



SCOTT LYLE REALTORS

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Ready To Buy Your First Home?

Go through the 'reality checklist' to find out.

Is the time right to buy your first home? To help first-time buyers know if they're ready to look for the home of their dreams, we provide a 'reality checklist' designed to help you decide if the time is right.

Get your financial house in order

Before you decide to buy a home, it's essential to make sure your credit is in good shape and repair any damage previously done. Know your credit score: 35% of successful buyers recently reported they didn't know their credit score when they went house shopping, according to a national survey fielded for MortgageMatch.com. Having enough money set aside for a down payment is a key component to making sure you are ready to purchase a home. Also, it's important to not put all of your money in the down payment as other fees or unexpected expenses often arise after closing.

Don't fall in love with a house you can't buy

Find out how much you can afford: establishing your purchase power upfront, including how much money will be required for a down payment and closing costs, is a must for first-time buyers. Look for special loans available from FHA and government sponsored loans for first-time home buyers that reduce the amount of money required to get into a home.

Learn the lingo

Since first-time buyers are new to the market and will finance a significant portion of their purchase, it's important to get familiar with the processes and terminology associated with home buying. Here are a few key terms from MortgageMatch.com to add to your vocabulary:

- **Bait Rate:** Misleading mortgages with low rate promises and no contingencies generally for those with extraordinary credit. Rates are based on: credit, debt-to-income and loan-to-value ratios, the size and type of loan, property location, and the day you lock your rate, etc. The loan isn't locked until the application is accepted. By then, it may be too late to find a better rate from another lender.
- **Basis Point:** A term used in the mortgage industry which simply means 1/100th of 1 percent.
- **Closing Costs:** The fees required to process and close your loan. They're a cash obligation running from three to five percent of the purchase price. Motivated sellers might pay a portion of these costs.
- **FHA:** Federal Housing Administration, the Federal Government Agency that oversees the US Housing market. FHA Loans are loans insured by the Dept. of Housing and Urban Development.
- **FRM and ARM:** A Fixed Rate Mortgage Loan (FRM) is a loan where your interest rate stays the same for the life of the loan. ARMs are Adjustable Rate Mortgages with variable interest rates that fluctuate based on an agreed-upon index.
- **GFE:** The Good Faith Estimate (GFE) is a document explaining all costs involved in getting a loan.





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- **TIL:** The Federal Truth-in-Lending Form is a document that spells out the costs and fees of the loan.
- **Per Diem Interest:** Interest you pay per day, from the day you close to the last day of the month.
- **Underwriting and Underwriting Fees:** Underwriting is a process the lender performs to qualify a borrower for a loan and the fee is what you pay the lender at closing to cover evaluating the risk involved with loaning you money.
- **Warranty Deed:** A legal document guaranteeing the seller has a right to sell a property, which is very important if you are considering a distressed or discounted property.

Find a REALTOR® and go shopping

Finding a licensed real estate professional in your area will make the process smoother and easier to understand. Once you find an agent, share your realistic budget and what you're looking for in a home. Stay in constant contact with your agent and look for homes whenever you have a spare moment by using the on-line home shopping tools provided by your professional Realtor.

Not ready now? Here's how to prepare

If now isn't the right time to buy a home, make a plan with a target date for when you expect to be ready. Improving your credit, paying down debt, stabilizing your work history, and calculating exactly [how much you can afford](#), are the best ways to prepare for your future home purchase. It's also important to refrain from making any new large purchases or applying for new credit.

