

FINANCING GUIDE



real



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FINANCING YOUR DREAMS

GETTING PRE-APPROVED... HOW CAN A PRE-APPROVAL HELP YOU?

- 1.- Generally, interest rates are locked in for a set period of time. You will know in advance exactly what your payments will be on offers you choose to make.
- 2.- You won't waste time considering homes you cannot afford.
- 3.- A seller may choose to make concessions if they know that your financing is secured.
- 4.- You can select the best loan package without being under pressure.

**YOU'RE
PRE-APPROVED**



FINANCING YOUR DREAMS

QUALIFYING FOR THE MORTGAGE

Most lenders require that your monthly payment range between 25-28% of your gross monthly income.

Your mortgage payment to the lender includes the following items:

- The principal on the loan (P)
- The interest on the loan (I)
- Property taxes (T)
- The homeowner's insurance (I)

Your total monthly PITI and all debts (from installments to revolving charge accounts) should range between 33-38% of your gross monthly income.

These key factors determine your ability to secure a home loan: Credit Report, Assets, Income, and Property Value.

Housing Ratio = housing payment

(*PITI + association Fees if applicable) divided by Income.

Example

\$2,300.00 (PITI+HOA) divided by \$6,000 income
= 38.33%

Debt to Income ratio -All Minimum MONTHLY debt on credit plus housing payment (PITI+HOA) divided by Income.

Example

\$2,300.00 (PITI+HOA) plus debt on credit; car \$370.00, student loans \$120.00, Minimum payment of credit cards \$200.00 =\$2,990.00 (sum of all amounts) divided by \$6,000 income
= 49.83%.

FHA - Housing Ratio

46.99 Debt to Income Ratio 56.99

Conventional under 700 Score housing 46.99
Debt to Income 44.99

Conventional over 700 Score housing 46.99
Debt to Income 49.99

*PITI = Principal, Interest, Property Taxes and Insurances

NUMBERS TO KNOW

PURCHASE AMOUNT

This is the amount you have agreed, with the seller, to pay for the home. It is inclusive of the earnest money and down payment you have offered. It is not inclusive of your closing costs.

EARNEST MONEY

When you make an offer in writing you will also pay a deposit called earnest money deposit, usually 1-3% of the purchase price. Paid by the buyer, earnest money is a portion of the purchase amount that is held by the escrow company as a good faith from the buyer to the seller.

When the transaction closes, the earnest money is transferred to the seller as a portion of the original purchase amount. It is not an additional fee.

DOWN PAYMENT

The down payment is a portion of the purchase price that the buyer is paying in cash. Typical down payments range from 3 to 20% and each buyer determines the best scenario for their particular purchase.

FINANCING YOUR DREAMS

DOWN PAYMENT REQUIREMENTS

Most loans today require a down payment of between 3.5% up to 20% or higher, depending on the type and terms of the loan.

If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of lower interest rates and possibly eliminate mortgage insurance.



- Earnest Money
- Physical Inspection
- Appraisal
- Credit Report

CLOSING COSTS

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing.

Typically, total closing costs will range between 1-3% of your purchase price.

NUMBERS TO KNOW

CLOSING COSTS

Closing costs are not part of the purchase amount, but rather charges associated with the buyers loan, the transaction itself and any pre-payment required by the lender such as taxes, insurance and HOA dues.

Closing costs are an assortment of fees based on the transaction between the seller and the buyer of a home. These fees are collected by the escrow company at the end of a transaction.

WHO PAYS CLOSING COSTS?

Some closing costs, such as the fee the escrow company charges, are split between the buyer and the seller. Many of the closing costs are related the mortgage and are therefore the buyer's responsibility.

One of the largest costs associated with the closing costs is the loan origination fee. This is the fee your lender is charging you to provide the loan. The fee varies from lender to lender and should be considered when shopping for a good loan. You can expect to pay 1-3% of the purchase price in closing costs.

TRUSTED PARTNERS

LENDER:



Sunset Home Mortgage and Financial Services, offers our clients a variety of home loan programs and competitive interest rates while providing excellent and personalized customer service.

Our goal is to act as a trusted advisor, providing highly personalized service and helping our clients through every step of the loan process - from application to closing and beyond.

With over 20 years of experience, our team has helped thousands of Americans achieve their dream of homeownership



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WHAT OUR CLIENTS ARE SAYING?



Sharon is very professional, helpful, efficient. We are very happy we found her and had the opportunity to work with her. I will recommend her 100%. Thank you Sharon.



Alfredo Garmendia



Excellent real state agent! Sharon was more than helpful in finding us a new apartment. She was thorough and professional at all times. She is super efficient and fast. She kept us apprised about available apartments as soon as a new one came on the market. Communicative and easy to reach to answer any of our questions. We highly recommend her!



Francisco E.



Working with Sharon was a great experience. She helped us through the whole process and did her best to find us a place where we wanted and made it happen. She is efficient, reliable, trust worthy and always accesible.



Lilliana Pastor

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