

HOMEBUYING GUIDE

The complete guide for homeownership



Pre-approval

- Lender will help you determine the right mortgage
- Check your income, credit, and assets



House Shopping

- Look for homes with your Realtor
- Get a house under contract



Underwriting

- Finalize financing with the lender
- Send documents



Closing

- Sign closing documents
- Get the keys to your new home!

Minimum Down Payment

CONVENTIONAL

First-time Homebuyer - 3%
Single Family Home - 5%
Two Unit Home - 5%
Three to Four Unit - 25%
Investment Single Unit - 15%
Investment Multi-Unit - 25%

FHA

One to Four units - 3.5%
*Have to live in one of the units

VA

One to Four units - 0%
*Have to live in one of the units

USDA

Single Unit Property - 0%

JUMBO

Single Unit Property - 10%

Minimum Credit Scores

CONVENTIONAL
620

FHA
580

VA
580

USDA
660

Closing Costs and Pre-pays

Closing costs and pre-paid items are usually 1.5 - 2% of the loan amount

Normal Closing Costs

- Lender
- Credit Report
- Appraisal
- Title Insurance

Escrows and Pre-pays

- Insurance Policy
- Property Tax
- Pre-paid interest

Typical seller paid costs

- Buyer and Seller Agent
- Home Warranty

WHAT WILL MY PAYMENT BE?

For every \$10,000 in purchase price, your payment will increase or decrease by approximately \$50

LOAN AMOUNT	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%	6.25%	7.00%	7.25%	7.50%
\$300,000	\$1,520	\$1,565	\$1,610	\$1,657	\$1,703	\$1,751	\$1,799	\$1,847	\$1,996	\$2,047	\$2,098
\$350,000	\$1,773	\$1,826	\$1,879	\$1,933	\$1,987	\$2,043	\$2,098	\$2,155	\$2,329	\$2,388	\$2,447
\$400,000	\$2,027	\$2,087	\$2,147	\$2,209	\$2,271	\$2,334	\$2,398	\$2,463	\$2,661	\$2,729	\$2,797
\$450,000	\$2,280	\$2,347	\$2,416	\$2,485	\$2,555	\$2,626	\$2,698	\$2,771	\$2,994	\$3,070	\$3,146
\$500,000	\$2,533	\$2,608	\$2,684	\$2,761	\$2,839	\$2,918	\$2,998	\$3,079	\$3,327	\$3,411	\$3,496
\$550,000	\$2,787	\$2,869	\$2,953	\$3,037	\$3,123	\$3,210	\$3,298	\$3,386	\$3,659	\$3,752	\$3,846
\$600,000	\$3,040	\$3,130	\$3,221	\$3,313	\$3,407	\$3,501	\$3,597	\$3,694	\$3,992	\$4,093	\$4,195
\$650,000	\$3,293	\$3,391	\$3,489	\$3,589	\$3,691	\$3,793	\$3,897	\$4,002	\$4,324	\$4,434	\$4,545
\$700,000	\$3,547	\$3,652	\$3,758	\$3,865	\$3,975	\$4,085	\$4,197	\$4,310	\$4,657	\$4,775	\$4,895
\$750,000	\$3,800	\$3,912	\$4,026	\$4,142	\$4,258	\$4,377	\$4,497	\$4,618	\$4,990	\$5,116	\$5,244
\$800,000	\$4,053	\$4,173	\$4,295	\$4,418	\$4,542	\$4,669	\$4,796	\$4,926	\$5,322	\$5,457	\$5,594
\$850,000	\$4,307	\$4,434	\$4,563	\$4,694	\$4,826	\$4,960	\$5,096	\$5,234	\$5,655	\$5,798	\$5,943
\$900,000	\$4,560	\$4,695	\$4,831	\$4,970	\$5,110	\$5,252	\$5,396	\$5,541	\$5,988	\$6,140	\$6,293
\$950,000	\$4,814	\$4,956	\$5,100	\$5,246	\$5,394	\$5,544	\$5,696	\$5,849	\$6,320	\$6,481	\$6,643
\$1,000,000	\$5,067	\$5,216	\$5,368	\$5,522	\$5,678	\$5,836	\$5,996	\$6,157	\$6,653	\$6,822	\$6,992

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HOMEBUYING ROADMAP

PRE-APPROVAL → HOUSE SHOPPING → UNDERWRITING PROCESS → CLOSE



PRE-APPROVAL

- Complete application and send docs
- Check your income, assets, and credit
- Lender will help you know estimated
 - Interest rate
 - Down payment and closing costs
 - Monthly payment
 - Maximum purchase price
- Receive a pre-approval letter



SHOP FOR A HOUSE

- Find a Realtor and shop for homes
- Stick to the max purchase limit
- Have a needs and wants list
- Don't make urgent moves
- Don't get emotionally attached
- Show interest through your offer
- Get under contract!



CLOSE

- Review your closing disclosure
- Sign closing documents
- Don't be afraid to ask questions
- Get the keys
- **CELEBRATE!**



UNDERWRITING

- Finalize approval with the lender
- Send any remaining documents
- Be responsive to the loan officer to expedite the process
- Get clear to close!

WHAT MAKES UP CASH TO CLOSE?

Guide for down payment, closing costs, and credits

Down Payment + Closing Costs – Adjustments = Cash to Close

DOWN PAYMENT

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CREDITS

Maximum Seller Credit Per Loan Type

CONVENTIONAL

< 10% Down	Up to 3%
10% – 25% Down	Up to 6%
> 25% Down	Up to 9%
Investment	Up to 2%

FHA

Up to 6%

USDA

Up to 6%

VA

Up to 4%

JUMBO

Up to 6%

Other Types of Credits

Earnest Money Deposit

Lender Credit – Take a higher rate, in exchange for credit toward closing costs

Tax Proration

TIPS FOR LOWER CASH TO CLOSE

- Use credits (seller and/or lender)
- Close late in the month for low pre-paid interest
- Shop around for homeowners policy
- Use the "wrap trick"

BUY VS RENT

Is buying really more profitable?

Equity is the amount of your home that you actually own. Equity builds gradually as you pay your mortgage and can also increase as your home's value appreciates over time.

10 Years Of Renting Vs. 10 Years Of Owning A Home					
Monthly Rent	Rent For 10 Years	How Much Home Is Your Rent Worth	Monthly Mortgage Payments	Equity After 10 Years	Future Value Of The Home After 10 Years
\$1,000	\$120,000	\$115,000	\$1,000	\$67,520	\$166,180
\$1,200	\$144,000	\$146,000	\$1,200	\$83,670	\$211,000
\$1,200	\$168,000	\$174,000	\$1,400	\$99,640	\$251,440
\$1,600	\$192,000	\$205,000	\$1,600	\$117,200	\$296,200
\$1,800	\$216,000	\$233,000	\$1,800	\$133,490	\$336,695

*Based on current interest rates of 6.99% and the average annual appreciation rate since 2000 of 3.75%

Homebuying Myths

MYTH: You must put down 20% down
TRUTH: Down payment average 3-10%

MYTH: You need a perfect credit score to buy a home
TRUTH: Minimum credit scores range from 600-660

MYTH: Renting is cheaper than owning
TRUTH: Today, the percentage of income needed to afford median rent is 30%. While the percentage of income to afford a median home is 20%.

Find out how much house you can afford:
CrownKC.com

How long does it take to get pre-approved?

Typically, between 20 and 40 minutes. This process includes an introductory conversation, a credit check and verification of income.

Buy

- Tax benefits that can benefit your bottom line
 - Equity that can be used later for upgrades, college, or emergencies
 - Freedom to personalize & renovate
 - Pride of ownership
 - Community and neighborhood ties
- More stable and predictable costs than renting with a fixed-rate mortgage

Rent

- No tax benefits from renting
 - No equity - you're paying someone else's mortgage
 - Any improvements benefit landlord
 - Pets are often unwelcome or regulated
- No real sense of community



HOW TO BUILD YOUR CREDIT SCORE

MINIMUM CREDIT SCORES

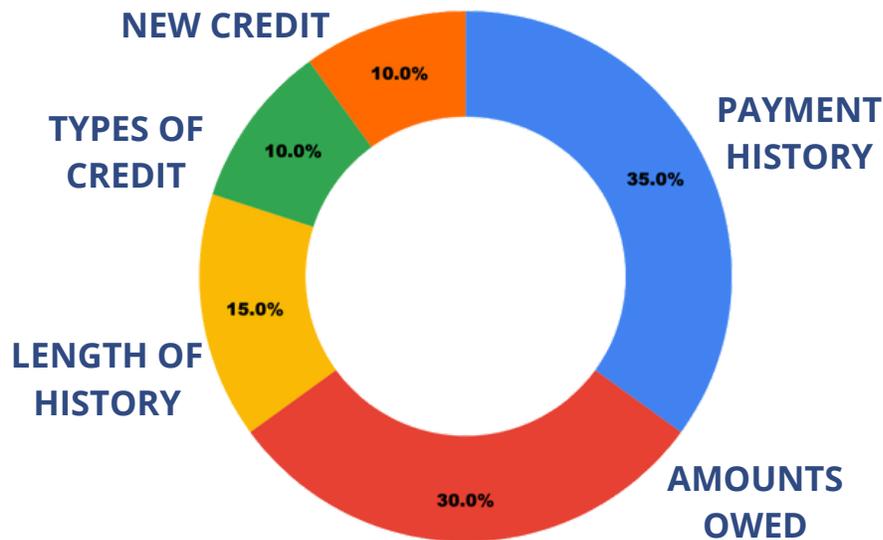
CONVENTIONAL
620

FHA
580

VA
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USDA
660

WHAT MAKES UP YOUR CREDIT SCORE



TIPS TO BOOST YOUR SCORE

-  Pay off any outstanding late payments.
-  Set up auto pay on all of your accounts.
-  Pay down credit cards so they have under 30% of total credit limit
-  Add yourself as an authorized user on the card of someone who has a healthy / established credit history

THE VALUE OF REAL ESTATE

THINGS TO REMEMBER:

- **REAL ESTATE IS A GREAT INVESTMENT** - The national average home appreciation over the past 25 years is approximately 4.5% per year. Resulting in a total increase of about 200% from 2000 to 2025
- **DATE THE RATE AND MARRY THE HOME** - Interest rates are never permanent and you can always refinance into a lower rate. Don't let rates stop you from building equity in a home.
- **OWNING A HOME IS MORE PROFITABLE THAN RENTING** - Convert primary residence homes into rental properties. This will allow you to have cash flow assets for small down payments.

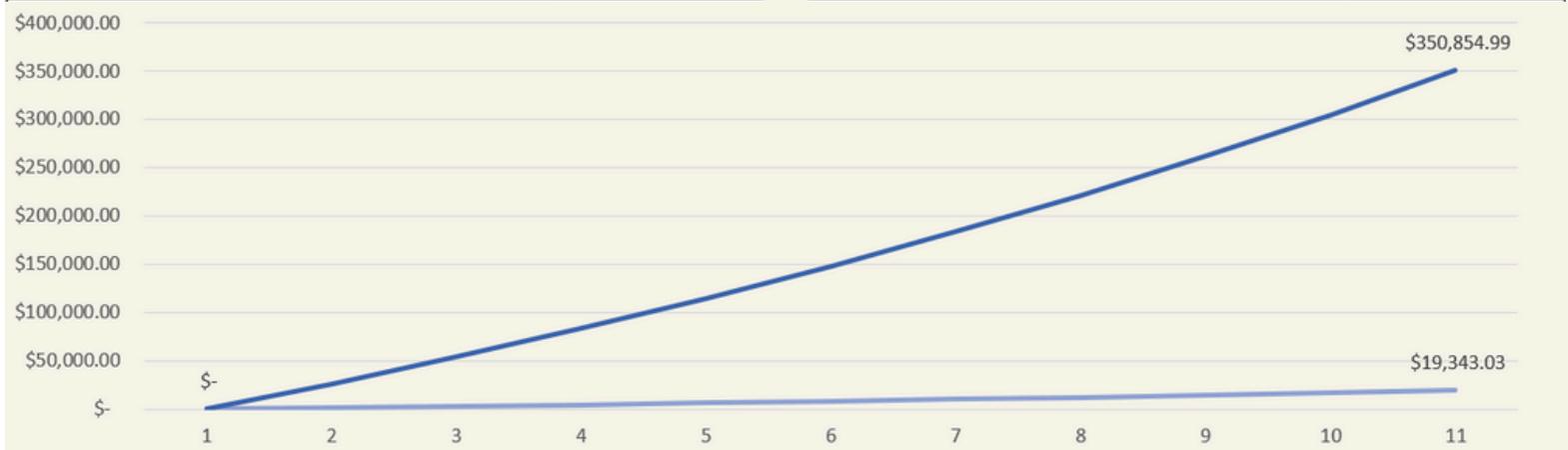
DIFFERENCE BETWEEN A \$20,000 INVESTMENT IN STOCKS AND REAL ESTATE

STOCKS

Years	Annual Rate	Value	Amount Gained
0		\$ 20,000.00	\$ -
1	7%	\$ 21,400.00	\$ 1,400.00
2	7%	\$ 22,898.00	\$ 2,898.00
3	7%	\$ 24,500.86	\$ 4,500.86
4	7%	\$ 26,215.92	\$ 6,215.92
5	7%	\$ 28,051.03	\$ 8,051.03
6	7%	\$ 30,014.61	\$ 10,014.61
7	7%	\$ 32,115.63	\$ 12,115.63
8	7%	\$ 34,363.72	\$ 14,363.72
9	7%	\$ 36,769.18	\$ 16,769.18
10	7%	\$ 39,343.03	\$ 19,343.03
Total			\$19,343.03

REAL ESTATE

Years	Annual Rate	Value	Amount Gained
0		\$ -	\$ -
1	6.5%	\$ 426,000.00	\$ 26,000.00
2	6.5%	\$ 453,690.00	\$ 53,690.00
3	6.5%	\$ 483,179.85	\$ 83,179.85
4	6.5%	\$ 514,586.54	\$ 114,586.54
5	6.5%	\$ 548,034.67	\$ 148,034.67
6	6.5%	\$ 583,656.92	\$ 183,656.92
7	6.5%	\$ 621,594.62	\$ 221,594.62
8	6.5%	\$ 661,998.27	\$ 261,998.27
9	6.5%	\$ 705,028.16	\$ 305,028.16
10	6.5%	\$ 750,854.99	\$ 350,854.99
Total			\$350,854.99



10 COMMANDMENTS OF BUYING A HOME

- 1. Thou shalt not change jobs, become self-employed or quit your job.**
- 2. Thou shalt not buy a car, truck or van (or you may be living in it)!**
- 3. Thou shalt not use charge cards excessively or let your accounts fall behind.**
- 4. Thou shalt not spend money you have set aside for closing.**
- 5. Thou shalt not omit debts or liabilities from your loan application.**
- 6. Thou shalt not buy furniture.**
- 7. Thou shalt not originate any kinds of inquiries into your credit.**
- 8. Thou shalt not make large deposits without first checking with your loan officer.**
- 9. Thou shalt not change bank accounts.**
- 10. Thou shalt not co-sign a loan for anyone**