

Guide to Homeownership

I never tell someone NO you can't buy a house, rather build them a **GAME PLAN** on how to get into a home if they're not in the position currently.



PRE-APPROVALS CAN BE BROKEN INTO 3 CATEGORIES

INCOME

How much do you earn a month/year? (Hourly, salary, SSI, Pension, etc.)

CREDIT

How much are your minimum monthly payments for any debts on your credit report? (includes child support, alimony, etc.)

ASSETS

How much do you have in the bank? (401k, retirement, savings, stocks, etc.)

WHAT TO DO IF LACKING IN ONE OR MORE OF THESE CATEGORIES?

Show them how much income they need to earn to buy the house that they want with today's current interest rates.

Recommend through our What-if Simulator how to improve their credit. We do this by showing them what payoffs/paydowns to make, if they need to establish new accounts, and how long it will take, our simulators go out as far as two years. This COSTS the buyer NOTHING!

Increase Savings / Bank Balances. Show them how to build reserves after they improve their credit. Recommend opening a 401k and or a saving account.

Example: If they currently pay \$900 a month in rent, and the mortgage on the house they want is \$1750, recommend them act like they're paying the mortgage now. So, take the difference of the future mortgage and current rent $1750 - 900 = \$850$ and put it in a savings account every month. This helps them get used to the higher monthly housing payment and allows them to build \$5,100 in reserves in 6 months!

REAL LIFE SCENARIO

I have a client who is a single mom who made \$X per hour, had a 500 credit score, and \$0 in reserves.

GAME PLAN

To get approved for the purchase price she wanted, she would need to be making at least \$5 more an hour or add a cosigner. We also needed her credit score at least at a 600 for our down payment assistance program and she needed to pay off about \$1,900 in credit card debt. I also recommend building at least 2-3 months reserves.

TAKING ACTION

She found a new job making \$8 more an hour than she was, she paid off the cards and got her credit to a 660 in just over a year, as well as she now has 3.5% of a down payment saved up for the purchase price she wants. She's preapproved and out shopping for a home!

OUR TEAM IS AVAILABLE 7 DAYS A WEEK FOR PRE-APPROVAL AND BUILDING GAME PLANS!



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