

## Home Buyer's Guide

*Start by using the tools on this web site to prepare yourself.*

1. Determine how much you want to spend on your home by using the "Mortgage Calculator" and "Today's Interest Rate" menus. **Keep in mind that the result will only include the principal and interest - you will still need to add real estate taxes and insurance.** To determine what interest rate to use in the calculation, your FICO score is important (the FICO score is determined by your credit standing. Near perfect credit gives you a score of 760 or better (call Roland for more details). The following table illustrates the impact of the credit history and the FICO Score on a \$150,000 30-year, fixed-rate

loan *assuming* the interest rate at "Today's Interest Rate" is 4.482%:

| FICO SCORE                              | CURRENT RATE | PRINCIPAL & INTEREST<br>MONTHLY PAYMENT |
|---|--------------|---|
| 760-850                                 | 4.482%       | \$758                                   |
| 700-759                                 | 4.704        | \$778                                   |
| 680-699                                 | 4.881        | \$794                                   |
| 660-679                                 | 5.095        | \$814                                   |
| 640-659                                 | 5.526        | \$854                                   |
| 620-639                                 | 6.073        | \$906                                   |
| Below 620 - need to repair your credit. |              |   |

2. Three important consideration in financing your new home:

- Buy 2 to 3 times your income -- if you earn \$50,000 you should comfortably afford a home around \$100,000 to \$150,000.

- Downpayment reduces monthly payment and if it is 20% or higher you might be able to avoid private mortgage insurance - a big savings.

- Lenders look for a debt ratio of 28/41 - means no more than 28% of your income toward house payment and no more than 41% for overall debt including house payment and all other debt.

- Call Roland for details on these considerations.

3. Search for the type of home you want (approximate price range, number of bedrooms and bathrooms, and desired area of San Antonio) by using the "Homes for Sale" menu. This will give you an idea of the home your monthly payment will buy.

4. Meet with a Realtor and discuss the entire home buying process from getting pre-approved for your home loan, the realtor's responsibility, your responsibility, to searching for a home, and negotiating the price.

- 5. Next, sit down with a lender to obtain a loan pre-approval letter. The loan officer will need information such as employment, salary, assets, debts, etc. Roland can provide a more detailed list.**
- 6. Your Realtor should then do a more detailed search of the Multiple Listing Service to identify the homes that fit your criteria and that you will want to view.**
- 7. Your Realtor should then coordinate and accompany you in viewing potential properties.**
- 8. When you find the home you like, your Realtor prepares a market analysis to insure the asking price is at market value, recommends an offer price range, and you then decide on the actual price offer.**
- 9. You and your Realtor will discuss the offer and terms. Your Realtor then prepares and presents your offer and negotiates on your behalf.**
- 10. Your realtor should then work closely with the selling agent, the lender, the inspector, the appraiser and the escrow agent to insure the transaction is properly processed.**
- 11. And finally, you get the Keys to your new home.**

**And remember the three rules of real estate: Location, Location, Location. That means San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio, San Antonio.**

*You are now on your way to making San Antonio your favorite city. Call Roland at 210-722-2725, for your next step to getting there.*