



CALL *It* HOME

First Time Home Buyer's *Guide*



Congratulations on your decision to buy a home!
Please enjoy this free guide to help you navigate the process of becoming a homeowner.



About Us

Call it Home is a full service real estate brokerage, property management company and tenant placement service. We specialize in properties all across the Wasatch front. Our wide offering of real estate services is bound to match your needs. We can offer much more than an online database; we're relocation professionals that will work hard to find your dream home.

ABOUT US

Real Estate

- Real Estate professionals to help you buy or sell a home
- Innovative process fully executing a lease option or rent-to-own
- We can help add to your investment real estate portfolio
- We have in-depth knowledge of the rental market



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Contact Us!

Glossary

Getting Ready To Buy

Understanding Your Credit Score

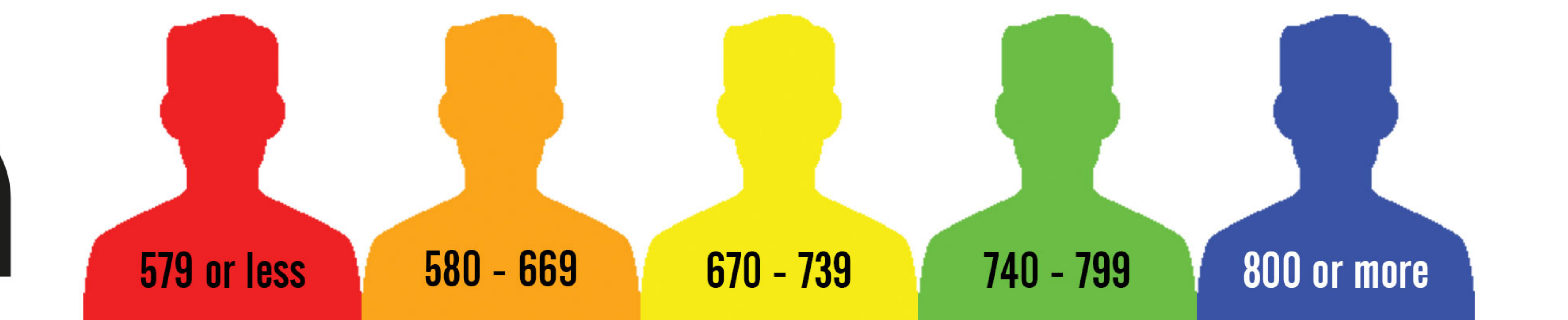
What is a credit score? It is a three-digit number that falls within the range of 300 to 850, used by lenders to determine your eligibility for a loan, credit card, or mortgage. In the current market, **a 580 credit score can get you a home loan with zero money down and 100% financing**, though a higher score will help you get a better interest rate and save thousands of dollars over the lifetime of your loan. The average credit score in the United States is 687.

Your score is affected both positively and negatively by the following factors:

- Payment History
- Amounts Owed
- Length of Credit History
- New Credit
- Types of Credit in Use

Some of the best ways to improve your credit score include making payments on time, keeping credit card balances low, only applying for new accounts as-needed, and paying off debts entirely. Doing these things before looking for a home can help to not only build your credit score, but also help you prepare for the added expenses that come along with home ownership.

GETTING READY TO BUY



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Debt-To-Income Ratio

Your debt-to-income ratio is calculated by taking your monthly income and dividing it by your monthly expenses. **The highest debt-to-income ratio that lenders will loan against is 43%.** The reason for this is because statistically, those with a higher DTI ratio are at a higher risk of having trouble making monthly payments, especially in the event of emergencies or unexpected expenses.

Research Homes

Many factors go into the decision to buy a house. Most people have a general idea of what they want before they start looking, but don't forget to take other factors into consideration when doing your research.



Take your time and make sure you understand all the variables that are included with your purchase.

GETTING READY TO BUY

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Getting Financing

Save Money

With all the preliminary research done, now is the time to really start saving money. Most mortgages require a down-payment; the amount varies depending on the type of loan. **Traditionally, 20% down is a good goal to shoot for.** Any money you put down will decrease the amount of the loan, lowering your monthly payment.

Pre-Approval Process

This step allows your lending agency to confirm you will be able to afford a mortgage. After this has been verified, they will provide you with a pre-approval letter. **The letter shows you how much you can afford, and shows sellers that you won't have any problem obtaining the financing for a sale.**

You will be required to verify proof of the following:



- **Income**
- **Assets**
- **Employment**
- **Good Credit**
- **Social Security**

FIXED RATE

- The interest rate remains the same over the life of the loan, with payments divided into equal monthly payments.
- The most popular option is 30 years, as it makes your monthly loan payment smaller.

ADJUSTABLE RATE

- The interest rate varies based on an index, meaning payments may go up or down over the duration of the loan.
- They usually have a lower initial interest rate, but they are a higher risk loan, since the interest can unexpectedly increase.

FHA

- Known as a Federal Housing Administration loan, these only require a 3.5% down payment, and include closing costs.
- Great for first time home buyers, but you might be able to get a better interest rate if you can come up with at least 5% down.

VETERANS AFFAIRS

- Available to Veterans only, this loan does not require a down payment or private mortgage insurance.
- The loan is backed by the government, though interest rates may not be comparable to traditional lending companies.

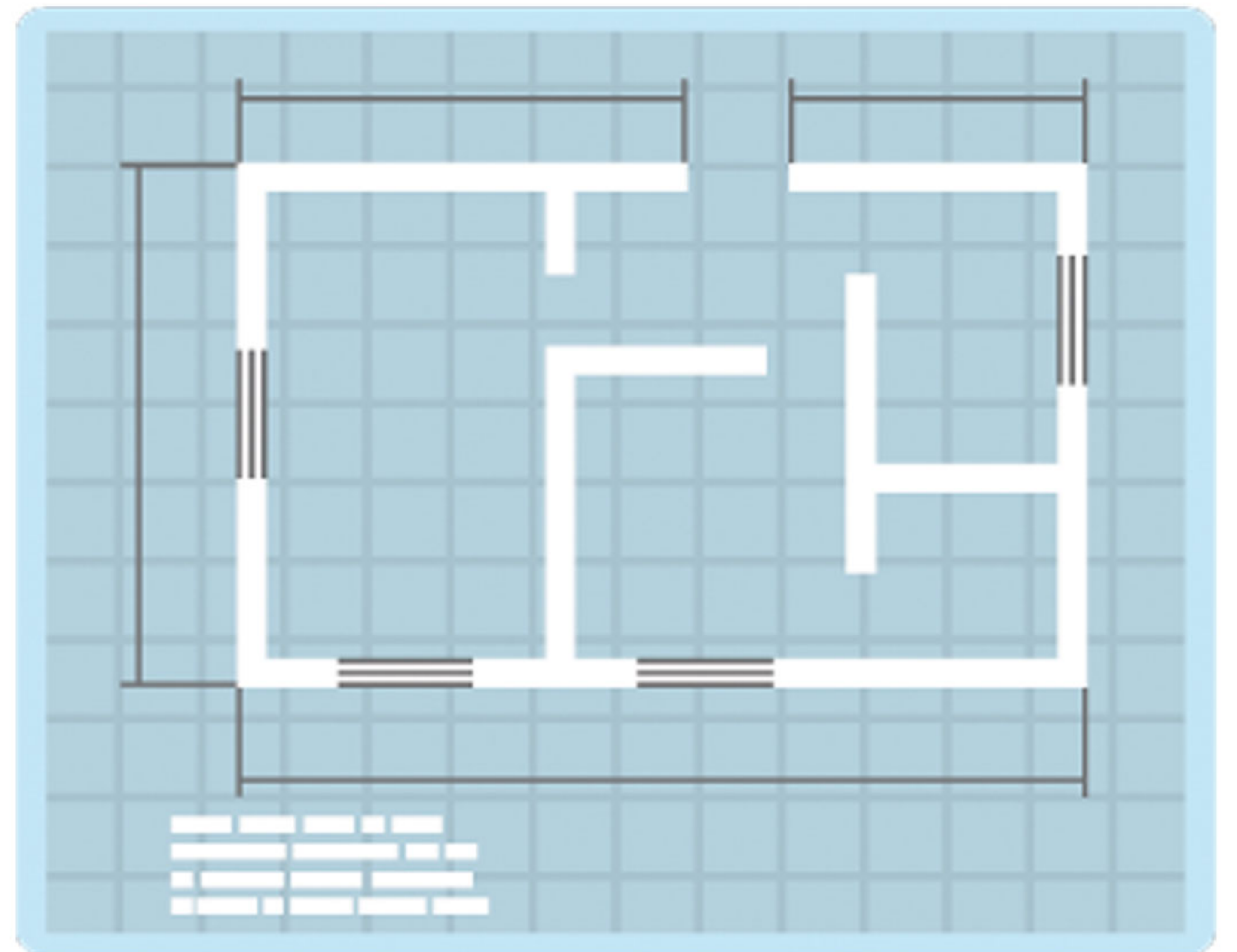
Making An Offer

Comparative Market Analysis

Once you have gotten to the point of getting ready to purchase a home, a **Comparative Market Analysis determines whether the price of the house(s) you're looking at is at fair market value.** It looks at similar houses in the area based on square footage, the number of bedrooms and bathrooms, property taxes and amenities, then compares that information against the house(s) you're interested in. This helps to determine whether the asking price is comparable, which you can use when you're planning to negotiate price or make an offer.

Inspection

Lenders will require that the home have an inspection conducted by a professional home inspector. This can also be used in price negotiation, in the event the home needs any major repairs.



A home inspection report should cover all major aspects of the house, including the foundation, structural, electrical and plumbing. **It is recommended to request a written report of the home inspection report with as much detail as possible.** This should also include an estimate for what repairs will cost.

Price Negotiation & Purchase Offer

After negotiations based on your findings, making an offer on a home is the next step. **It might be in your best interest to have an attorney look over your offer before presenting it to the seller.** This is especially true if during negotiations, you had some contingencies the seller needed to meet in order for you to move forward. If those contingencies are not met, you don't have to go through with the sale.

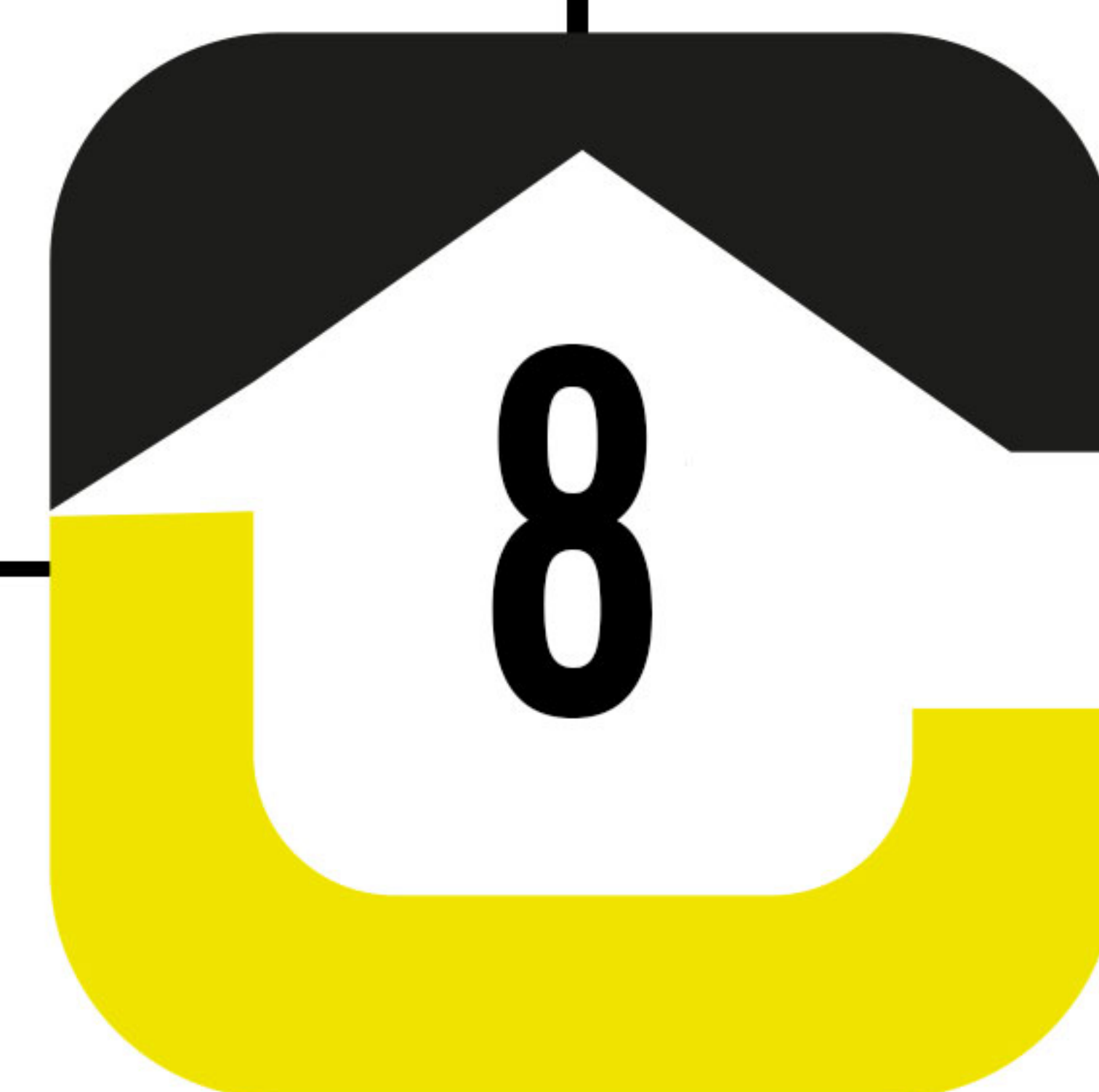
In any negotiation, both parties must be prepared to sacrifice something not as important to them in order to get something they want. **Some tips for negotiating the price of the home include:**

- **Always** offer less than the asking price.
- It is fair to ask the seller to cover closing costs.
- Understand that appliances are not always included.



MAKING AN OFFER

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Closing

Secure Your Home Loan

Once your offer has been accepted by the seller, there are only a few more steps to move you into your new home. In many cases, **you may be asked to put down a deposit on the home, known as “earnest money.”** This money will be placed into an escrow account, and is simply a show of good faith that you are interested in purchasing the home. Should the sale fall through, your money will be refunded to you without penalty.

You will also need to return to the lending agency that gave you your pre-approval letter. Depending on how long it has been since they pre-approved you, they may need more recent pay stubs in order to process the actual application for a loan.

Finally, you will need to have an appraisal of the property done. An appraisal is different from an inspection; the inspection provides you with information before proceeding, while the appraisal is for the lending agency to demonstrate the overall value of the home. **The appraisal must meet or exceed the amount of money your loan has been approved for.** If it does not, you will be responsible for making up the difference.



CLOSING



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Escrow

Escrow is a loose term for a third party that holds funds and paperwork for both the buyer and seller until they need to be distributed appropriately. This includes “earnest money,” and money that has been set aside for closing costs and property taxes.

In the case of being “in escrow,” all funds that have been in an escrow account are given to the appropriate agents, and paperwork is signed and finalized.



Settlement

Once everything else is completed, the only thing left to do is close on your sale. Also known as settlement, **closing is the legal process of transferring ownership of the home to you.** This should include a final walk-through of the home 24 hours prior to closing to ensure that all contingencies have been met and that the condition of the home meets that outlined in the contract of sale.

Once all of that is complete, there's only one thing left to say:

WELCOME HOME!

CLOSING

Our agents are available to help you buy your first home, and answer any questions you may have about the ever-changing market.

Whether you're looking to stay a year or a lifetime, we will help you **Call It Home.**



Contact Us!

CONTACT US!



1035 South 700 East
Salt Lake City, UT 84105



801-252-5926



www.CallitHome.com



info@callithome.com



Glossary

APR

The Annual Percentage Rate, which varies depending on the type of loan. Includes interest rate, charges by the lender and mortgage insurance premiums.

Closing

The final step in the sale of home. Refers to the transfer of money from the buyer in exchange for ownership from the seller.

Down Payment

The difference between the loan amount and the value of the property. Many lenders traditionally require a percentage of the price, usually not to exceed 20%.

Equity

The difference between the outstanding balance of the mortgage and the value of the home.

Escrow

A third-party responsible for the collection and distribution of funds – such as taxes and insurance – to be paid on your behalf when they are due.

Glossary

Interest Rate

The rate charged by the lending agency in exchange for the loan of money, charged as a yearly percentage over the life of the loan. Can be fixed or variable, depending on the type of loan.

Loan Amount

The amount of money borrowed from a lending agency to purchase a home.

Mortgage

The contract between the buyer and lending agency outlining the details of the repayment of the loan amount.

Pre-Approval

A commitment from a lending agency agreeing to loan a buyer money for the purchase of a home.

Qualification

A lending agency's process to determine whether a buyer has the financial resources to repay a loan.