial sum of money to save.

The good news is that down payment assistance programs are available to help first-time buyers achieve down payment funding. As a community bank, Bank of Bartlett prides itself on taking care of our customers' needs in a multitude of ways. We offer a [Down Payment Assistance](#) program, which is applicable for a variety of loan types.

I have completed the following:

- Preview of housing market online research
- Credit score calculation
- Debt-to-income ratio
- Home budget — determined an affordable house payment
- Funded down payment or considered a down payment assistance plan

CHOOSING A LENDER



As a first-time homebuyer, choosing the perfect lender partner is vital to the mortgage loan process. We highly recommend taking your time to find a partner you trust with your personal information, and one you feel has your best interest at heart. Buying a home is a significant investment and your loan officer should wholly support your goals, be your advocate and make you feel secure each step of the way.

Interview Lenders

Select two or three reputable lenders (loan officers, brokers) based on online reviews and research data bases such as Zillow. Another method to compile your list is to ask for recommendations from friends and relatives. Once you have at least three names you believe to be reputable contenders, interview each one individually.

Take a list of questions you have about the loan officer's experience, credibility, licensing and fees (fees apply to brokers). Ask everything you want to know about the institution's loan products or practices. Let the loan officer know your plan and ask what they think or what they might recommend based on your goals. Take the opportunity to ask anything and everything on your mind.

At the end of the interviews, if you haven't previously validated credentials, vet each loan officer's license and registration online. Finally, choose the loan officer you feel is right for you.

Recommended Questions

- What type of loan is best for me?
- How can I lower my interest rate?
- Are closing costs included in the loan estimate?
- How can I avoid PMI?
- How much interest could I save with a 20-year rather than a 30-year mortgage?
- What's the difference in being pre-qualified or pre-approved for a loan?

First Meeting with Your Loan Officer

Your loan officer will be your primary collaborator while you're applying and securing the loan. The loan officer's job is to help you determine the best loan product, the amount of the loan and the best interest rate for you.

Information Required to Apply for a Home Mortgage Loan:

- Copy of your driver's license
- Your most recent pay stubs to reflect one month's earnings
- Copies of W-2s for the past year
- If commissions, bonuses, rental or interest dividends are part of income, provide income tax returns for the past two years, signed and dated by you.
- Copy of last two months statements on all bank and credit union accounts

Getting Pre-Approved

It's worth the time to obtain a preapproval letter from your loan officer. The preapproval letter lets the seller know that a lending institution has approved you for a certain amount of money (loan) to buy a house. Pre-approval sets you up for success as a buyer, it gives the seller confidence and enhances your credibility as a serious contender.

Once you're preapproved, you're ready to begin looking for a real estate agent.



CHOOSING A REALTOR



Do Your Homework

As with your loan officer selection, you'll want to do your homework. Start by asking for recommendations from trusted friends and relatives. Another good option is browsing the websites of top real estate companies in your local area and view their top selling agents online.

Interview for Qualities & Credentials

Top qualities to look for in your real estate agent:

- Honesty and integrity
- Knowledge of purchase process
- Responsiveness
- Knowledge of neighborhoods that are of interest to you
- Communication skills
- Negotiation skills

You'll want an agent who is versatile and capable of not only negotiating the deal for your house but arranging appointments with other professionals necessary to the progress of the sale such as inspectors, assessors, lawyers, title agents and maintenance repair technicians.

Trust the Gut Feeling

Finally, talk to each candidate about your expectations. Tell them what you're looking for in a home, neighborhood and lifestyle opportunities. Gauge their responses. If you're satisfied with their professional competence, think about which real estate agent fits your style of communication and seems to be the collaborator you're seeking. If all your candidates are reputable, it really comes down to personal choice. Make the choice that feels right to you.

WHAT HAPPENS NEXT?



You're ready to start looking for a place to call home. For the next few months, you'll be on an emotional rollercoaster of open houses and home tours. Luckily, given the work you've done, you're confident that all the steps and choices made will lead to a successful outcome.

Soon, you'll find your dream home and submit an offer through your real estate agent. If all goes according to plan, you'll move through the appraisal, negotiation, and close of the sale with your agent at the helm working in tandem with your loan officer throughout the transaction.

At last, when the keys are in your hands, it's time to celebrate and start living your dream. You are now a homeowner!

BANK OF BARTLETT MORTGAGE RESOURCES

[Apply for a Mortgage Loan](#) | [Home Mortgage Team](#)

Calculators

[Mortgage Loan](#) | [Mortgage Tax](#) | [Adjustable Rate Mortgage](#) | [Mortgage APR](#)
[Reverse Mortgage](#) | [Mortgage Payoff](#) | [Mortgage Points](#) | [Mortgage Qualifier](#)
[Mortgage Refinance](#) | [Rent vs. Buy](#) | [Refinance Savings](#) | [Mortgage Comparison](#)

**IGNITE YOUR
LIFE GOALS
WITH
BANK OF BARTLETT**

To contact us by phone

901-382-6600

Customer Care Center Hours

Mon - Thurs: 8:00AM - 5:00PM

Friday: 8:00AM - 6:00PM

Saturday: 9:00AM - 12:00PM