



American
Financial
Network

First-Time Homebuyer

SEMINAR

Presented by John Sample

To Simplify



To Educate



To Empower



To Possibly Save You Time & Money



Why We Are Here.



Why AFN?

National Strength. Local Presence.

- Customer Focused
- Honesty & Integrity
- Family Owned Direct-Lender
- Competitive Rates
- Licensed in 50 States

Home Buying Basics



Rent vs. Buy



The Mortgage Loan Process



Negotiating with Confidence



Credit is Key



House Hunting

Rent vs. Buy

- **Limited tax benefits**
- **Limited control over property**
- **You pay the Landlord's Mortgage**
- **Cost is a condition of the lease and can change along with other rules at the end of each term**
- **No pride of ownership**

*AFN is not a tax or financial advisor. Please consult a licensed tax advisor and appropriate government agencies for any effect on taxes or government benefits.



Rent vs. Buy

- Possible yearly mortgage interest deduction*
- Time + increased value = possible equity
- May help build & maintain a strong credit rating
- Control your cashflow - ARM, Fixed Rate, Refinance
- Pride of ownership and a member of a community

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Credit Is Key

Credit is a key factor in determining the mortgage program you qualify for

Your credit score reflects your ability to pay



A score of **500** indicates there is 50/50 possibility of you repaying your loan



A score of **700** indicates there is 70/30 possibility of you repaying your loan



Higher scores usually lead to better rates and terms and may improve your buying power

Adding Up Your Credit Score

| Payment History | Length of Credit | Amount Owed | New Credit | Type of Credit |
|--------------------------------------|--|--|--|---|
| 35% Missed, late, etc. | 15% How long and how much activity | 30% # of accounts, balances owed <i>Debt-to-income ratio minus monthly debt divided by gross monthly income</i> | 10% Recently opened accounts | 10% CC, student or auto loans, etc. |



Experian

Experian.com

Equifax

Equifax.com

Transunion

Transunion.com

Get all 3 Reports at [annualcreditreport.com](https://www.annualcreditreport.com)*

Visit <https://www.ftc.gov/faq/consumer-protection/get-my-free-credit-report>
for more information

Tips to Improve And Maintain A Good Credit Score

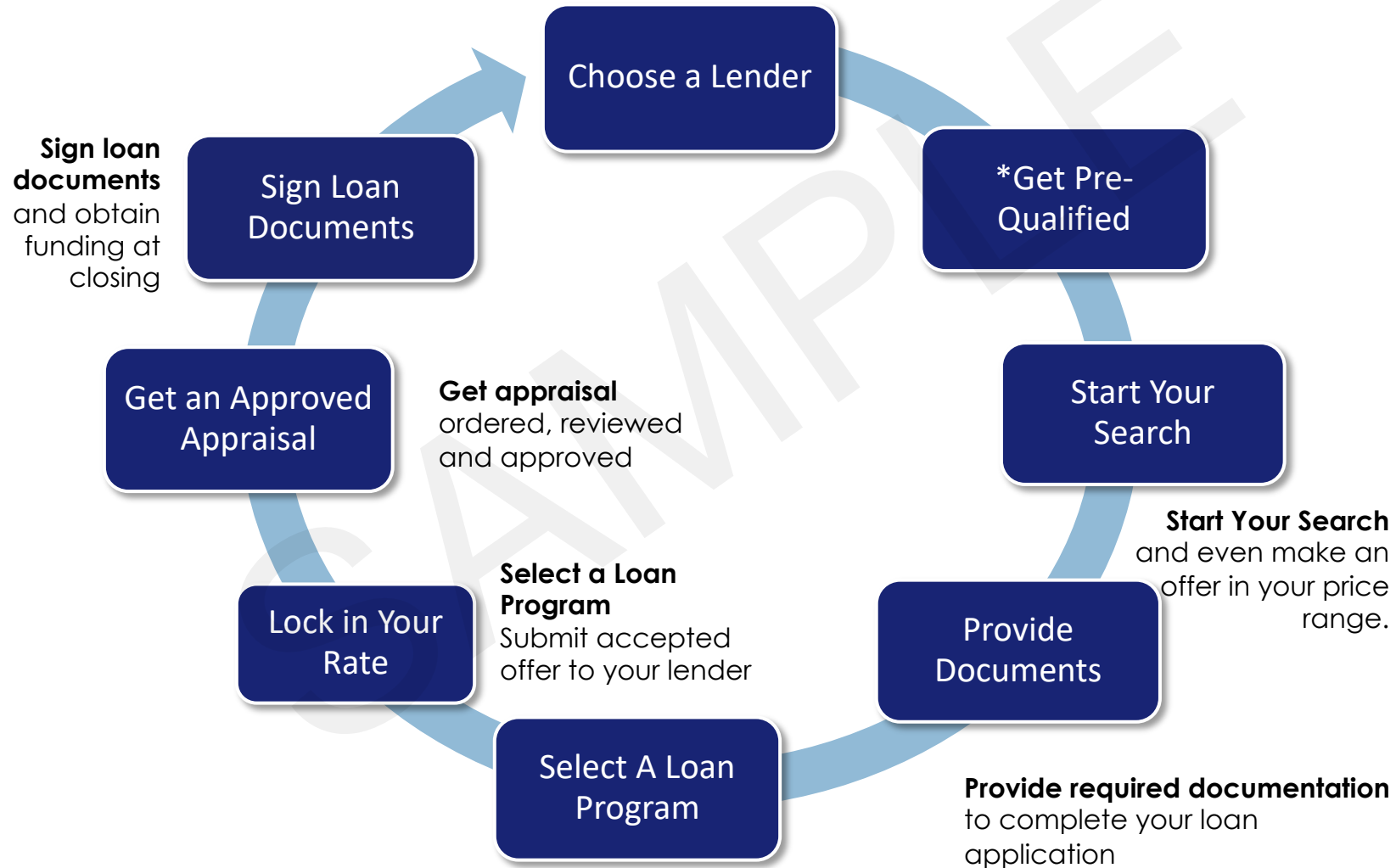
- **Pay on time.**
- **Close older card accounts judiciously**
- **Do not open new revolving/installment account to payoff or consolidate existing debts**
- **Keep a close eye on your debt-to-credit ratio.**
- **Check your Credit annually**

Measuring How Lenders See Your Credit

| LOW | MEDIUM | HIGH |
|-----------------|-----------------|----------------------|
| 300 - 619 | 620 - 719 | 720 and Higher |



Typical Loan Process



Pre-Qualification

- Know what you can afford
- Prepared to make an offer
- Your offer is taken seriously giving you the advantage over others making offers without pre-qualification

A pre-approval/pre-qualification does not constitute a loan commitment or guarantee of a loan. Pre-approval is subject to a satisfactory appraisal, satisfactory title search, and no meaningful change to borrower's financial condition.



What Can You Afford

- Ideally monthly housing costs should be no more than 29% of your gross household income
- Housing and debt should be no more than 36% of your gross income



Loans For Every Situation

We have the basics covered, and more!

| | |
|---------------------------------|--|
| FHA | Ideal for the first-time homebuyers, low down payment requirement, lower closing costs |
| Adjustable Rate Mortgage | Also known as ARM, usually starts out with a lower rate compared to fixed but increases over time |
| VA | If you or your spouse is a veteran or currently in the military |
| Conventional | A mortgage that |
| Jumbo | Ideal for those looking to purchase high value homes |
| USDA | US Department of Agriculture, federally insured for low and middle-income borrowers looking to purchase a primary residence in a small community or other USDA designated rural area |
| 203(k) | Borrowers can finance some repairs and rehabilitation to a single family home prior to moving in with a 203(k) loan |



Typical Documentation Needed

- Copies of drivers licenses for applicant and co-applicant
- Copies of social security cards for applicant and co-applicant
- Copies of W-2s for the last two year
- Copies of paycheck stubs for the last 30 days (most current)
- Copies of checking and saving account statement for the last 60 days
- Copies of quarterly or semi-annual statements for checking, savings, IRA's, CD's, money market fund, stocks, 401k, profit sharing, etc.
- Employment history for the last two years (address any gaps of employment)



Typical Documentation Needed

- Residential history over the last two years, with name, phone number, address, and account number of land or mortgage company. Copies of rental property leases plus mortgage information
- Canceled earned money check when it clears, or corresponding bank statements, if applicable.
- Commissioned or bonus income – if 25% or more of base, must have tax returns
- Any assets used for down payments, closing costs, and cash reserves must be documented by a paper trail
- Have appraisal and credit report cost disclosed to you. This may be an extra fee you will be charged during the closing process.

Tips for a Smooth Loan Transaction

- **Don't** change jobs/employers
- **Don't** make major purchases before closing
- **Don't** open any new lines of credit or take on any additional loans
- **Don't** open/close/transfer funds on any of your asset accounts before checking with your lender



What To Expect From Your Lender



Loan Estimate (LE)

Disclosure of all loan costs,
interest rate, and closing/other fees



Loan Application



Closing Disclosures

House Hunting Tips

- Think about future as well as current needs
- Consider your finances
- Analyze the market, property taxes and utilities
- Research the schools
- Check out local amenities
- Evaluate transportation, parking and your commute
- Read the crime statistics
- Visit the neighborhood in person



Negotiating Tips

- Select Your Realtor Carefully
- Know the Local Market
- What Are The Seller's Motivations
- Don't Show Your Hand
- Settle on A Price Range in Advance
- Leave Your Ego At The Door



Have questions?
Contact me anytime!

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