

SO YOU WANT TO BUY YOUR FIRST HOME?

What you'll find here

How the Process Works

Cash for a Home Purchase

An Intro to FHA Loans

The Georgia Dream Program

Credit Scores

Recommended Media

Vocabulary



Provided by

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EXTOL REALTY



Welcome to the first step in buying a home. I'm excited to work with you and guide you through this important process.

Consider this packet as the beginning of your journey. There might be things you're unaware of at this point. The contents here can kickstart your research to empower you as a well-informed buyer, whether you're ready to purchase soon or in a few years. My goal is to support you in owning your own home, whenever that time comes.


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MAKE SURE YOU'RE (REALLY) READY

Before diving into homeownership, it's crucial to take a step back and evaluate whether you're truly prepared for this significant commitment. Consider both your current situation and future plans to ensure that buying a home aligns with your long-term goals and lifestyle.

ASSESS YOUR STABILITY

Ensure you have a stable job and can envision yourself living in the same town for the next 5-10 years.

PLAN FOR THE LONG TERM

Consider potential life changes, such as having children, changing jobs, or caring for aging parents, and ensure your home choice aligns with these future possibilities.

PREPARE FOR THE RESPONSIBILITIES

Be ready for the additional work and responsibilities that come with homeownership, including maintenance and long-term financial commitments.



THE HOME BUYING PROCESS

1 PARTNER WITH AN AGENT

- Absorb their local insight
- Get to know neighborhood inventory levels
- See what's about to hit the market
- Gain access to off-market properties
- Review market averages
- Complete needs assessment

2 GET PRE-APPROVED FOR A LOAN

- Understand what you can afford
- Determine your monthly mortgage payment
- Understand your debt ratio
- Prepare for escrow Obtain a pre-approval letter

3 FIND YOUR NEW HOME

- Compare home and neighborhood averages, then narrow down the neighborhoods you want to live in
- Favorite homes and save them to collections
- Nix homes that don't meet the mark
- Schedule home tours and plan an itinerary with your agent
- Decide on your dream home



I've got your back!

4 MAKE YOUR OFFER AND NEGOTIATE THE TERMS

- Review contract terms and time limit for offer
- Negotiate purchase price
- Choose a title company
- Shop home insurance options
- Prepare for down payment, earnest money
- Choose a target closing date
- Sign the offer
- Deliver escrow check
- Stay in close contact with your agent

5 UNDER CONTRACT

- Secure a home loan *more details to follow
- Acquire home insurance and send proof to your lender.
- Request a list of what conveys with the property
- Schedule home inspection and negotiate repairs
- Order an appraisal
- Acquire a property disclosure from the seller
- Neutralize any contingencies
- Conduct a title search
- Choose your title company
- Schedule your closing
- Solidify both contract effective date and allowable move-in dates
- Certify funds for closing
- Stay in close contact with your agent, lender, and title company

THE HOME BUYING PROCESS

continued

6 BEFORE YOU CLOSE

- Transfer funds for closing
- Reserve a moving company and set a moving date
- Change your address through USPS, your bank, and other instances
- Set up your utilities to be activated or transferred
- Confirm that all contingencies are resolved
- Schedule the final property walk-through
- Designate a safe, dedicated space to save your final paperwork
- Stay in close contact with your agent, lender, and title company

It can be a long process, but **unlocking that door** to your first home makes it all worth it.

7 CLOSING DAY What to Bring

- Connect with your lender to wire down payment funds. You'll need to cover the cost of closing and the down payment. Bring a printed confirmation of your wire transfer
- Government-issued photo ID(s)
- Social Security numbers
- Home addresses from the last 10 years
- Proof of homeowner's insurance
- Your copy of the contract
- Your checkbook

8 CLOSING DAY

- Sign closing disclosure, promissory note, and all other documentation
- Title transfer
- Deed delivery
- Save your paperwork in your pre-designated spot
- Get your keys - congrats, it's all yours!

CASH FOR A HOME PURCHASE

There is more money to save for than just the down payment



You will typically need 10-15% of the Purchase Price ready in CASH
(Yes, even with an FHA Loan)

That can be a lot of cash to come up with. **HOWEVER**, do not forget that there are programs to help first time home buyers, **AND** your **REALTOR** can negotiate for the seller to pay some of the closing costs. You will still need to **SAVE**.

Don't get discouraged. If you want it, you can achieve it.
It may simply take more time.

FHA LOANS

A great option for first time homebuyers

PROS



LOW 3.5% DOWN PAYMENT

Conventional Loans are typically 20%!



BETTER RATES FOR LOW CREDIT

Conventional loans will have higher interests rate if you have lower credit.



MORE LENIENT CREDIT SCORE GUIDLINES

- Conventional Loans usually need 620
- 580 FICO >> 3.5% Down Payment
- 500 FICO >> 10% Down Payment

CONS



MORTGAGE INSURANCE CAN NOT BE CANCELLED

If less than a 10% down payment, insurance cannot be cancelled.



MANY CONDOS ARE NOT APPROVED

However, you may be able to purchase a multi-family residence if you will occupy one unit.



OWNER OCCUPIED ONLY

No vacation homes or investment properties.



Georgia Dream Peach Plus Loan Program

PROGRAM OVERVIEW

The Georgia Dream Peach Plus Loan Program expands access to affordable homeownership opportunities across our state. By serving a wider range of borrowers, including those with non-conforming loans, this program helps make the dream of homeownership a reality for more Georgia families. Often the biggest obstacle to homeownership is being able to afford the down payment.

Georgia Dream Peach Plus can help qualified borrowers clear this hurdle. Down payment loans are available to homebuyers who purchase a home in certain areas who also meet a set of financial criteria. Potential homebuyers apply with participating lenders for Georgia Dream loans. The loans are secured or guaranteed by FHA loans. Once the lender has completed the process and gives credit approval, the information is forwarded to DCA for compliance review and funding approval. Rates are available from participating lenders. Borrowers must attend and complete either a homebuyer education workshop, individual housing counseling sessions, or an online homebuyer education course through E-Home America.

FINANCIAL CRITERIA

- Have a household income up to the maximum
- Have liquid assets of no more than \$20,000 or 20% of the sales price (whichever is greater)
- Meet mortgage loan credit requirements

DOWNPAYMENT ASSISTANCE

Effective April 15, 2024, the amounts of each loan type are set to the following limits:

- Standard - All eligible homebuyers may qualify! 3.5% (three and a half percent) of the property purchase price or a maximum \$10,000, whichever is the lesser amount.
- Protectors, Educators & Nurses (PEN) - Are you a public protector, educator, healthcare provider — or work for these industries — or active military? 4% (four percent) of the property purchase price or a maximum of \$12,500, whichever is the lesser amount.
- Choice - Is a member of your family living with a disability? 4% (four percent) of the property purchase price or a maximum of \$12,500, whichever is the lesser amount.



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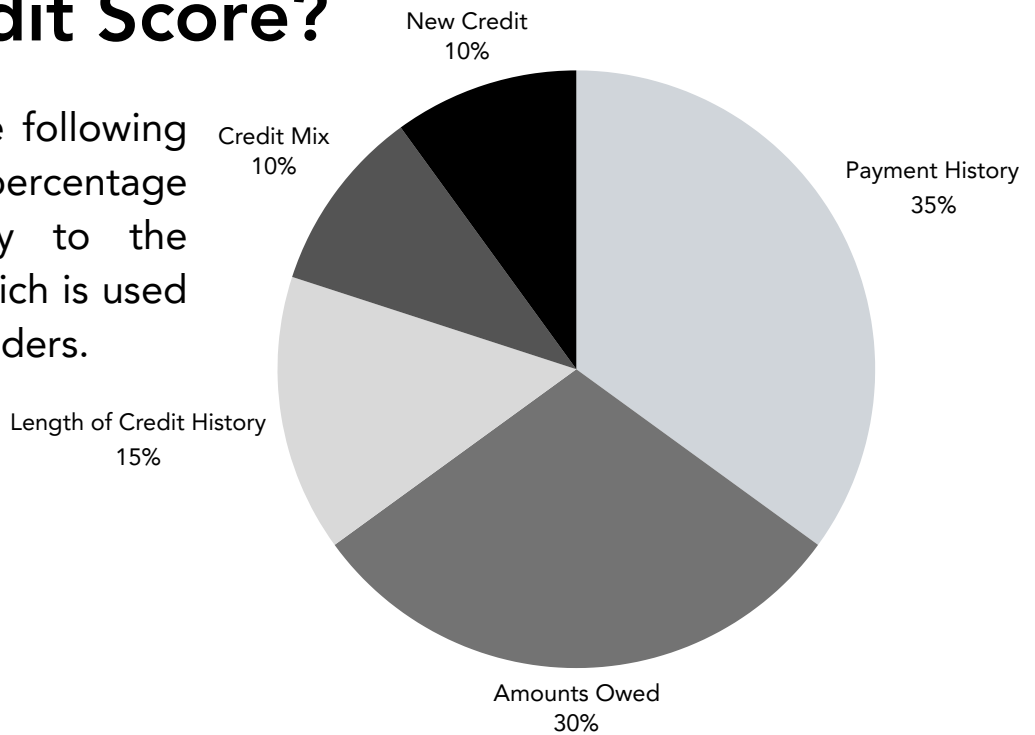
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CREDIT SCORES

What determines your Credit Score?

Per Experian, the following factors and percentage weightings apply to the FICO® Score, which is used by 90% of top lenders.



PAYMENT HISTORY

Late payments, collections, foreclosures & bankruptcies all hurt your score.

AMOUNTS OWED

Your credit utilization should at least be below 30%, but 10% is best

CREDIT UTILIZATION EXAMPLE

$$\frac{\text{Credit Card Balance } \$1,600}{\text{Credit Card Limit } \$6,500} \times 100 = 25\%$$

(to make it a percent)

How much of that credit is "utilized"

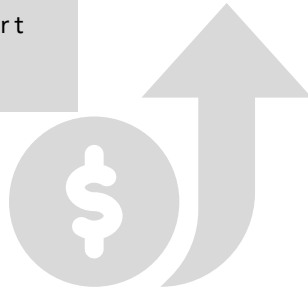
CREDIT SCORES

continued

NEW CREDIT

Constantly applying for new credit can hurt your score.

UNLESS you are searching for multiple rates for installment loans. Inquiries made for that same loan over a 2 week period will count as only one inquiry.



LENGTH OF CREDIT HISTORY

The longer your history of credit, the better. It simply shows companies you have done a good job for a steady amount of time.

CREDIT MIX

You want a mix of installment debt AND revolving debt.

INSTALLMENT DEBT

- Personal Loans
- Student Loans
- Car Loans
- Mortgages

REVOLVING ACCOUNTS

- Credit Cards
- Lines of Credit



BEWARE OF CREDIT REPAIR COMPANIES!



Watch out for credit repair scams: companies asking for payment upfront, promising specific credit score increases or removal of accurate negative credit information. Beware of upfront fees, disputing accurate information, or not explaining your rights. Federal laws like the Credit Repair Organizations Act and Telemarketing Sales Rule prohibit these deceptive practices.

RECOMMENDED MEDIA

Prepare yourself mentally & financially every day





SOCIAL MEDIA ACCOUNTS

There are all different personalities represented here
Find the right one for you to help YOU tackle debt and save money

ANTHONY ONEAL

www.anthonystoneal.com






-  Anthony Oneal
-  @anthonystoneal
-  _anthonystoneal
-  AnthonyONeal
-  The Table With AO

"get out of debt so that you can live your best life financially"

TORI DUNLAP

www.herfirst100k.com






-  Her First \$100k
-  @herfirst100k
-  herfirst100k

"making more, spending less, and feeling financially confident"

DASHA KENNEDY

www.thebrokeblackgirl.com



-  Dasha Kennedy
-  @thebrokeblackgirl
-  brokeblackgirl

"tips on debt, building wealth, and financial independence"

DAVE RAMSEY

www.ramseysolutions.com



-  Dave Ramsey
-  @daveramsey
-  DaveRamsey
-  The Ramsey Show

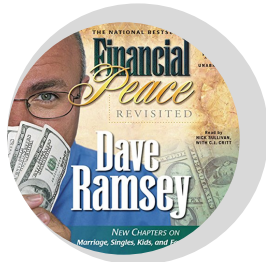
"personal finance expert"

RECOMMENDED MEDIA

continued

BOOKS

Each of these works revolves around reshaping your perspective, presenting varying viewpoints but each contributing valuable insights.

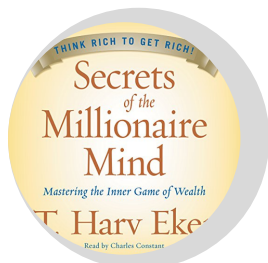


FINANCIAL PEACE

by Dave Ramsey

Provides a comprehensive guide to achieving financial stability and freedom through practical steps, including budgeting, debt reduction, and long-term wealth building strategies.

[Amazon Link](#) | [Financial Peace](#)

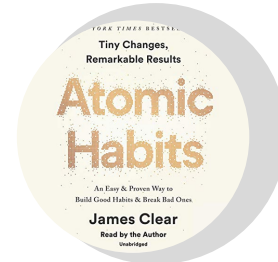


SECRETS OF THE MILLIONAIRE MIND

by T. Harv Eker

Reveals the mindset shifts and financial strategies that distinguish wealthy individuals, providing insights and actionable principles to help readers transform their relationship with money and achieve financial abundance.

[Amazon Link](#) | [SotMM](#)

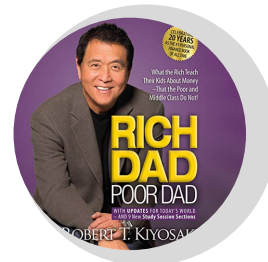


ATOMIC HABITS

by James Clear

Offers a transformative framework for understanding how tiny changes in behavior, compounded over time, can lead to remarkable results, empowering individuals to build and sustain positive habits for personal and professional growth.

[Amazon Link](#) | [Atomic Habits](#)



RICH DAD POOR DAD

by Robert Kiyosaki

Presents contrasting financial philosophies learned from his two father figures, offering invaluable lessons on building wealth, investing wisely, and challenging conventional beliefs about money to achieve financial independence.

[Amazon Link](#) | [Rich Dad Poor Dad](#)

VOCABULARY

Terms to become familiar with | page 1

Appraisal

A An appraisal is an unbiased estimate of your property's fair market value by a licensed professional. It's something that is typically required by all lenders during the mortgage process to ensure that the loan amount does not exceed the value of the home. A property's appraisal is based on a number of factors—including location, condition, and sales of similar homes in the area.

Cash to close

C Cash to close is the total amount needed to bring to the closing attorney's office on closing day. It typically includes down payment, fees, pre-paid taxes, homeowner's insurance, and any homeowners association fees that may be applicable. Cash to close is usually paid in the form of a wire transfer or a certified bank or cashier's check.

Closing disclosure

A closing disclosure (CD) is a standardized document from the lender that provides final details about the mortgage loan. It includes the loan terms, projected monthly payments, fees, and other closing costs. The lender is required to give you the CD at least 3 business days before the date of close so you can compare it against the loan estimate (LE). If something on your CD doesn't look right, be sure to ask your lender about it prior to close.

Co-applicant

A co-applicant is someone whose income and credit history are put on the loan application in addition to the primary borrower. Co-applicants are a common addition when the primary borrower may not qualify for the mortgage on their own.

Co-borrower

A co-borrower is a spouse whose income and credit history are put on the loan application in addition to the primary borrower.

Conventional mortgage

A conventional mortgage (also known as a non-FHA loan) is a type of home loan that is not insured or guaranteed by the federal government. Instead, it's backed by a private lender. Conventional loans are the most common type of home loan, making up nearly three quarters of home loans. If you apply for a conventional loan with less than a 20% down payment, you'll be required to pay for private mortgage insurance (PMI).

VOCABULARY

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Credit score

Your credit score (also known as a FICO score) is a number that reflects your financial history. Scores range from 300–850, with a high credit score indicating that you have consistently repaid debts and other loans on time.

D

Debt-to-income ratio (DTI)

Your debt-to-income ratio (DTI) is a measure of your monthly debt compared to your monthly income, calculated by your monthly debt divided by your monthly gross (pre-tax) income. DTI is one of the factors used to determine how much you can afford in a monthly mortgage payment.

Down payment

A down payment is the amount of cash you pay upfront toward the purchase of a home. It's often expressed as a percentage of the selling price of a home—typically 5–20% depending on the type of loan. The difference between your down payment and the price of the home is what you finance with a mortgage. Generally, if you put less than 20% "down" on a home, private mortgage insurance (PMI) is required in addition to your monthly payment.

E

Earnest money/good faith deposit

Earnest money (also known as a good faith deposit) is money that the buyer gives the seller when a sales contract is drawn to show intent to purchase. The money is deposited into a third-party account, known as escrow, and held until closing. Once contracts are signed, the earnest money becomes part of the down payment. If the contract falls through, the earnest money is either forfeited and the seller keeps it or the money has to be returned to the buyer, dependent on the contract.

Escrow/impounds

An escrow (also known as an impound account) is a third-party account where money between two or more parties is managed. Escrow accounts may be used to hold a buyer's deposits while a real estate transaction is being processed. Escrow accounts are also commonly used to hold property taxes and insurance premiums (collected as part of the monthly mortgage payment) until the payments are due.

VOCABULARY

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F Federal Housing Administration loans

The Federal Housing Administration (FHA) is a government agency that promotes affordable, easy-to-qualify-for home loans. FHA loans are only available through approved lenders. If you're a first-time homebuyer without a substantial credit history, an FHA loan could be an attractive option. You can qualify for an FHA loan with a minimum credit score of 500 and a 3.5% down payment. FHA loans require an upfront mortgage insurance premium and, if there's less than a 10% down payment, require mortgage insurance for the life of the loan.

FICO score

The Fair Isaac Corporation (FICO) generates credit scores based on information collected by three national credit reporting agencies: Experian, Equifax, and TransUnion. Typical FICO scores are in the 300–850 range. However, FICO has variations of scoring for different types of lenders. Credit scores are designed to give lenders an evaluation of your likelihood to pay your bills on time. A higher credit score indicates a more favorable borrower.

G Gift letter

A gift letter documents money that has been given to you by a family member, spouse, or partner to support your down payment or closing costs. Its purpose is to assure the lender that the gift funds have no expectation of being repaid—otherwise they would be classified as debt and included in your debt-to-income ratio.

H Home inspection

A home inspection is an examination of a home's physical condition in connection with its sale. It's on the homebuyer to organize and pay for a home inspection after their offer has been accepted but before they sign on the dotted line. The purpose is to uncover any potential issues with the home before finalizing the purchase. There are no federal regulations governing home inspectors, and licensing requirements vary by state.

Homeowners association (HOA)

A homeowners association (HOA) oversees the development and enforcement of rules, regulations, and day-to-day operations for a community. The HOA is also responsible for maintaining community spaces. HOA fees may be collected on a monthly or annual basis.

VOCABULARY

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Homeowners insurance

Homeowners insurance is a form of financial protection against loss or damage to your home in the event of burglary, fire, or natural disaster. Most lenders require proof of a homeowners insurance policy prior to closing. That's because the lender wants to protect their investment as much as you do—and if something ever happened to your home, they want to know that you'll have the resources to pay off your loan. Better has an in-house insurance agency with an online process that allows you to shop for policies right alongside your home loan application.

Interest rate

When a lender offers you an interest rate for a mortgage, the interest rate is the cost of borrowing money, expressed as a percentage of the loan. Most consumer mortgages use simple interest which is defined as paying interest only on the principal. Some loans use compound interest which is applied to the principal and also to the accumulated interest of previous periods (this is also known as a negative amortization loan). Borrowers are often quoted interest rates in addition to annual percentage rates (APRs), which are interest rates plus lender fees and charges. Related terms: annual percentage rate (APR), principal, negative amortization

Lien

A lien is a legal claim to an item of property until an owed debt is paid off. When you take out a home loan, your lender has a lien on your home. This gives them the right to seize your home if you fail to repay your loan.

Loan-to-value (LTV)

A loan-to-value (LTV) ratio is an equation that lenders use to assess the amount of risk associated with a home loan. LTV is calculated by dividing the total home loan amount by the appraised market value of the home. Typically, if the LTV ratio is higher than 0.8, lenders require private mortgage insurance (PMI) to offset the higher risk of default.

Loan estimate (LE)

A loan estimate (also known as an LE) is a standardized 3-page form that details the interest rate, term, monthly payment, and closing costs associated with your loan. Lenders are required by law to provide you with a loan estimate within three days of your application.

VOCABULARY

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M Mortgage insurance premium (MIP)

Mortgage insurance premium (MIP) is an upfront and annual insurance premium that's required for any Federal Housing Administration (FHA) home loan—regardless of the size of the down payment. It protects the lender in case the borrower defaults on the loan. MIP differs from private mortgage insurance (PMI), which is reserved for conventional loans.

Origination fee/loan origination fee

Origination fees are the one-time costs you pay to a lender for processing your home loan.

O Owner-occupancy

Owner-occupancy refers to the concept of living in the home that you own. It is crucial information from the lender's point of view because if you weren't planning to live at the home you were purchasing or refinancing, you would be classed as an absentee owner. In that instance, the home may be considered an investment property and you would not be eligible for the same types of home loan products or rates available for a primary residence.

P PITI

PITI is short for Principal, Interest, Taxes, and Insurance—the four aspects of a monthly home loan payment. Principal and interest are based on the loan amount and terms of your mortgage. Taxes and insurance are directly related to the value of your property and the levies that your local government applies.

Points

Points (also known as discount points and mortgage points) are a way to lower the interest rate on your home loan by agreeing to pay more at closing. One mortgage point is equal to 1% of the mortgage amount and can lower your interest rate by up to 0.25%. The more points you pay, the lower your payment and rate will be. Points are the inverse of credits.

Pre-approval letter

A pre-approval letter is a document from a lender that states the exact amount you're approved to borrow once your stated information is verified. Getting a pre-approval letter is an essential time-saving first step in the home shopping process.

VOCABULARY

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Prepaid costs

Prepaid costs are payments made at closing for upcoming line items of your new home loan. They're called "prepaid" costs because you're paying for them before they are technically due. The most common kinds of prepaid costs are homeowners insurance, property taxes, and mortgage interest. These are paid into an escrow account to ensure that you have money to pay your bills when they become due.

Prepayment penalty

A prepayment penalty is a fee that's charged when you pay off your mortgage early.

Principal

When referring to a home loan, the principal is the amount of money borrowed excluding taxes, interest, or homeowners insurance. In other words, it's what you originally borrowed from your lender when you first took out your home loan. If you borrowed \$250,000, then your principal is \$250,000.

Private mortgage insurance (PMI)

Private mortgage insurance (PMI) is insurance required by lenders when a borrower puts less than 20% down on a conventional loan. It's meant to protect the lender in the event that the borrower defaults. PMI can be cancelled once the borrower has at least 20% equity in the property. The PMI amount is determined by many different factors, similar to your interest rate—including FICO score, loan-to-value ratio, debt-to-income ratio, property type, and occupancy.

Qualifying ratios

A qualifying ratio is a measurement that mortgage lenders use to help decide if you qualify for the loans they offer. The qualifying ratio consists of 2 subcomponents; the housing expense ratio, which is made up of monthly principal, interest, property taxes, and insurance payments (PITI); and the debt-to-income ratio (DTI). Most lenders prefer you to spend no more than 28% of your gross monthly income on PITI payments (the housing expense ratio), and spend no more than 36% of your gross monthly income paying your total debt (the debt-to-income ratio). For this reason, the qualifying ratio may be referred to as the 28/36 rule. Related terms: PITI, Debt-to-income ratio (DTI)

VOCABULARY

continued | page 7

T Termite letter

A termite letter is a document issued by a professional inspector to certify that the property was inspected and found to have no termites or wood-boring insects such as powder-post beetles. Pest inspections are a part of closing costs but may be paid for by either the buyer or seller.

Title insurance

Title insurance (also known as owner's title insurance) protects borrowers and lenders against financial loss from past defects or problems with the ownership of a property typically back taxes, liens, and conflicting wills. Most lenders require title insurance to protect their interest in the property until the home loan is paid off. You can also purchase borrower's title insurance to protect yourself.

U Underwriting

Underwriting is the process of evaluating a complete and verified home loan application as well as the appraisal of the property being financed. Underwriting is the assessment of risk in a home loan and a borrower's ability to repay it. The process ends with an approval or denial of a home loan.

W Walk-through

A walk-through is the final time a buyer can inspect the property, prior to closing. The purpose of the walk-through is to make sure the home is in the condition you agreed to buy it in and that the seller has completed any repairs or replacements they agreed to make. It is also your last chance to ensure there are no new issues in the home.

Don't worry, there's not going to be a test. But remember, you will feel more relaxed and in control of the process the more you educate yourself. **Be your own best advocate!**

ABOUT ME

Originally from New York, I bring a diverse background and a wealth of experience to my role as a REALTOR® at Extol Realty. My journey began at the Coast Guard Academy, where I served on active duty, instilling in me the values of discipline, integrity, and meticulous attention to detail. These traits have been the cornerstone of my professional life, guiding me through various roles, from managing restaurants and campgrounds in the hospitality industry to running a successful home improvement business with my husband.

After becoming a mom, I found my true passion in real estate, where I could combine my love for helping others with my deep understanding of property and market dynamics. My experience in hospitality honed my customer service and management skills, which I now use to provide exceptional service to my clients. Whether working with first-time homebuyers or seasoned property owners, I approach each transaction with the same dedication and care, ensuring a smooth and successful experience.

Today, as a dedicated REALTOR® at Extol Realty, I specialize in the Social Circle, Georgia area, and its neighboring cities. My unique background, coupled with my commitment to excellence, allows me to offer clients a comprehensive understanding of both the buying and selling processes. Whether you're looking to find your dream home, upgrade, or sell, I'm here to guide you every step of the way, using my extensive knowledge and experience to achieve your real estate goals.

Be sure to follow me on social media to get to know me better both personally and professionally.



SEE YOU AROUND THE NEIGHBORHOOD

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READY TO BEGIN?

TEXT CALL EMAIL



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