

First-Time Homebuyer

MORTGAGE CHECKLIST

When it comes to buying your first home, the primary thing you'll need to focus on is qualifying for a mortgage, since you'll need to know how much house you can afford. Being 'pre-qualified' also shows sellers that you're serious about finding your new home!

Income



- **Qualifying Income** - Must have 2 years of income history to qualify
 - W2, self-employed or 1099 employee *Note: NOT bonus
 - Self-employed? Net income = Qualifying income
 - Not self-employed? Gross income = Qualifying income
- **Rental Income** - Must have 2 years of rental income history to qualify
- **Other forms:** Social security, commission, car allowances, child support, interest and dividend income. See a mortgage professional for additional forms that may qualify.
<http://bit.ly/MortgageConnection>

Assets



- **The following assets may be resources for your down payment and must be verified by your lender**
 - Savings/Checking account
 - IRAs, Thrift saving plans, 401(k) and Keogh accounts
 - Stocks and bonds
 - Savings bonds
 - Gift funds
 - Sale of personal property
 - Downpayment assistance programs
 - Sale of real estate
 - Collateralized loans
 - Disaster relief grants and loans
 - Employer assistance programs
- **Approx. 5% of down payment must come from buyer on Conventional loans**

Credit



- **Different loan programs have different requirements**
 - FHA Loans:** Can be approved with a credit score of 580
 - Conventional Loans:** Requires a credit score of 620
*Note: Most lenders require a 640 credit score.
- **Good credit profile = Better rates**
*Note: Anything over 740 is considered excellent
- **Factors that weigh on your credit score:** Payment history, outstanding credit balances, credit history, debit/credit ratio, type of credit, and inquiries.
<http://bit.ly/HDCCreditRepair>

Employment



- **Employment history of at least 2 years**
 - Education counts as history
 - Self-employment must be greater than 2 years by the same business



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