

THE TUTTLE GROUP

HOW TO BUY YOUR FIRST HOME STRESS-FREE

TOP 10 FREQUENTLY ASKED
QUESTIONS



How to Buy Your First Home, Stress-Free

Top 10 frequently asked questions by millennials buying their first home in Texas.

Let us help you in your journey to your new home. We've compiled questions and answers for people just like you who want to buy their first home in Texas. We want you to buy your first home, stress-free!

1.) Does it make sense to buy or rent?

The decision to buy a home is one of the biggest financial commitments that most people will make. While the costs of renting a home are relatively clear, the costs of owning a home are a bit murkier. Interest rates, property taxes, home repairs, and closing costs must all be considered when deciding if buying a home is right for you.

The New York Times has created a calculator to help people make that decision. Factoring in all costs related to homeownership, the calculator helps determine the true cost of owning a home each month. With this information, you can then decide if you are ready to buy a home and if homeownership makes sense when compared to the cost of renting a similar home.

Here's the link to that calculator: [Rent or Buy Calculator](#)

2.) When should I buy a home?

Before you even start looking, going to open houses, or anything else, you must answer TWO very important questions FIRST:

a) *"How long do I (we) want to live in this next home?"*

Think about it ... your answer of "how long" determines the answers to EVERYTHING else that follows when it comes to buying your next home. It's also how you'll be able to narrow down your criteria list based on this answer. For example:

- If this is your "forever" home, maybe waiting a year to have more money to get everything you want is the answer.

- If you plan on living in the home to raise your children, then maybe your new home is just a 5 to 10-year home with needs and wants that match that time period.
- You get to decide how long. Once you do, then the answers to the rest will come more easily ... but decide how long FIRST.

b) What is the #1 driver of my (our) decision to move?"

This answer will help you decide what to compromise on and what you absolutely must have for your first home. See how it follows the first question?! It can also influence the timing of when you should buy your home.

3.) What home buyer programs can I qualify for?

In October 2012, TDHCA released \$600 million in home buyer assistance funds to be released in \$35 million lots. The First Texas Home program is a taxable mortgage program that comes with an interest rate above market rates, but comes with some payment assistance options.

However, the state also offers a Down Payment Assistance Program available to buyers with FHA loans, but eligibility requirements are determined by each county. The program offers a deferred, forgivable loan for first time home buyers who require assistance with their down payment and closing costs, up to \$14,400 to eligible buyers. The amount of the loan is determined by the type and location of the home you're buying, so make sure to ask your loan officer for clarification.

The Texas State Affordable Housing Corporation provides down payment assistance equal to up to 5 percent of the purchase mortgage. The down payment assistance is a gift that does not have to be repaid, regardless of how long you live in the home, and you do not need to be a first-time homebuyers.

The "Home Sweet Texas Home Loan" is available to low- and moderate-income homebuyers, and the "Homes for Texas Heroes" program serves teachers, firefighters, police and correctional officers, and veterans.

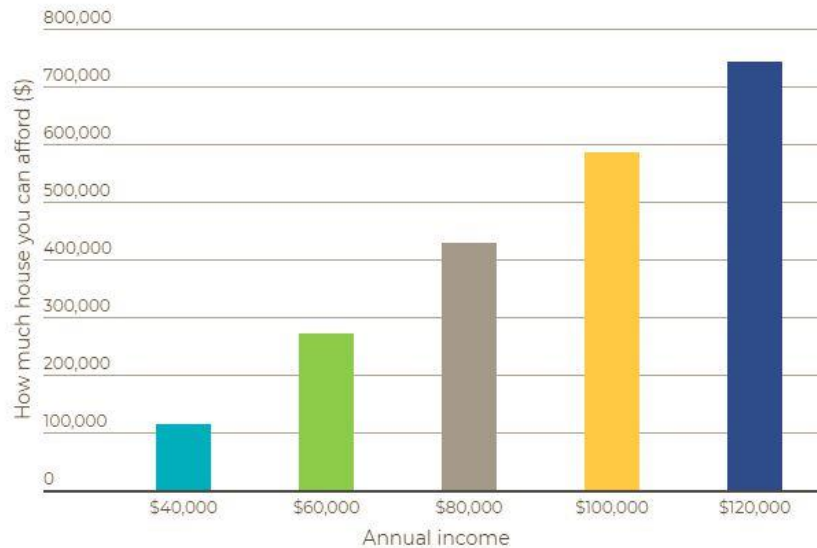
There are several other home buyer programs that you may qualify for, and, we at The Tuttle Group can certainly discuss with you ALL options.

4.) What's the best way to find out how much house I can afford?

According to billionaire Warren Buffett, a home is a valuable asset "for a great many people."

If you decide to buy, you want to be sure you choose one that you can afford. After all, one of the biggest mistakes first-time homebuyers make is buying more than they can afford.

The chart below assumes you spend 36% of your monthly income on housing and various debt payments, i.e. car loans, student loans... And, the chart also assumes a 20% down payment, which is what is typically recommended – with a 4% interest rate on a 30-year fixed-rate mortgage.



Methodology: Assumes monthly spending for housing and debts total 36% of your monthly income, the industry standard for conventional mortgages. You have \$500 in other monthly debts, pay a 4% interest rate on a 30-year fixed-rate mortgage, pay national averages in property taxes (\$180/month) and homeowners insurance (\$80/month), and do not pay for private mortgage insurance or homeowners association fees.

Here's how much home you can afford if you earn:

\$40,000 a year: \$115,203
\$60,000 a year: \$272,299
\$80,000 a year: \$429,395
\$100,000 a year: \$586,491
\$120,000 a year: \$743,587

To get a better idea of exactly what your monthly payments will look like, plug your numbers into The Tuttle Group's [mortgage calculator](#).

5.) What are the financing options & loan programs for first time home buyers?

Sometimes we're asked "what type of loans do you offer?" We offer them all — Conventional Home Loans, FHA Home Loans, VA Home Loans, etc. — yet our experience as Dallas mortgage brokers has taught us the right loan type is unique to each individual situation.

We pride ourselves on helping you select the right type of loan type for you, based on your financial goals. Check out the various [loan programs](#) we offer at The Tuttle Group.

The two most important factors in selecting a mortgage type are down payment and FICO score. Your down payment is the initial money you put towards the purchase of your home. Some loans have a minimum amount you must use as a down payment.

6.) What credit score do I need to buy a house?

When it comes to home purchase, your credit score is supremely important.

First, let's take a look at the credit score ranges from FICO:

Exceptional credit = 800 and above

Very good credit = 740 to 800

Good credit = 670 to 740

Fair credit = 580 to 670

Poor credit = under 580

Even if you have low credit, there are still options for buying a home. Among other qualification requirements, mortgages will have credit score requirements. The minimum credit score you'll need depends on the loan type.

At The Tuttle Group, we make these things as pain-free as possible. Let's work with you to find the best mortgage loan!

7.) What percentage of down payment do I need?

As more and more people move to Texas and Dallas home values continue to soar, buyers are having a tougher time playing the real estate game. The main problem is having enough cash for a down payment – and 20% is still the magic number.

Dallas-Fort Worth residents looking to buy a home must save around two-thirds of their annual salary just for the down payment.

8.) What are some tips for people trying to save a down payment for a house?

1. **Reduce your rent.** For many renting, the rent bill is their biggest monthly expense and reducing that can be one of the main ways to substantially increase savings! Get a roommate. Move back with mom and dad, if that's an option.
2. **Sell your car.** Getting rid of your car can reduce your monthly bills by hundreds of dollars a month once gas, insurance costs and loan payments are factored in.
3. **Make more money.** Whether its asking for a raise or taking on a side job, increasing your pay can be an obvious way to find more cash to save.
4. **Know the ins and outs of different mortgages.** There are benefits to providing a 20 percent down payment, but you don't always need to provide that much money down when buying a home. At The Tuttle Group, we can certainly walk you through the ins and outs of different mortgages.

9.) At the end of the day, what are all the costs I should be prepared for when I purchase my new home?

The cost of buying a home is always more than the purchase price and a moving truck rental. First-time home buyers are often shocked when they see the total amount they need to pay on closing day. Knowing what to expect ahead of time can help you financially prepare.

In Texas, closing costs can vary based on the lender, market and size and type of property. The following closing costs (items) are fairly typical for most home sales in Texas:

- Loan Origination Fee
- Appraisal Fee
- Title Insurance
- Survey
- Attorney, Settlement/Closing Fees
- Inspections
- Taxes

10.) Is there a comprehensive guide to buying a home?

Well, this isn't exactly how we get asked for the guide...but, we do have a comprehensive guide to buying a home!

Here's the link to download the free guide: <https://thetuttlegroup.com/home-buyers-guide/>

If you are ready to buy your first home, give us a call at 469-319-0660 or email thetuttlegroup@fairwaymc.com -- and let's talk through your options.

At The Tuttle Group, our mission is to align your home loan with your long-term financial goals to help you achieve all your dreams. From paying for college to starting a business, your home loan should provide you flexibility.

