

WELCOME TO MONEY SMART DAY

April 15, 6:00 - 7:00



**Buying &
Financing a
Home as a First
Time Buyer**

moneysmart.gmu.edu

Buying & Financing a Home as a First-Time Buyer

Amal Hall, REALTOR®

Jenny Books, Loan Officer



About Us



- 2018 - Graduated from GMU - Major: Sport management - Nationals/D.C. United
- Aug 2020 - Furloughed
- Dec 2020 - Real Estate License
- ~\$13,000,000 in Sales Volume
- ~60% of my clients are either first-time home buyers or first-time sellers



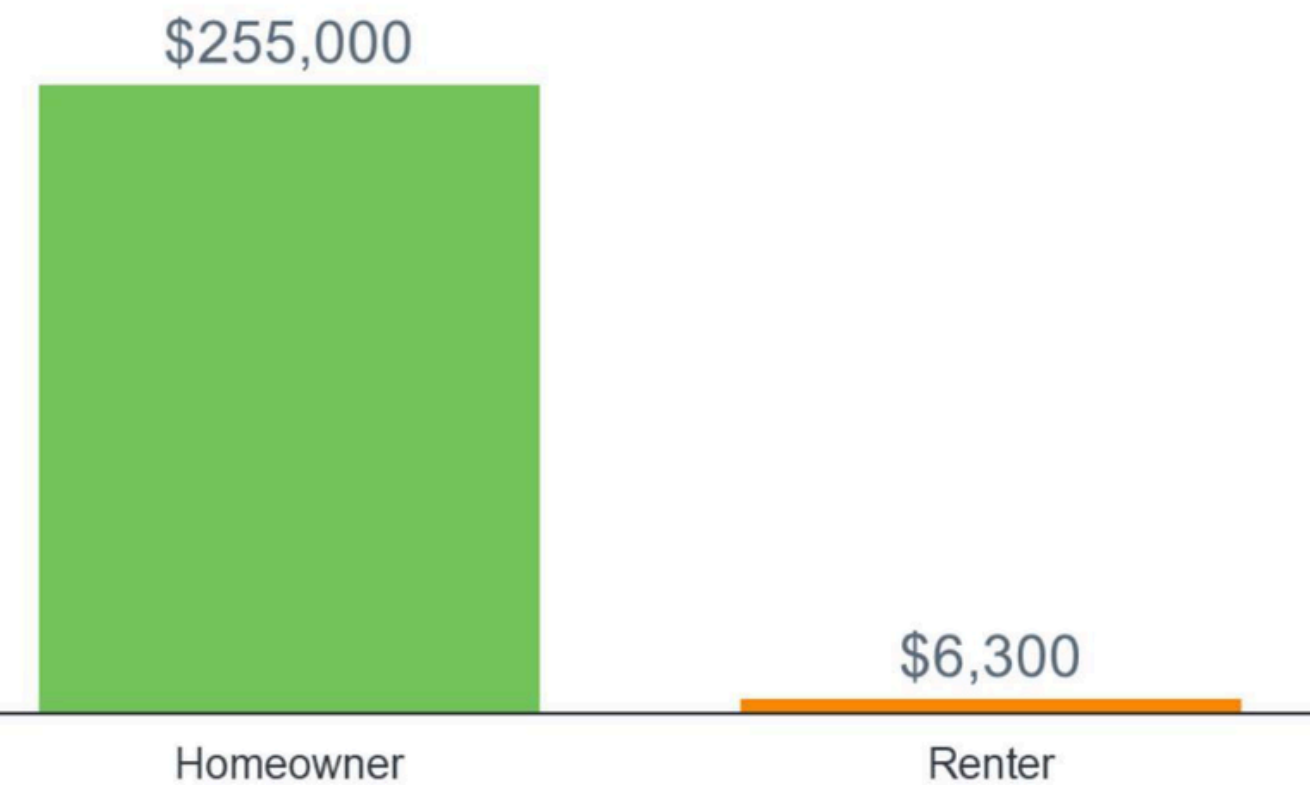
- I am a Virginia native
- Started in the mortgage business in 2004
- 50% of my borrowers are first-time home buyers
- 50% of my business is VA lending

Why Buy?

Reasons to Own a Home

1. Tax Benefits - Deduct Interest
2. Appreciation (~2.5% YOY)
3. Equity - money Paid for rent is money you will never see again
4. Predictability - unlike rent, most people will have a fixed-rate mortgage
5. Freedom - the home is yours.
Decorating, pets, etc.
6. Stability - Sense of Community/Same Payment

A HOMEOWNER'S NET WORTH IS MORE THAN 40X GREATER THAN A RENTER'S

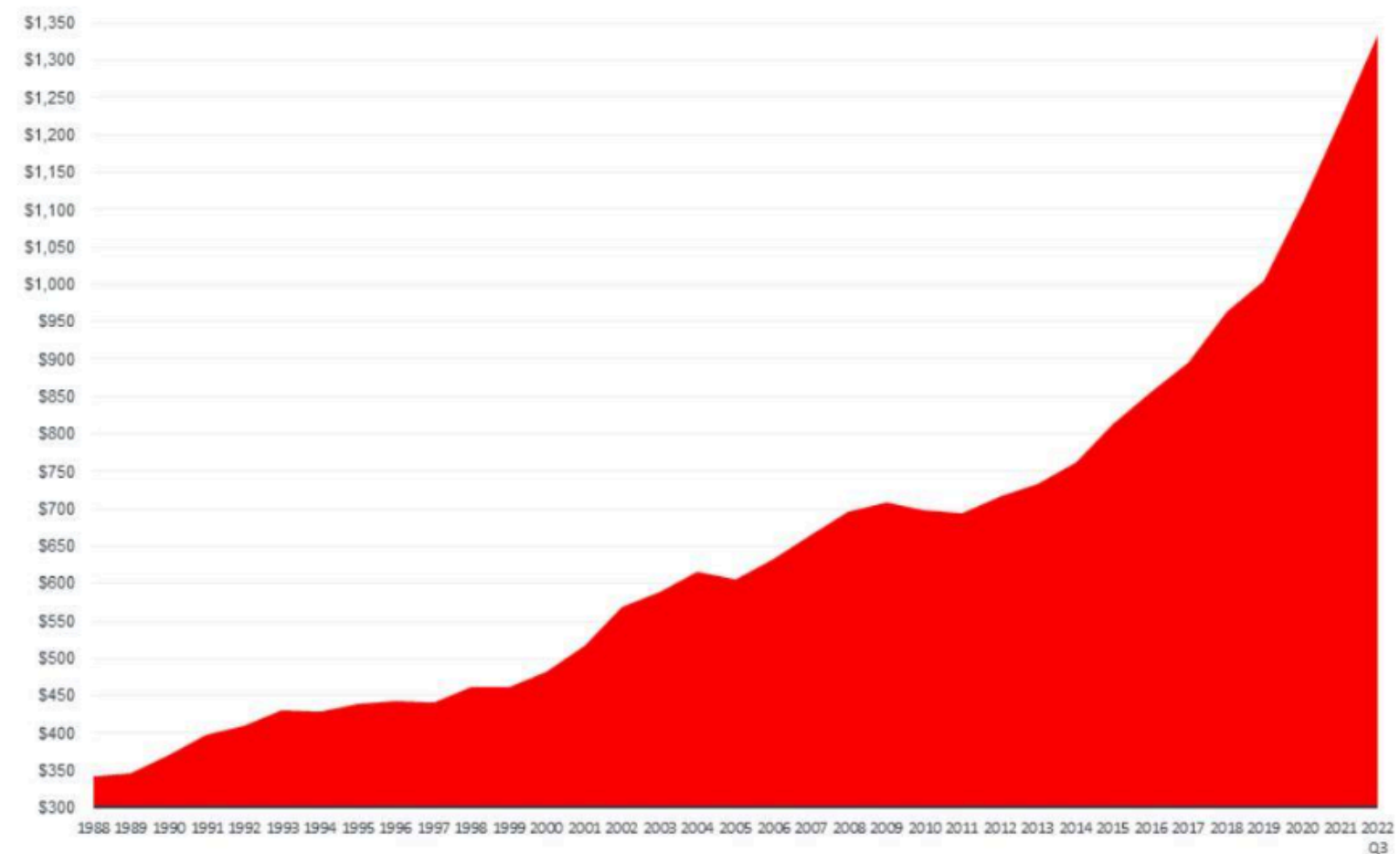


Quick Fact

There are definitely some scenarios where renting may be a good option for you.

HOWEVER, if you are ready and able to, purchasing a home will allow you to stop paying someone else's mortgage.

MEDIAN ASKING RENT SINCE 1998



Road Map

Choose Lender/
Get Pre-approved

View Homes and
Submit Offers

Contingencies

Closing Day



Hire a Realtor®

Research Areas

Escrow Period
Loan App

Receive Closing
Disclosure

1. Hire a Realtor®

Why do you need a Realtor®?

GUIDES
you through all
forms and processes

Offer objective
INFORMATION
and opinions

Provide FAIR and
ETHICAL Treatment

NEGOTIATE with
your best interests
always top priority

Provides Up-to-date
KNOWLEDGE
on the market



2. Choose a Lender

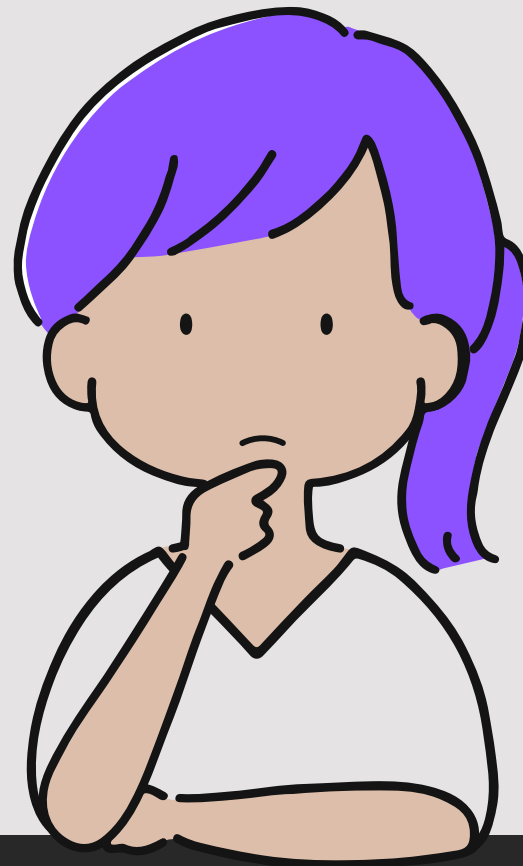
Why do you need a Lender Partner?

Know your buying
power/numbers

Provides timely
mortgage estimates

Works closely
with your Realtor

Narrow down
your budget



3. Get Pre-approved

What is a Pre-approval?

A loan pre-approval consists of a lender reviewing your income, assets, and credit to determine your buying power

How to find a Lender?

Trust your Realtor's recommendation but don't be afraid to shop around for other rates if needed.

A good lender will....

- Look over all loan types and options
- Look into programs and grants you may be eligible for
- Will explain and answer any questions you may have about documents you need or the process
- Have good communication
- Local is always best



Quick Fact

Don't be scared of how much you need for a down payment.

There are so many loan programs and grants out there. Saying "you can't afford to buy a home" before speaking to a lender is holding yourself back before you even start



You May Not Need as Much as You Think for Your
DOWN PAYMENT



First-Time Homebuyers



All Homebuyers



Repeat Homebuyers

And, depending on the type of loan, some buyers are able to put down as little as

0-3.5%

Sources: NAR, FHA Loans, U.S. Department of Veteran Affairs, U.S. Department of Agriculture

View the full infographic and more at KeepingCurrentMatters.com/blog

KEEPING CURRENT MATTERS

Quick Fact

Many people wait and "save up" for a bigger down payment...

By the time you wait 5 years to save up, you could have earned \$54,000 in equity.

Let's say you put 5% down (\$20,000 for a \$400,000 house). With this appreciation, you could have more than doubled your down payment after 5 years.

\$54,296

Potential growth in household wealth over the next 5 years based solely on increased home equity if you purchase a \$400K home in January 2023



Based on price appreciation projected by the Home Price Expectation Survey

Questions so far?



4. Research Market



Research the areas you'd like to live

- Virginia is a buyer beware state.... What does that mean?
- Megan's Law - a disclosure that states it's up to you to look up the crime and sex offenders in the area
- Wants **vs.** Needs **vs.** Your Budget

5. View Homes and Submit Offers

How does the market affect my offers?

Supply and Demand

- **Sellers Market** - Offers are more competitive; buyers are more willing to offer more with less contingencies.
- **Buyers Market** - Homes are on the market longer. Less competitive. Buyers have more negotiation.
- Your Realtor will guide you in the best way to balance competitiveness and risk taking.



6. Escrow Period

**Congrats! Your offer was accepted!
Begin your official loan application**



Do's and Don'ts

- Do not open any new lines of credit
- Do not purchase or lease any large amounts of furniture
- Do not purchase a car or charge/pay for any large purchases
- DO provide your lender with all documents in a timely manner
- DO communicate with the lender about any gift money or other concerns with finances
- DO continue to keep your finances stable

7. Contingencies

Different Tests and Contingencies



Home Inspection

Home Inspection
Examines the safety conditions of a home



Lead Based Paint



Appraisal

Lead Based Paint affects housing built before 1978



WDI Inspection



Septic Tank

An appraisal is an assessment of the *fair value* of a property. Different from *market value*.



Well Inspection



Home Owners/Condo Association

Condo vs. HOA

Condo



Monthly fees can typically be higher. Cover more utilities and more common area. Typically covers amenities, gym, etc. (if offered)

HOA



Monthly fees can typically be cheaper than condos. Typically doesn't cover utilities except maybe trash. Typically covers playgrounds and other community amenities

Condo & HOA fees must be factored into your Debt to Income Ratio.

Some Condo association will not allow certain mortgage programs like FHA mortgages

Some condo associates will only allow a certain percentage of families to be home owners vs. renters.

8. LE and CD

What is a CD?

- a form that provides final details about the mortgage loan you have
- includes loan terms, projected monthly payments and more
- includes other costs associated with closing and how much you need to bring to the table, if any.

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

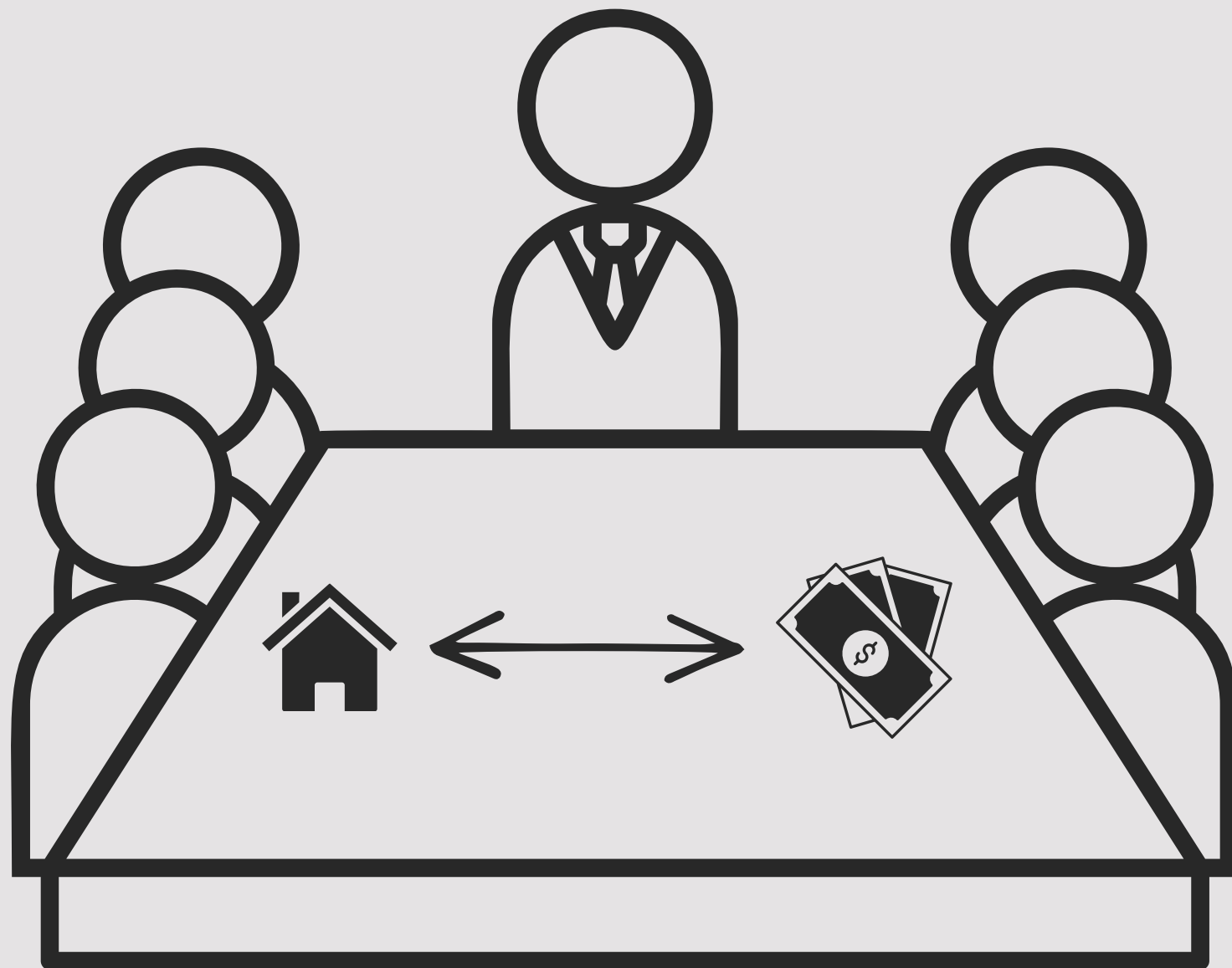
Closing Information	Transaction Information	Loan Information
Date Issued 4/15/2013	Borrower Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345	Loan Term 30 years
Closing Date 4/15/2013	Seller Steve Cole and Amy Doe 321 Somewhere Drive Anytown, ST 12345	Purpose Purchase
Disbursement Date 4/15/2013	Lender Ficus Bank	Product Fixed Rate
Settlement Agent Epsilon Title Co. 12-3456		Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/>
File # 12-3456		Loan ID # 123456789
Property 456 Somewhere Ave Anytown, ST 12345		MIC # 000654321
Sale Price \$180,000		

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO
Prepayment Penalty	Does the loan have these features? YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <small>Amount can increase over time See page 4 for details</small>	\$356.13 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>
		In escrow? YES YES NO

Costs at Closing	
Closing Costs	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
Cash to Close	\$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

9. Closing Day



Wire Fraud

- It's real and important
- Do not trust any email or call saying the wiring instructions have changed.
- Most title companies have a secure portal. Only trust items through that
- Concerns? Call title company directly and call agent.

What to bring?

- Money needed to close should have already been wired to title company directly
- Identification/Drivers License
- Voided check for any overages

... So Now What?

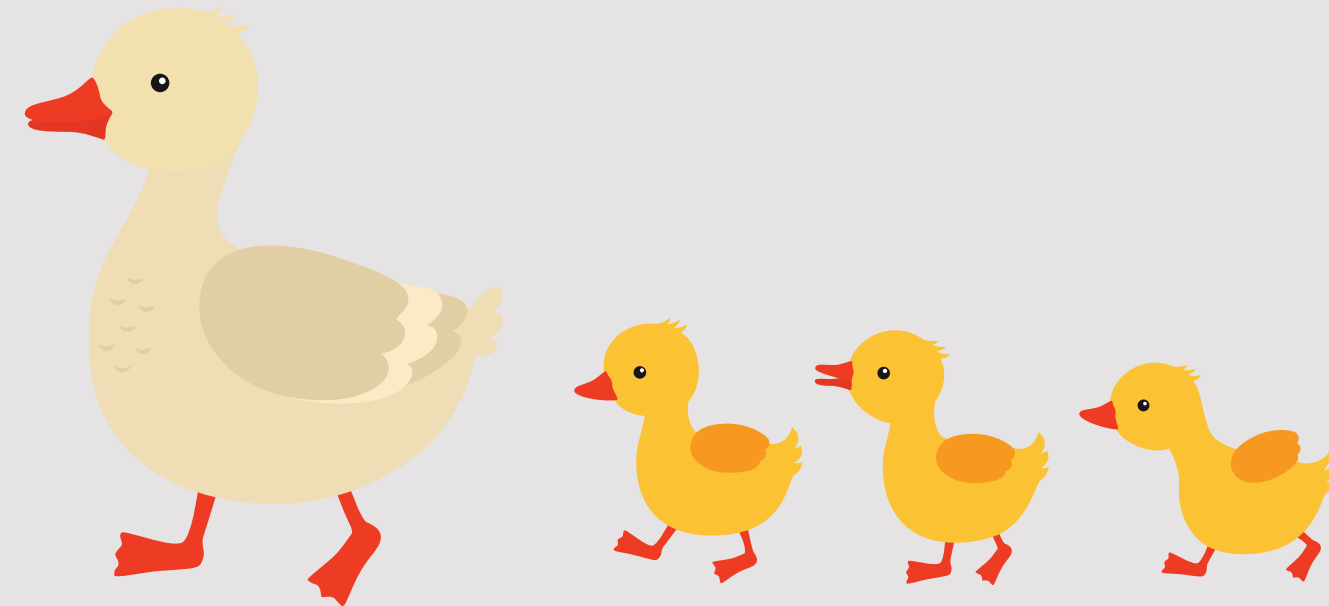
Maintain good credit!

- Make all payments on time
- Keep credit card balances around 30% of the credit limit
- Keep your longest credit lines open

Other tips:

- Save as much as possible
- Make a budget
- Talk to a lender very early in the process

Lets get started!



Whether you're ready to buy in 1 month, 1 year, or 3 years, the best thing to do is get your *ducks in a row!*

Questions?



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UNIONHOME
MORTGAGE

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April 15, 2026



THANK YOU!

All the sessions recordings will be available on
moneysmart.gmu.edu