

# **12 Month Plan To Buying Your First Home**

**By: Marques Strickland**



## **Who am I? (Preface)**

My name is Marques Strickland and I am a full time Father of two and Realtor with eXp Realty of CT LLC. I was born and bred in New Britain, Connecticut and have been practicing Real Estate since 2013. Growing up I always knew I wanted to be involved in some time of business practice and help people. I always loved nice homes, like we all do, but it wasn't until I met a Realtor that I thought of becoming one. Being a millennial and not being exposed to home ownership in my community, I take it as my full responsibility to teach those around me the importance of owning your own home, or using real estate as a means to create generational wealth. That is why I felt the need to create a small guide that will put you on a 12 month plan to owning your own home. I hope this information will be beneficial in you achieving home ownership or at least clearing up some misconceptions on the process of buying a home. Thanks for reading this and I look forward to possibly working with you in the near future.

## **WHAT IS NEEDED TO BUY MY FIRST HOME?**

Many people don't know what it takes to buy a home, and many are renting places in which mortgages would be equal or less. Here are the basics to begin the process of buying a home.

**-2 years Employment at same job/same field**

**-Last two years W2s and tax returns**

**-60 days bank statements and paystubs**

**-630-640 Minimum credit score (no active collections)**

**-Ability to make a downpayment of 3.5% of home price (estimate of \$3,500 for every \$100,000) and this does not include closing costs (normally 3-4% of purchase price).**

**If you meet these qualifications, then you are ready to begin the home buying process now!!**

**If not, here is your plan to get in position to:**

**Buying your first home:**

## **12 Months Out**

### **Make sure owning is right for you**

Owning a home is a great thing and often referred to as the “American Dream” but let’s face it, it’s not for everybody though. Those of us that are constantly moving due to work, or are not committed to staying in one area for a long period, home ownership may not be for you. There are several buy vs. rent tools available online that I would highly suggest you try out to see where you fall.

### **Start cleaning up credit**

Credit really makes or breaks this move. All consumers have a sense of where they are and stand credit wise. Whether you have no credit or bad credit now is the time we start fixing it. Visit [freecreditreport.com](http://freecreditreport.com) or [annualcreditreport.com](http://annualcreditreport.com) to see what is actually on your report. Devote some extra money to paying some of your debts down. Good rule of thumb would be to try and pay each debt you owe on down to about 1/3 of the balance. I understand with bigger loans (car loans, student loans) this may not be an option, so you’ll really just need to maintain making those payments and try to stay current and on time. The biggest misconception about credit is that the fewer things you have on your credit the better you are. **Credit is your ability to make payments over time.** (Good score to aim to have is over a 640). This stage is really about setting you up to make this happen in the next year. A great way to build credit and boost your rating would be to obtain a secured credit card/loan from your bank. Maybe a small amount (\$1,000) and pay it off over time, as this will be a quick and good reflection on your credit. Using services such as Credit Karma and other credit score trackers your bank or credit card companies provide can help you continuously monitor to keep that score in shape.

If you do need extensive credit repair, I have partnered with a company that can actually assist in that. This Ebook, is simply a guide and plan to help you get things lined up to own, and might not necessarily help those who have seriously bad credit. Please visit [HomesByMarques.com](http://HomesByMarques.com) and click the Credit Repair tab for more info.

### **Start saving money**

Saving money is a pretty obvious step. As a first time homebuyer there are several programs that will likely be at your disposal, but it's always good to have that money in case you don't qualify for those types of programs. In most cases you'll be looking at a FHA (government insured loan) loan that requires a 3.5% down payment of the purchase price of the home you choose. I always tell people you can never save too much money as moving into a house, there will be endless things you'll want like furniture and décor. A good amount I would say to have is between \$10,000-\$15,000. Here are some of the fees you can anticipate when buying a home.

Appraisal fee (anywhere between \$500-600)

Inspection (not mandatory but highly recommended, roughly \$600)

Down Payment (between 3.5%-20% depending on loan product)

\*\*Insurance (one year in advance, depends on the house, avg about \$1,500)

\*\*Attorney fees (You will need an attorney to close the transaction, your choice of who)

\*\*Closing cost (fees and cost involved in transferring real estate. Estimate around 2-5% of purchase price)

\*\* A buyer can try to get closings costs included in the loan or offer, That way it's a lot less money out of pocket. Not a guarantee that this will happen, so it is always good to budget for having to pay it on your own.

## **6 months in advance**

### **Pull another credit report**

This is when we see if your hard work for the last 6 months has paid off. It's funny, it takes longer to see positive results on your credit but that's how it works. I would advise you to use [annualcreditreport.com](http://annualcreditreport.com); they give every citizen a free report annually. Look for things that you could possibly call the debtor and try to settle for less than owed as long as they remove it from your report. Again, what we are trying to aim for is a FICO score of over 640. If you aren't there at this point, then continue to make save money and try to fight the things that haven't gone away. I know its frustrating but trust me it will pay off.

### **Figure out what you want to own**

This is usually figured out before we start the process. Single family is the popular choice, Condominium is usually the convenient choice, and the multifamily (2-4 units) is the most income producing option. Check out my comparison.

	Single Family	Condominium	Multifamily
Maintenance (Landscaping, Roof, outside of property)	Owner responsible	Condo association	Owner responsible
Rules	None other than local laws	Condo rules differ per association.	None other than local laws
Changes		None to outside dwelling and some inside limits	Free to change as long as permits pulled
Fees	None other than mortgage	Mortgage plus condo fees	None other than mortgage (tenant costs)
Rental possibility?	yes	yes	yes
Pets	yes	Depends on association rules	yes
Benefit	Ideal, Privacy, Value	Convenience,	Income producing

## **Figure out what you can afford**

This is a great time to really figure out what you can afford for a monthly mortgage. Add up all your expenses and your income (child support counts as income). Online there are several home affordability calculators that will give you what you can afford to pay in a mortgage monthly. It's good to know this number before you get your preapproval.

## **3 months in advance**

## **Get Preapproved**

Before you start working with an agent, most like to see a preapproval letter. This assures us that you are a serious buyer and are actually looking to buy. This is what you've worked for over the past months, the ability to begin a home search. Getting a pre approval can be done one of two ways. First way is to get a pre approval through your bank. Secondly and what I would recommend, is getting pre approved by a mortgage professional or a mortgage

company say this route is better because a mortgage company is a little more flexible and can find you something that will work better for your situation. One bank can only offer you their loan product. Once you get your pre approval, you know what the amount your approved for is and what is the amount down you will spend( Some savvy loan officers are able to give you a rough estimate of what your mortgage would be) These are the things you will be asked for at the preapproval stage:

Things needed for pre approval

- Last two years Federal Tax Returns
- Last two years W2s and/or 1099s
- Two months most recent pay stubs
- Two months most recent bank statements
- Photo ID (copy at application signing)
- Debit/credit card for appraisal (also at application signing)

## **Find your Realtor**

If you've read this EBook, I want to congratulate you on taking initiative to educating yourself on the process. Being a full time agent, I work with buyers and sellers or can help both sides of the transaction. My team's time and energy is dedicated to learning the surrounding market and mastering the buy and sell process. My job is to educate you on the ins and outs of the deal with your best interest at heart. The way I like to start is to set up what's called a buyer consultation. This is where we meet and discuss your needs and wants out of a home. I also like to set the expectations of what I will offer to you as my client, and answer any questions you may have. So with that being said, let's get to this point.

## **Thank you Again!**

## **Frequently asked questions**

### **How long does home buying process take?**

Once you find the property you enter into agreement with, it usually takes between 45-60 days to close. Sometimes longer or sooner but it's a case by case basis

### **How much do I pay a realtor?**

In most instances you don't pay a realtor when buying a house. We are paid from the seller for bringing them a buyer

### **What if my credit is too bad for this plan to even benefit me?**

I would still tell you to do this plan, but if your credit is bad to the point where it hasn't improved, contact me to be connected to my credit repair company for assistance.

## **I Still have questions, what should I do?**

Let's set up a time to chat and see what I could do to help and direct you.