

A young man and woman are shown in profile, facing each other and smiling. They are outdoors in a grassy field under a clear blue sky. The man is on the left, wearing a blue shirt, and the woman is on the right, wearing a green top. The entire scene is framed by a white border.

FIRST TIME HOMEBUYER CHECKLIST



JUSTIN WOODS

YOUR MORTGAGE ADVISOR FOR LIFE



Welcome to your First Time Homebuyer Guide and Checklist. As you go through this information, I would be glad to answer any questions you may have. Contact me today!



JUSTIN WOODS
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As a Mortgage Loan Officer, I work to help people accomplish their goals of becoming homeowners. As well as, helping them gain financial stability by helping them build wealth through real estate. While no two home buyers' situations are the exact same, my attention to detail allows me to focus my attention on each client's needs. Thus, allowing me to help them find the best loan program that is available.

Justin Woods is a mortgage advisor with All Western Mortgage, providing Reno home loans serving Reno, Sparks, Carson City, Elko, Fernley, Fallon, and the surrounding communities.

Ready to learn more about the steps that will take you along the road to homeownership?

If this is your first time going through the home buying process, you may have some questions about where to begin and who to turn to for help.

For example, who do you contact first: a real estate agent or a loan advisor?

(The answer may surprise you.)

Follow along as we break down these steps one-by-one so you can have a better understanding of the home buying process.



FIRST TIME HOMEBUYERS' CHECKLIST



1. BE INFORMED ABOUT YOUR CREDIT



2. UNDERSTAND YOUR FINANCIAL PICTURE



3. SELECT A MORTGAGE PROFESSIONAL



4. RESEARCH FIRST TIME BUYER PROGRAMS



5. CHOOSE MORTGAGE LOAN OPTIONS



6. MAKE AN OFFER



7. COMPLETE THE MORTGAGE LOAN PROCESS



BE INFORMED ABOUT YOUR CREDIT

It's important to know your credit score and how it will factor into a lender's decision to qualify you for a loan.

How much do you know about your credit? Your credit score will definitely play a large role in getting a mortgage loan and favorable interest rates. Knowing your credit score and reviewing your credit report before you consider buying a home may help you prevent unexpected surprises.

HOW TO REQUEST & REVIEW YOUR CREDIT REPORT

You can request a free copy of your credit report once each year from all three of the major credit reporting agencies. Go to www.annualcreditreport.com to receive your free credit report.

Once you have your credit report, be sure to review it. If you see any mistakes in your report, you will want to take care of them immediately. Contact both the credit bureau and the organization that reported the incorrect information to have it fixed.

☐ CREDIT REPORTING AGENCIES (CONT.)

You may also contact the agencies directly to request your score (may require a fee):

Equifax: 1-800-685-1111

TransUnion: 1-800-916-8800

Experian: 1-888-397-3742

Agency	Phone	Amount

Agency	Phone	Amount

Agency	Phone	Amount

Debt Agency	Phone	Amount Owed

Debt Agency	Phone	Amount Owed

Debt Agency	Phone	Amount Owed



UNDERSTAND YOUR FINANCIAL PICTURE

Buying a home will require a good understanding of your overall finances, and your future financial goals.

If you plan on buying a home, you will need to have a good understanding of your finances. A lender will look at your overall financial picture to qualify you for a mortgage loan, so it's a good idea to know where you stand:



STEP 1

Write down all of your earnings for the year, including wages, commissions, bonuses, self-employed income, as well as any child-support payments, alimony payments, or other income you have.



STEP 2

Make a list of all your obligations. You will want to know how much you owe in total on all credit cards, retail accounts, student or auto loans, and other debts. What is the minimum monthly payments required for each?



STEP 3

What have you saved? Take note of how much you have in your savings accounts, as well as retirement accounts such as IRAs or 401ks.



STEP 4

And finally, identify your spending habits. How much are you spending on essentials, such as living expenses, and how much is going towards non-essentials such as dining out, or entertainment? This will help you identify any trade-offs you might be willing to cut out of your non-essentials budget.

FINANCIAL SNAPSHOT WORKSHEET

Create a financial snapshot that is up-to-date. Writing this information down will be helpful when it is time to meet with a loan advisor.

Step 1: Earnings

Income Source	Dates Received	Amount
		\$
		\$
		\$
		\$
		\$

Total: \$ _____

Step 2: Savings

Type of Savings	Amount
	\$
	\$
	\$
	\$
	\$

Total: \$ _____

☐ **FINANCIAL SNAPSHOT** WORKSHEET (CONT.)

Step 3: Obligations

Creditor	Min. Monthly Payment	Amount Owed
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$

Total: \$_____

☐

FINANCIAL SNAPSHOT WORKSHEET (CONT.)

Step 4: Spending

Essentials →

Date	Description	Amount
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$

Date	Description	Amount
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$

Total: \$ _____

← Non Essentials

Total: \$ _____



SELECT A MORTGAGE PROFESSIONAL & GET PRE-APPROVED

The mortgage loan advisor you select will be your guide through the home buying process.

Selecting a mortgage advisor to team up with early in the home buying process is extremely important. *An experienced and knowledgeable mortgage loan advisor* will help you review your overall financial picture, discuss your financial goals, and determine what homeownership looks like for you. Your advisor will then help you map out a plan to get you to the finish -line and into your new home.

	Mortgage Loan Advisor
<input type="checkbox"/>	Name: _____
	Company: _____
	Email: _____
	Cell Number: _____
	Fax Number: _____
	NMLS#: _____

One of the most important reasons to team up with your mortgage professional before you begin the process of shopping for a home is to obtain a pre-approval. A pre-approval is part of the official loan process where a lender provides you with a letter confirming the specific loan amount you can expect to be approved for.

Presenting a pre-approval letter along with your offer when you find the home of your dreams will allow you to make the strongest possible offer. Sellers will see that you have begun the mortgage process, and that a lender has agreed to give you the amount you are offering, which can give you a competitive advantage over other potential buyers.

You can have an even more distinct advantage if you get pre-approved. It will help you beat out other bidders, as a seller knows you have already been pre-approved for financing and can close in 20-days or less.



RESEARCH FIRST-TIME BUYER PROGRAMS

DOCUMENTS CHECKLIST

Being prepared and gathering documents can make the loan/pre-approval process a bit easier.

Generally, these documents include:

- 2 years W2s
- 2 years tax returns
- Recent paystubs (last 30 days)
- 2 months asset statements for all accounts
- Information on debts or assets

Additional documentation may be requested after your offer to purchase a home has been accepted.

First time buyer programs offer financial assistance to qualified borrowers who may need some creative solutions to get into their first home.

Ask your mortgage advisor if there are any first –time buyer programs available to help you with your purchase. These programs offer financial assistance to qualified borrowers with:

- Down payment assistance
- Grants to help with closing costs, down payments, or home improvements
- Subsidized interest costs
- Reduced lender's fees eligibility depending on loan program

Down payment assistance is one of the most utilized benefits of a first-time buyer program. You may be eligible for one of these federal, state, or even local city-funded programs if you meet the guidelines for income and property value. Your mortgage advisor is there to help you learn about the benefits of these programs and which ones you may qualify for.

CHOOSE THE BEST MORTGAGE LOAN PROGRAM

Choose the best mortgage option to help you reach your goals of homeownership at a competitive interest rate?

There are a variety of mortgage loan programs available, each with its own unique rates, terms, benefits, and qualifying guidelines. Your mortgage loan advisor can help you compare the pros and cons of different loans programs, so you can select the mortgage that will best help you reach your goals at the most competitive rate possible. The requirements for a down payment can vary by loan program.

MORTGAGE LOAN PROGRAMS AT A GLANCE

FHA LOANS

FHA loans are backed by the Federal Housing Administration. These government insured loans are designed specifically to help borrowers get into their homes with more lenient qualifying guidelines and lower down payment requirements. FHA loans are a popular choice for many first-time buyers.

Down payment requirement: Government insured loan program designed to help first-time buyers with down payment requirements as low as 3.5% for qualified borrowers.

VA LOANS

VA loans are designed to help active duty military, veterans, and surviving spouses into homes. VA loans have more lenient qualifying guidelines, and offers 100% financing with no down payment requirements for veterans and service men and women.

Down payment requirement: Government insured loan program that rewards qualified borrowers such as veterans, active duty military, and surviving spouses for their service with 0% down payment requirements.

USDA LOANS

USDA loans are government insured 100% purchase loans for rural property outside of major metropolitan areas. USDA loans are serviced by direct lenders that meet federal guidelines. USDA loans offer unique benefits, including no down payment requirements for buyers.

Down payment requirement: Government insured loan program that requires 0% down for qualified borrowers purchasing homes in rural areas outside of major metros.

MORTGAGE LOAN PROGRAMS AT A GLANCE (CONT.)

CONFORMING / CONVENTIONAL LOANS

Conventional loans are ideal for borrowers with good to excellent credit. These loans have fairly conservative guidelines for borrower credit, down payment, and debt ratios, and qualifying borrowers can often get very competitive interest rates.

JUMBO LOANS

Jumbo loans are available for higher loan amounts when you need a larger home or are buying in a higher priced real estate market. Jumbo loans exceed conforming loan limits, which vary by location but is generally \$417,000. Because of the higher loan amounts, Jumbo loans often have higher down payment and cash reserve requirements.

INTEREST ONLY LOANS

An *interest only loan* allows you to pay only the full monthly interest due on your loan for the fixed period of the loan, which can range from 5 to 10 years. During the fixed payment period, you're required to make only the interest payments; the principal remains unchanged. When the fixed period expires, you begin paying on the principal, too, resulting in an increased mortgage payment.

Your loan advisor will not only present you with the mortgage options available to you based on your personal qualifying factors; they can also recommend the loans that will help you best reach your personal goal.

FIXED -RATE VS ADJUSTABLE RATE MORTGAGES

Many *loan programs* are available as either a *fixed rate or adjustable mortgage*. A fixed rate mortgage is the most popular option for first-time buyers, with a fixed rate loan, the interest rate and payment remains the same throughout the life of the loan, which is generally a term of 15 or 30 years. The financial stability of a fixed rate loan makes long-term financial planning easy for buyers who know that their payment will not change.

An adjustable rate mortgage, also known as an ARM, has an initial fixed rate period typically lasting from 3-10 years. During this initial fixed period, an ARM often has a lower interest rate compared to a fixed rate mortgage. After the initial fixed period is over, the interest rate on an ARM can adjust either up or down on the financial index it is attached to. Because of the lower rate during the initial fixed period, the ARM is often an attractive loan for buyers who have short-term goals for their home, and plan on refinancing or selling within that period.

DO YOU NEED MORTGAGE INSURANCE?

Mortgage insurance, which is also known as Private Mortgage Insurance or PMI, is generally required when a homebuyer purchases a home with a conventional loan using a down payment less than 20% of the home's purchase price.

There are a wide variety of choice available when paying PMI and each will vary based on your individual financial situation:

BORROWER PAID MORTGAGE INSURANCE

(Monthly Premium)

This is the most common type of PMI. This type of mortgage insurance has a monthly premium payment included as part of your monthly mortgage payment.

BORROWER PAID MORTGAGE INSURANCE

(Single Premium)

This option allows you to eliminate the monthly mortgage insurance payment by paying the full cost of the mortgage insurance by including it in the total cost of the loan amount, or paying it in full as part of your closing costs.

BORROWER PAID MORTGAGE INSURANCE

(Single Premium)

This type allows a one-time upfront fee that is paid by the lender and eliminates the need for monthly PMI payments. The lender typically covers the one-time upfront fee with a slightly higher interest rate over the duration of the loan.

BORROWER PAID MORTGAGE INSURANCE

(Single + Monthly Premium)

This option reduces your monthly PMI obligation by paying a percentage of the loan amount upfront—you can pay up to 1.25%. The greater the upfront portion paid, the lower the monthly payment. In sum, you are paying some of the premium upfront, and the remainder in monthly payments.



SHOP & MAKE AN OFFER ON A HOME

Expand your team of professionals, make your wish list, and go house hunting with a pre-approval letter in hand.

Your mortgage loan advisor was the first professional to join you on your home-buying journey, but now it's time to expand your team to include a real estate professional who can help you find the house of your dreams.

WHY WORK WITH A REAL ESTATE AGENT?

Real estate agents have access to MLS listing – all the local homes listed for sale by other agents. In addition, there are other benefits to working with a real estate professional, whose job includes:

- Arranging appointments to view homes
- Advising you on the local real estate markets and property values
- Helping you make a competitive offer
- Negotiating the purchase contract terms with Seller and Seller' agent
- Recommending inspectors to evaluate the property
- Monitoring the escrow process on your behalf

Partnering with a knowledgeable and experienced real estate agent can help make the home buying process smoother, easier, and can help you find the home that your are dreaming of.



REAL ESTATE AGENT

Name: _____

Company: _____

Email: _____

Cell Number: _____



MAKE A WISH LIST

When you meet with your agent, you may want to have an idea of what you are looking for in a home. While you may not be able to check off everything on your list, you can communicate to your agent which things are your top priority in a new home. Your list may include:

- Which neighborhood or area of town do you prefer to live in?
- Do you have a preference on schools?
- Do you want a newer home, older home, or fixer upper?
- What style of housing appeals to you?
- How many bedrooms do you want?
- What size house do you prefer?
- What features (inside or out) do you want to have?

 **DREAM HOME WISH LIST**

House size: _____

How many bedrooms: _____

Style of housing: _____

Neighborhood: _____

School preferences: _____

Special features: _____

Other Comments: _____

Listing out what you want in a home and its surroundings will be helpful for your real estate agent when he/she helps present you with homes in your price range.

6 COMPLETE THE MORTGAGE LOAN PROCESS



When your offer has been accepted, it's time to move forward with the mortgage loan process.

Now you have the information that a lender needs to move your loan forward, such as the property address of the home you want to purchase. Your mortgage advisor will help you update and complete your loan application so that it can be submitted for final underwriting review and approval and walk you through the rest of the loan process.

Please note that before your loan gets approval, you may receive a list of closing conditions that need to be met. These conditions can include verification that your employer is current, and proof that you have obtained homeowner's insurance, and any other items as requested by the underwriter. Once closing conditions have been satisfied, the underwriter issues a clearance and your loan is fully approved.

Buying your first home should be an exciting experience. We can help you keep it from being an overwhelming one.

Request a home loan quote today.



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