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DC Home Buying 101

Agenda

- Overview & Expectations
- **Part 1:** The 9 Step Home Buying Process (5Min)
- **Part 2:** The Mortgage Process (30Min)
- Q & A Session (15Min)
- **Part 3:** Building Your Home Search (10 Min)
- Q & A Session

(Until all your questions are answered)

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Overview & Expectations

Goal of this Seminar: You receive the knowledge and confidence to start your home search now.



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Part 1:

The 9 Step Home Buying Process





①

Ready to Buy!



②

Find your Agent



③

Meet with Agent



④

Apply for a Loan



⑤

Find your Home



⑥

Go Under Contract!



⑦

Perform Due Diligence



⑧

Settlement/Closing



⑨

Refer your Friends

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How long does it take?

- From today ~ 21 - 90 days

Highlights of the attached offer documents include the following:

- Offer sent in on January 15th
- \$499,000 Sales Price
- \$10,000 Earnest Money Deposit, which is the amount of money that the Buyer puts at risk in the unlikely event of the Buyer's default under the contract.
- 3 days from Ratification to inspect the property and request that any repairs be made or opt out of the transaction.
- 24 Day Financing Contingency, counting from the Date of Ratification - During this time period, the lender will graduate its informal, pre-approval of you as borrower, up to a formal, written approval, which happens after you submit a formal written application and supporting materials
- 16 days for Appraisal contingency, counting from the Date of Ratification -- During this time period, the lender must send an appraiser out to the property to look it over and generate an appraisal report, indicating whether the Property is worth at least as much as you have agreed to pay for it under the Contract . This provision allows you to attempt to renegotiate the price if the appraiser determines it is worth less than the price you have agreed to pay.
- Settlement - February 15th

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Part 2: The Mortgage Process



The Mortgage Process

Consultation: The loan officer will review the application to make sure it is complete and all your questions are answered. This includes determining the best program for you – for example, a fixed rate mortgage vs. an adjustable rate mortgage.

Application: The application to begin the process can be completed on-line, in-person or over the phone.

Documentation: The lender will need documentation to establish asset, income and credit information. You will be given a checklist of items to submit.

Can I Qualify For a Mortgage?

Beyond affordability, qualification involves several aspects of your financial situation

Income: Do you have the income to comfortably afford the mortgage as well as your other monthly obligations? Your total monthly “debt” obligations divided by your income is the ratio lenders measure.

Credit: Do you have a history of making your payments on time as well as a history managing your debt burden. Your credit “score” is an important fact is determining your ability to be approved.

Cash: Purchasing a home may require very little cash or significant cash to consummate the transaction – depending upon the loan program. There are ways that you can potentially close on a home with less than \$1,000!

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How can I close with very little money?

DC Open Doors: A deferred, no interest, 3% second trust, can cover the minimum down payment. You make no payments on this loan. You only pay back the loan when you sell or refinance.

Help From The Seller: The seller can be asked to pay for a certain percentage of the closing costs as part of the transaction.

Lender Credit: If you choose a slightly higher interest rate, the lender can issue a credit to help pay for closing costs.

Gifts: Most mortgage programs allow gifts from relatives to help with the down payment and/or closing costs.

DC Open Doors

- Income Limit of \$145,560 based on application income not household income
- Online educational course required
- Not limited to current DC residents
- Not limited to first time home buyers but no other properties can be owned at the time of entering into the program
- www.DCOpenDoors.com



DC Open Doors

Your key to the city

Can I Solve Credit Problems? Yes!

Your Credit Score: Your FICO Score can range from 350 to 850. Most first time homebuyer programs require a 640 minimum credit score. 660 for DC Open Doors

Improving Your Score:

- Keep your credit card balances under 30% usage.
- Build a history of making your payments on time and slightly over the minimum required amount.
- You may be able to improve your score by eliminating or changing your debt structure.

This is not something you should do on you own. That is where we can help. We have access to advanced scenario prediction tools as well as credit repair professionals.

How do I know what program I am eligible for?

Conventional: Government backed loan with a minimum down payment of 3-5% required.

FHA: Government loan with a minimum down payment of 3.5% required.

State Housing Agencies: State and local governments have programs, such as DC Open Doors, that can cover these minimum down payments.

VA: The Department of Veterans Affairs mortgage program was created for the benefit of active military, veterans, and reservists. 100% financing is available.

Note: Fannie Mae and Freddie Mac are the “conforming agencies.”



A Key Step to Homeownership

Having a pre-approval letter is the necessary first step to buying a home.

The more prepared you are when you visit a home, the better chance you will have of preparing a winning bid in a timely matter.

The seller is likely to be more flexible when they know they have a solid buyer working with a well reputable local lender.

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Questions?

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Part 3:

Building Your Home Search Criteria



How to build your search criteria

Major Factors (Needs)

- Price Range
- Location
- Size

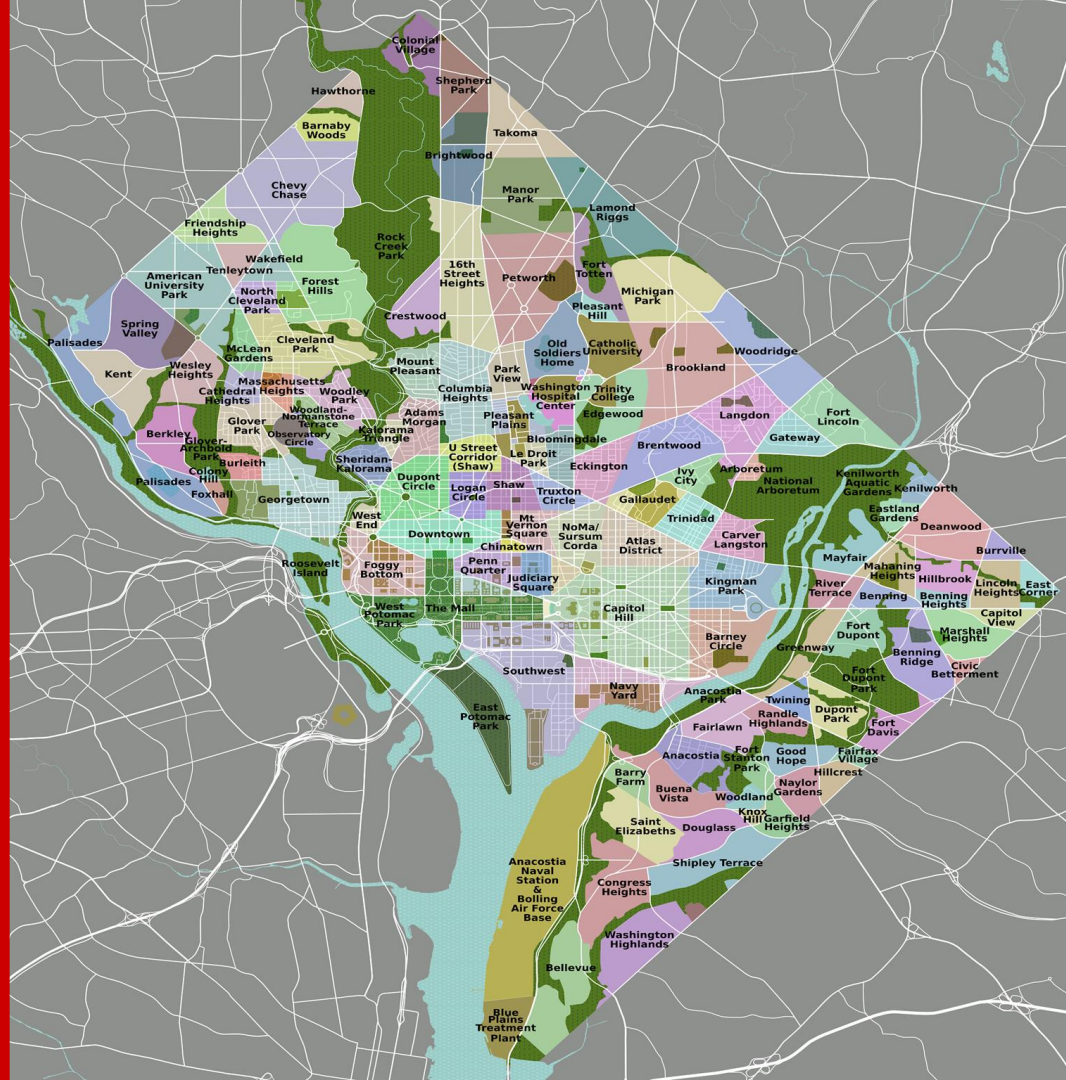
Additional Factors (Wants)

- Parking Space
- Building Amenities
- Outdoor Space
- Walk in Closets
- Bathtub
- Central Air
- Near Metro
- Fixer upper
- Dining Room
- Etc...

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Questions?

If you enjoyed today presentation please tell your family, friends, co-workers that we will host this event every Tuesday and Sunday.

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