

# First-Time Homebuyer

## MORTGAGE CHECKLIST

When it comes to buying your first home, the primary thing you'll need to focus on is qualifying for a mortgage, since you'll need to know how much house you can afford. Being 'pre-qualified' also shows sellers that you're serious about finding your new home!

### Income



- **Qualifying Income** - Must have 2 years of income history to qualify
  - W2, self-employed or 1099 employee \*Note: NOT bonus
  - Self-employed? Net income = Qualifying income
  - Not self-employed? Gross income = Qualifying income
- **Rental Income** - Must have 2 years of rental income history to qualify
- **Other forms:** Social security, commission, car allowances, child support, interest and dividend income. See a mortgage professional for additional forms that may qualify.

### Assets



- **The following assets may be resources for your down payment and must be verified by your lender**
  - Savings/Checking account
  - IRAs, Thrift saving plans, 401(k) and Keogh accounts
  - Stocks and bonds
  - Savings bonds
  - Gift funds
  - Sale of personal property
  - Downpayment assistance programs
  - Sale of real estate
  - Collateralized loans
  - Disaster relief grants and loans
  - Employer assistance programs
- **Approx. 5% of down payment must come from buyer on Conventional loans**

### Credit



- **Different loan programs have different requirements**
  - FHA Loans:** Can be approved with a credit score of 580
  - Conventional Loans:** Requires a credit score of 620 \*Note: Most lenders require a 640 credit score.
- **Good credit profile = Better rates** \*Note: Anything over 740 is considered excellent
- **Factors that weigh on your credit score:** Payment history, outstanding credit balances, credit history, debit/credit ratio, type of credit, and inquiries.

### Employment



- **Employment history of at least 2 years**
  - Education counts as history
  - Self-employment must be greater than 2 years by the same business

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