

# RENTER'S GUIDE

MAKE THE MOVE TO HOMEOWNERSHIP  
WITH HOMEBRIDGE





# SAY GOODBYE TO YOUR LANDLORD.

After years of paying rent you're thinking about buying your first home. Congratulations! This guide is dedicated to informing you of the many benefits to owning over renting and explaining the mortgage lending process— navigating you through what can seem a little intimidating to ensure a smooth journey to your first home.





## Stop paying your landlord's mortgage!

With each rent payment you make, you are paying your landlord's mortgage, giving them equity to build wealth. All those rent payments add up... but don't add anything to your long-term net worth. You could use that same money you pay now in rent to build equity for yourself. With the number and variety of financing programs available, we can help you find a loan that works for you.

RENT/MONTH	AFTER 2 YEARS	AFTER 5 YEARS	AFTER 10 YEARS	AFTER 15 YEARS
\$600	\$14,400	\$36,000	\$72,000	\$108,000
\$700	\$16,800	\$42,000	\$84,000	\$126,000
\$800	\$19,200	\$48,000	\$96,000	\$144,000
\$900	\$21,600	\$54,000	\$108,000	\$162,000
\$1,000	\$24,000	\$60,000	\$120,000	\$180,000
\$1,100	\$26,400	\$66,000	\$132,000	\$198,000
\$1,200	\$28,800	\$72,000	\$144,000	\$216,000

Think you know the basics? Here are some facts you may not know about buying a home:

- Down payment options as little as 3% down<sup>1</sup>
- Interest and property taxes are tax deductible<sup>2</sup>
- Your mortgage could be less than you are paying in rent
- Flexible credit programs with scores to 580 accepted



<sup>1</sup> Restrictions may apply.

<sup>2</sup> Please consult a tax advisor for further information regarding the deductibility of interest and charges.



## Homeownership means you're in control.

### RENT

- No interest payment deductions.<sup>1</sup>
- Your monthly rent may increase at any moment.
- Approval needed for any changes to the home.
- Your money disappears forever.
- Renting is a temporary situation and is subject to 30-60 days termination.

### BUY

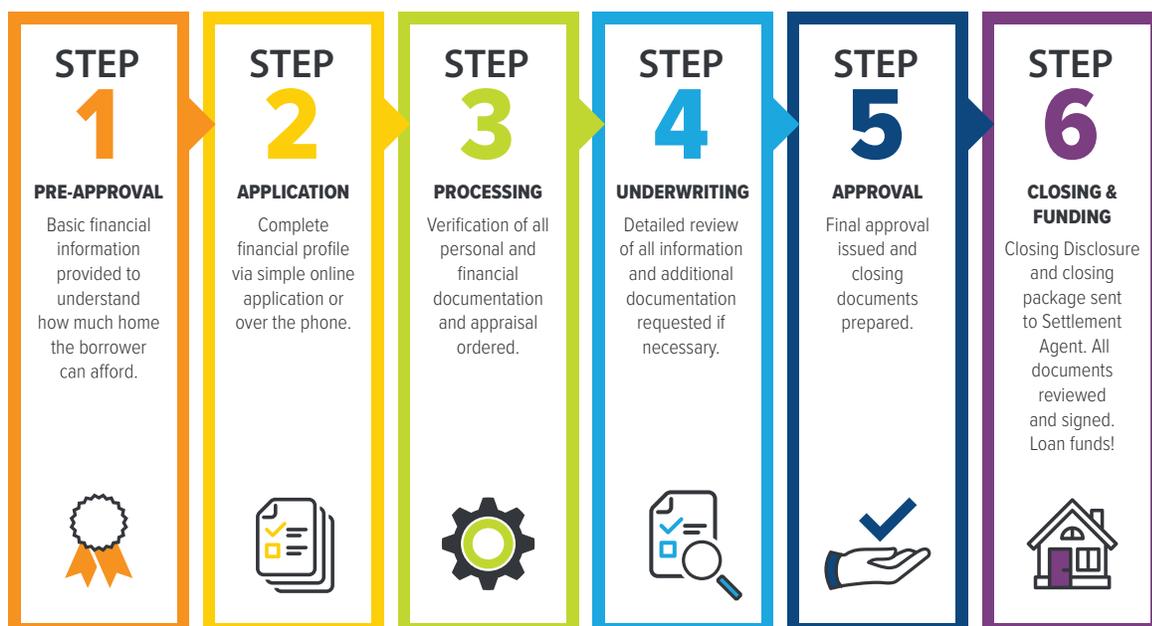
- Mortgage payments are eligible for tax deductions.<sup>1</sup>
- Mortgage payments could be fixed.
- You are in charge. Feel free to decorate and turn your house into a home!
- The value of your property will likely increase making it a good investment for your future.
- Your space to build a life – it's your home, not a temporary living situation.

## Get pre-approved. Get greater buying power.

A pre-approval letter helps you better understand how much home you can afford based on your full financial picture. Once you find the home you love, you'll have the confidence to put in an offer knowing that you have a loan to support that purchase.

Being pre-approved streamlines the homebuying process and shows the home seller that you can afford buying the home. Having a pre-approval letter ready when you are ready to make an offer shows that you are a serious buyer who has a financing plan in place.

Getting pre-approved before starting your search is always a good idea, and having a mortgage professional on your side who can understand your full financial situation in the context of the local real estate market is crucial to understanding what you can afford. So when you go to that open house, you can confidently put in an offer knowing that you can afford it.



<sup>1</sup> Please consult a tax advisor for further information regarding the deductibility of interest and charges.



## Mortgage application checklist.

Knowing what you need before applying for a mortgage can make the process smooth and stress-free.

### HERE'S WHAT YOU WILL LIKELY NEED TO PROVIDE YOUR MORTGAGE LOAN ORIGINATOR TO GET PRE-APPROVED:

- Past 2 years complete tax returns (all schedules)
- Past 2 years W-2 and/or 1099 forms
- Last 30 days pay stubs (including bonus and/or commission pay)
- Government Issued Photo ID
- 2 months original bank statements (all pages) on all checking, savings, money market, IRA, mutual fund and brokerage (stock) accounts may need to be provided

### BE PREPARED TO ALSO INCLUDE SEVERAL OTHER DOCUMENTS DURING PRE-APPROVAL OR TO START YOUR FORMAL MORTGAGE APPLICATION, INCLUDING (BUT NOT LIMITED TO):

- Residency: Complete address for each residence you have resided at during the past 24 months.
- Landlord Information: name, address, and phone number.
- Employment History: Names, addresses, phone numbers, and dates worked of all previous employers and present employer for the past two years.
- Business returns for borrowers that own 25% or more of a business.
- For rental properties – copies of fully executed lease, if applicable.
- For VA Loans, copy of DD214's and certificate of eligibility
- Divorce Decree and/or child support order (if applicable) and Bankruptcy discharge paperwork (if applicable)

Your Mortgage Loan Originator will be able to tell you which documents and forms you will need to move forward at every step of the process.





## What you should know about your credit score.

During the pre-approval process you'll notice that the subject of your credit score will often come up. This is because, like any large purchase where a loan is needed (such as a car), your history as a borrower is a significant factor. That history is summed up in your credit score. Understanding it and improving it may help enhance eligibility for the loan product you want and help get you into the home of your dreams.

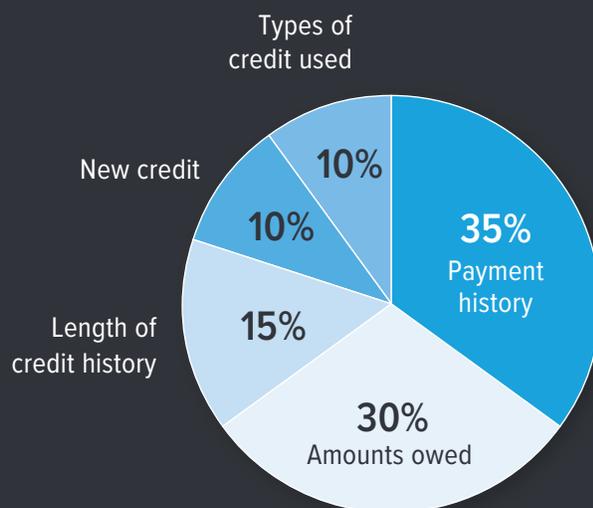
### WHAT IS A CREDIT SCORE?

A credit score is the result of a mathematical equation that evaluates the information on your credit report. Potential lenders review your credit report and this credit score, along with other factors, to determine your ability and likelihood to repay debt.

Credit scores are often called FICO scores because credit scores are based on a credit-scoring model developed by the Fair Isaac Corporation (FICO).

### WHAT MAKES UP A CREDIT SCORE?

A credit score generally ranges from 300 to 850, with a higher score reflecting a lower credit risk. According to Fair Isaac's myFICO.com website, FICO scores are calculated from many sources of information in your credit report and are "weighted" based on the following five categories:



**35% Payment history:** Were payments made on time?

**30% Amounts owed:** Is the balance owed close to the limit?

**15% Length of credit history:** How long have accounts been open?

**10% New credit:** How many new accounts have been opened?

**10% Types of credit used:** Mortgage, auto, consumer finance, revolving and installment loans.

## How to improve your credit score.



A low credit score shouldn't deter you from purchasing a home. There are a variety of loan products that are available to individuals with a less-than-perfect credit score. In addition, improving your credit score is simply a matter of exercising credit responsibility over time. The following are some small tips that can make a big improvement on your number:

- **Make sure the information in your credit report is correct.** You are entitled to one free credit report annually from each of the three credit bureaus—Experian, TransUnion and Equifax. Visit [www.annualcreditreport.com](http://www.annualcreditreport.com) to obtain your free reports. Double check these reports for accuracy. This should include a review of the account-opened dates, account balances, account limit and last activity information. Make sure you act quickly to correct any erroneous information.
- **Pay down your high credit card and revolving account balances.** Lower your debts, but don't close your account. Do not apply for credit that you don't need, since excessive credit report inquiries can lower your credit score.
- **Avoid moving credit balances from one account to another.** Don't move balances just to take advantage of low introductory interest rates. The combination of inquiries and new accounts can negatively impact your score. If you feel you must act to take advantage of an introductory rate, be sure to pay down the balance before the teaser rate ends and your rate goes up.





## Find the right program for you.

### THERE IS NO ONE SIZE FITS ALL MORTGAGE.

When you're ready to begin your process, our team will help you explore your options and choose the mortgage that makes sense for you.

You'll look through a wide selection of loan programs with competitive rates. Here is a brief snapshot of the most common mortgage products:

- **FHA LOANS** - Insured by the Federal Housing Administration (FHA), a government agency, these loans assist potential homebuyers with less than perfect credit or very little down payment.
- **CONVENTIONAL LOANS** - Refers to any loan that is not insured or guaranteed by the Federal Government but rather a private agency (i.e. Fannie Mae, Freddie Mac) with different guidelines.
- **VETERAN'S ADMINISTRATION (VA) LOANS** - Reserved for active duty military, eligible veterans and reserves or their surviving spouses. VA loans are partially backed by the Veterans Administration and typically requires zero-down payment.<sup>1</sup>
- **USDA FINANCING** - A United States Department of Agriculture (USDA) home loan is a zero-down payment<sup>2</sup>, lower interest rate mortgage, for eligible rural and suburban properties.
- **JUMBO AND SUPER JUMBO** – These loan programs are also considered conventional but offer financing for loan amounts that are greater than the standard limits.
- **203(k) RENOVATION LOANS** - For purchasing a home that needs a little work, this loan includes additional money for renovations and repairs before you move in.

Don't know what category you fall into? Don't worry! Your Mortgage Loan Originator will help you find a good fit for you.



<sup>1</sup> 100% financing up to county loan limits may be available for purchase loans or 1-unit cash-out refinances; cash-out not available in Texas. Minimum FICO score requirements apply.

<sup>2</sup> Property must be in a USDA eligible area for all purchase transactions. Primary residences only. Minimum FICO score requirements. Income and credit restrictions apply. Other restrictions may also apply.



## A team to support your homebuying dream

The path to homeownership starts with you. But as you move closer to your goal, you'll need the assistance of dedicated professionals. Understanding these roles will make the homebuying process simpler and more rewarding:

**REAL ESTATE AGENT:** Helps you find your dream home and negotiates offer with Selling Agent on your behalf.

**MORTGAGE LOAN ORIGINATOR:** Homebridge will work with you to find the financing option that fits your mortgage needs.

**HOME INSPECTOR:** Inspects the property for necessary repairs that could affect the terms of the transaction.

**HOME APPRAISER:** Assesses the value of the home based on comparable home sales in the market.

**TITLE OFFICER:** Completes paperwork to transfer the title into your name.

**ESCROW OFFICER:** Oversees the transfer of funds for the transaction.

**INSURANCE AGENT:** Secures homeowner's insurance policy in your name for the property.

# Buying after bankruptcy, foreclosure and short sale.

## FHA

CHAPTER 7 BANKRUPTCY	2 years from discharge date 1 year with extenuating circumstances, as well as documented ability to manage financial affairs in a responsible manner, as required by FHA*
CHAPTER 13 BANKRUPTCY	1 year from payout period (written permission from court required and borrower proof of satisfactory BK payment and performance)
FORECLOSURE	3 years from completion date
SHORT SALE	3 years from completion date

## VA

CHAPTER 7 BANKRUPTCY	2 years from discharge date
CHAPTER 13 BANKRUPTCY	1 year from payout period (written permission from court required and borrower proof of satisfactory BK payment and performance)
FORECLOSURE	2 years from completion date
SHORT SALE	Considered on a case-by-case basis

## USDA

CHAPTER 7 BANKRUPTCY	3 years from discharge date 1-year with extenuating circumstances as required by USDA
CHAPTER 13 BANKRUPTCY	1 year of the payout must elapse and payment performance must be satisfactory – buyer must receive permission from the court to enter into a mortgage
FORECLOSURE	3 years from completion date
SHORT SALE	3 years from completion date

\* Learn more about the extenuating circumstances:

FHA: <https://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf> (pg. 274)

Conventional: <https://www.fanniemae.com/content/guide/selling/b3/5.3/08.html>

Freddie Mac: [http://www.freddie-mac.com/learn/pdfs/uw/caution\\_remind.pdf](http://www.freddie-mac.com/learn/pdfs/uw/caution_remind.pdf)

**A COMMON QUESTION HOMEBUYERS HAVE TODAY IS:** How long must I wait before obtaining financing after bankruptcy, foreclosure or short sale? Below is an overview by loan type of this important information.

CONVENTIONAL - FANNIE MAE <sup>1</sup>	
CHAPTER 7 OR 11 BANKRUPTCY	4 years from discharge date 2 years with qualifying extenuating circumstances as required by Fannie Mae*
CHAPTER 13 BANKRUPTCY	2 years from discharge date 4 years from dismissal date
MULT. BANKRUPTCY FILINGS	5 years if more than one filing within the past 7 years; 3 years with extenuating circumstances as required by Fannie Mae*
FORECLOSURE	7 years from completion date 3 years with extenuating circumstances as required by Fannie Mae* Additional restrictions between 3-7 years
DEED-IN-LIEU OF FORECLOSURE SHORT SALE	4 years from completion date 2 years with extenuating circumstances as required by Fannie Mae*

CONVENTIONAL - FREDDIE MAC <sup>1</sup>	
CHAPTER 7 OR 11 BANKRUPTCY	4 years from discharge date 2 years from discharge date with qualifying extenuating circumstances as required by Freddie Mac* Additional restrictions for multiple bankruptcies within 7 years
CHAPTER 13 BANKRUPTCY	4 years after dismissal date 2 years from discharge date with qualifying extenuating circumstances as required by Freddie Mac* Additional restrictions for multiple bankruptcies within 7 years
FORECLOSURE	7 years from completion date 3 years from completion date with qualifying extenuating circumstances as required by Freddie Mac*
SHORT SALE	4 years from completion date 2 years from completion date with qualifying extenuating circumstances as required by Freddie Mac*
DEED-IN-LIEU OF FORECLOSURE	4 years from execution date 2 years from execution date with qualifying extenuating circumstances as required by Freddie Mac*

**When talking to your Mortgage Loan Originator, be sure to bring up past financial history so they can better assist your homebuying process**

The content of this publication is based upon agency and Homebridge guidelines. These guidelines are subject to change without notice. Documented extenuating circumstances such as job loss or death of spouse may reduce the time period requirement for bankruptcies, foreclosures and short sales.

<sup>1</sup> DU Approve/Eligible findings are required <sup>2</sup> LPA Accept findings are required

\* Learn more about the extenuating circumstances:

FHA: <https://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf> (pg. 274)

Conventional: <https://www.fanniemae.com/content/guide/selling/b3/5.3/08.html>

Freddie Mac: [http://www.freddie-mac.com/learn/pdfs/uw/caution\\_remind.pdf](http://www.freddie-mac.com/learn/pdfs/uw/caution_remind.pdf)





## Do's and Don'ts when buying a home.

When it comes to reaching your home ownership goals, there is a lot that you can do to ensure you're on the right track. Your Homebridge Mortgage Loan Originator is there to help based on experience and knowledge of the mortgage industry's ins-and-outs. As you talk with them, discuss and keep in mind these tips for a successful home loan process:

### DON'T

- Don't leave your current job. Loans are granted based on employment and income, and a change in jobs can affect the agreement.
- Don't make unnecessary checking or savings account transactions, such as withdrawals or deposits to ensure your bank account accurately reflects your financial standing.
- Don't transfer money between accounts, unless receiving complete documentation from your bank, itemizing all transfers.
- Don't take out cash advances on credit cards or apply for credit in any form, including credit for major purchases (such as a car or furniture), or apply for credit to consolidate or change existing credit.
- Don't co-sign on any debt with a family member or anyone else.
- Don't have friends or family members pay for anything related to the purchase of a home (appraisal, earnest money, down payment, etc.). Gifts are only allowed under certain guidelines. Homebridge can help clarify the types of gifts that are legally allowed.
- If you are a landlord, don't ask your tenant to move. If you are a renter, don't give your landlord notice that you are moving out.\*

### DO

- Keep your bank accounts in a positive balance.
- Pay all debts on time.
- Speak to your Mortgage Loan Originator before paying disputed bills that have gone to collection agencies.\*\*

\* Check with your Homebridge Mortgage Loan Originator (MLO) prior to making this change just to be sure it will not affect your loan eligibility.

\*\* Payment of these items can affect your credit score (negatively or positively) depending on your specific case. Please speak to your MLO for more information regarding your specific loan.

## We're here every step of the way!

Homebridge Financial Services, Inc. serves the lending needs of homebuyers, real estate professionals and builders across the country. We are passionate about helping people. Our Mission is to make the experience of owning a home simple, affordable and easy. Our Mortgage Loan Originators are committed to this mission, our customers and our communities.

Your home may be the largest purchase you ever make. It's important to have the support of a trusted professional to guide you through the process, from pre-approval until the keys are in your hands, and beyond.

**LET ME HELP YOU TAKE THAT FIRST STEP!**



# THE HOMEBRIDGE VISION: TO MAKE THE DREAM OF HOMEOWNERSHIP A REALITY FOR EVERY CUSTOMER, EVERY DAY.

IF YOU'RE READY TO REACH FOR THAT DREAM OF HOMEOWNERSHIP, WE CAN HELP!

Reach out to a Homebridge Mortgage Loan Originator today with any home loan questions and let's get started!

 Homebridge®

 Homebridge Financial Services, Inc.; Corporate NMLS ID #6521 ([www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org)); 194 Wood Avenue South, 9th Floor, Iselin, NJ 08830; (866) 933-6342; Licensed in all states but UT. AZ Mortgage Banker License #922458; Licensed by the Dept. of Business Oversight under the CA Residential Mortgage Lending Act; GA Residential Mortgage Licensee #22495; Illinois Residential Mortgage Licensee; MA Mortgage Lender/Broker License #MC6521; MO branch: 1116 Remington Plaza, Suite A, Raymore, MO 64083 ; Licensed by the NJ Dept. of Banking and Insurance; Licensed Mortgage Banker – NYS Dept. of Financial Services, 152 Madison Ave., 23rd Floor, New York, NY 10016; RI Licensed Lender, RI Licensed Loan Broker; TX branch: 15301 Dallas Parkway, #900, Addison, TX 75001; WA Consumer Loan Company License #CL-6521. This is not an offer for extension of credit or a commitment to lend. Loans are currently being closed and committed at the expressed rates, however these rates may change or may not be available at the time of your interest rate lock-in, commitment or closing. All loans must satisfy company underwriting guidelines. Interest rates and Annual Percentage Rates (APRs) are: based on recent market rates, for informational purposes only, subject to change without notice and may be subject to pricing add-ons related to property type, loan amount, loan-to-value ratio, credit score and other factors. Terms and conditions apply. Additional loan programs may be available. This is not an offer to enter into a rate lock agreement under MN law, or any other applicable law. Call for details. 08/2018 Rev. 8.21.19 (0317-0200) LR 2019-904