



# Home Buying Guide

The keys to your rewarding  
home buying experience!



[HomesForHeroes.com](https://www.HomesForHeroes.com)



## TOP 5 REASONS TO OWN A HOME

The smell of backyard BBQ's, the laughter from family gatherings, the lines on the wall marking your child's growth... And coming home to a place of your own after a long day of serving others in your community!

There are plenty of joys in life that come along with owning a home. There are also many financial benefits as well. Here are five ways that owning a home can provide a boost to your financial position.

**Tax Benefits-** The U.S. Tax Code lets you deduct the interest you pay on your mortgage, your property taxes, and some of the costs involved in buying a home.

**Appreciation-** Historically, real estate has had a long-term, stable growth in value. In fact, median single-family existing-home sale prices have increased on average 5.2 percent each year from 1972 through 2014, according to the National Association of REALTORS® (NAR).

**Savings From Equity** Payments on a home are an investment in your future. Typically the value of your home appreciates, and the amount you owe on your home loan decreases over time. This is called equity. Equity acts as a ready-made savings plan when it comes time to sell your home.

**Freedom-** Your home is yours to decorate and make additions that accommodate your lifestyle and taste.

**Stability-** Remaining in one neighborhood for several years allows you and your family time to establish long-lasting relationships in the community.



## BEFORE YOU START YOUR HOME SEARCH, DO THIS FIRST

Buying a home is a major step forward in life and an exciting time! Part of your local Homes for Heroes specialist's job is to help you evaluate your situation and prepare you to become a homeowner. Before you start the home buying process, here are some helpful questions to ask yourself.

### Does buying make more sense than renting for you?

In most cases, buying a home is a wise investment. But it really depends on your personal situation and location. Use [this calculator](#) to compare the benefits of renting versus buying.

### Is your debt-to-income ratio less than 35%?

Your debt-to-income (DTI) ratio is calculated by dividing your total debt by your total income. Your DTI ratio should be near 35% or lower before buying a home. Continue to pay down debt until your DTI is 35% or lower.

### Do you have a good credit score and a clean credit report?

Your lender will consider your credit score when evaluating your eligibility to borrow a home loan. Make sure your [credit score](#) is in good shape before applying for a home loan. You can improve your credit score by paying outstanding debt and removing any errors that appear on your credit report. The Consumer Financial Protection Bureau has [helpful information and tools](#) to guide you through this process.

### Do you have an emergency fund?

An emergency fund will help you continue to make your home payments if an unexpected medical, car or home expense arises. Aim to save enough money to cover 3- 6 months of your expenses in your emergency fund.

### Can you afford a down payment and closing costs?

There are other [costs to buying a home](#), even before you pay your mortgage. Typically, you will be responsible for making a down payment and/or paying closing costs when you buy a house. The amount of these costs will depend on the home price and loan type. There may be home loans and programs available to assist you with these expenses. Your local Homes for Heroes real estate and mortgage specialist can work with you to make sure you are aware of your options and find the best one to fit your unique situation.

### Do you know why you want to buy a home?

There are plenty of great reasons to own a home, but you should know your own personal reasons. This will help you [match your priorities](#), find the right home, and [stay within your budget](#).

### Do you have time to maintain and upkeep your new home?

Owning a home requires you to take on general home maintenance responsibilities and repairs. These become a labor of love as they protect your investment. But you should be prepared to take on these jobs in your new home.

## CREATE A BUDGET

Creating a budget is an important step in the home buying process. A budget will help you determine an affordable home payment for your financial situation. The added bonus of creating a budget is you will be able to prioritize and eliminate expenses based on the needs and wants of both your lifestyle and your new home.

A monthly budget is a detailed report that provides you a clear snapshot of how much money you have coming in and going out of your household. Every monthly expense and every source of monthly income must be itemized in your budget to ensure you have an accurate picture. Once you have itemized all your sources of income and expenses, your monthly budget will reveal just how much money you can afford to spend on your house payment every month.

There are plenty of online budgeting tools that you can use for free. Below is a link to a downloadable mortgage payment planner.

### Download Personal Budget and Mortgage Payment Planner

[Download Excel Version](#)

[Download PDF Version](#)



## CREATE A WISH LIST

Some people consider the home search their favorite part of the home buying journey, while others could live without it. Regardless of your preference, house hunting is much easier and enjoyable with your **personal home wish list**.

There are **many different factors** to consider like **types of homes**, neighborhoods, school districts, recreational areas and much more! Creating a wish list for your home consists of identifying everything that you want and need in a home. You need to include all the bedrooms and bathrooms to accommodate your family's needs. Then you can add on all the bells and whistles you would like your new home to have.

Creating a wish list for a new home should be fun. Let yourself enjoy the process, make sure your final wish list is realistic and your "must-haves" are prioritized before your "nice to have."

**Download Home Buying  
Wish List Template**

Complete this home buying wish list and make a copy of it. Your local Homes for Heroes specialist will use your wish list to find you houses during your search that matches the needs and wants of your family.

## **WHAT TO EXPECT FROM YOUR LOCAL HOMES FOR HEROES SPECIALISTS**

Our goal at Homes for Heroes is to simplify the home buying process for you and maximize your savings. Here is the service and savings you can expect from your local Homes for Heroes specialists throughout your home buying journey.

### **Homes for Heroes Real Estate Specialist**

From your very first question all the way to the closing table, your Homes for Heroes real estate specialist is committed to walking you through every step of the home buying process to make sure that they find you and your family the right home. And when you find you the right home you're ready to buy, you will receive a check for 0.7% of the home purchase price (\$700 for every \$100,000) after closing.

### **Homes for Heroes Mortgage Specialists**

Your Homes for Heroes mortgage specialist will work with a variety of home loans to find the best financing option that fits your situation and puts you in the best financial position for years to come. And when you are ready to finance your new home, they have committed to helping you save significant money reducing their lending fees!

### **Homes for Heroes Team**

We are committed to maximizing the service and savings you receive throughout the entire home buying process by connecting you to title companies, home inspectors, and other local businesses that have agreed to provide you special savings.

### **Most Heroes Save An Average of \$2,400 Buying a Home Through Homes for Heroes!**

When you add up the savings available to you through Homes for Heroes, most heroes save an average of \$2,400 when buying a home, way more than any other national hero program.

**Use our Hero Rewards calculator to get an estimate of how much money you could save on a home through Homes for Heroes!**

**CALCULATE YOUR  
HERO REWARDS**



## ITEMS TO BRING TO YOUR PRE-APPROVAL MEETING

- Social Security number
- Proof of employment
- Proof of income
- Tax documents (W-2's and tax returns for past two years)
- Place of Residence
- Can account information
- Credit information
- Your personal budget (expenses and income)
- Self-employment documents

## PREPARE TO FINANCE YOUR HOME

All the work you have done so far has prepared you to finance your new home with a loan. Your debt-to-income ratio is around 35%, you have a good credit score and your credit report is clean of any errors. Now it's time to work with your Homes for Heroes mortgage specialist and go through the home loan pre-approval process.

A pre-approval for a home loan is a statement from a bank, stating they will lend you a certain amount of money based on your current financial situation. Being pre-approved for a home loan will also provide you with more buying power with home sellers. Here is the pre-approval process and how to prepare for it.

**Get Pre-Approved-** Your lender will evaluate your eligibility for a home loan by looking at your income, credit score, and credit report.

**Good Faith Estimate (GFE) -** Your lender will provide you a Good Faith Estimate (GFE) after you have been pre-approved. A GFE provides you the terms of the home loan, for which you applied. Compare the real cost of the loan on the GFE to your budget to make sure you can afford the house payments.

**Stop Using Credit-** A pre-approval is not a guaranteed loan. It is merely a statement stating that the bank is willing to lend you a certain amount of money based on your current financial situation. The bank can, and often will back out of approving you for a home loan if you take on more debt or your financial situation changes. Keep your credit in good standing and make all your payments on time. Do not apply for any new lines of credit.

**Save For a Down Payment -** Your lender should go over the down payment requirements of your home loan during your pre-approval meeting. You may be required to put anywhere from 3.5% to 20% of the home purchase price down on the loan depending on the loan you are applying for.

There are home loans that do not require a down payment. There are also many down payment assistance programs for homebuyers who do not have enough savings set aside for a down payment. [Down Payment Resource](#) is an online resource that can connect you to a variety of programs that exist to help homebuyers come up with a down payment. Although these may be a great option, discuss them with your lender to make sure they're the best fit for your situation.



## WORKING WITH YOUR REAL ESTATE AGENT

The expertise and knowledge of your real estate agent will simplify your home search. That is why your Homes for Heroes real estate specialist will prioritize your needs and wants to make your home buying experience is enjoyable and rewarding!

**Start With An Agreement** - Establishing expectations and lines of communication is an important foundation for your relationship with your real estate agent. These expectations are discussed and outlined in an agreement during your initial meeting. Don't be shy! Make sure to include your expectations into this contract. Including reasonable expectations for communication and length of contract are generally accepted by most real estate agents.

**Start Your Home Search** - Providing your agent with the **home wish list** you created, the good faith estimate you received from your lender, and the monthly **home payment amount** from your budget will allow them to get right to work in finding relevant homes that match your search criteria.

**Establish Lines of Communication** - Frequent communication with your agent will help ensure your able to view more homes and prevent you from losing out on any homes you've offered on.

You and your agent should agree on a communication plan for them to update you on new listings that hit the market. This will help ensure you're able to get you in the door of new listings in a competitive market.



## MAKE AN OFFER

You've found the perfect house you've been looking for and it's in your price range! It's time to make this house your own by **making an offer** to the seller.

An offer is when a home buyer provides a seller with written interest to buy a home. The offer will include several elements such as your offer price, contingency clauses, and closing date among other things. Here is what to know about your offer before you make it.

**Prepare Your Earnest Money** - Earnest money is what sellers require upon acceptance of an offer. Earnest money is held in an escrow account to ensure you do not back out of the deal without just cause. If you do, the owner will keep your earnest money. When the home sale goes through, your earnest money will go towards your home closing costs.

**Limit your Offer** - Don't let your offer sit on the table for an undetermined amount of time. Include a time and date that your offer will expire. Your Homes for Heroes real estate specialist will be able to help you navigate this with ease by using the customary deadlines relevant to the current market.

**Include a Pre-Approval Letter** - Prove to the seller you're a serious buyer by including your pre-approval letter with your offer. Pre-approval letters give the seller confidence that your offer and financing are solid. In fact, offers without a pre-approval may not be considered by sellers and their agents.

**Consider Contingencies** - Contingencies are an important but delicate part of your offer. Contingencies are clauses that you include in your offer to protect your earnest money should particular situations go wrong. Home inspection contingencies are common and almost always recommended. However, contingencies based on selling your current home may kill the deal. Navigating and considering contingencies is your Homes for Heroes real estate specialists specialty and they will be with you throughout the entire process.

**Seller's Disclosure** - After the seller accepts your offer, the seller will have a certain number of days to provide you full disclosure of anything that is wrong with the property. Closely review the **seller's disclosure** once you've received it. You have a certain number of days to change or rescind your offer if you find any discrepancies with the home in the seller's disclosure. In most cases, you will receive your earnest money back if you provide the selling parties the recession within the designated time period.



## THE IMPORTANCE OF YOUR HOME INSPECTION

You are about to make one of the biggest investments in your life. Know exactly what you are buying before you do. A home inspection will reveal the **true condition of the house** you plan on buying, and any major problems it may have. Here are important pieces to include in your home inspection.

**Hire Based on Experience and Credentials** - Don't try to save money by skimping on the home inspector you hire. Thorough home inspections require professionals who will look over every inch of the house and know exactly what to look for. Home inspectors with multiple years of experience, training and certifications are likely to be the most qualified. Don't be scared to seek out reviews and ask to speak to previous clients before hiring your home inspector.

**Request to Tag Along** - Request that your home inspector allows you to follow along during the home inspection and ask them to discuss their findings along the way. Not only is this a great opportunity to learn about your house, this is valuable information to use in negotiating the deal if your home inspector discovers major problems.

**Learn From Your Home Inspector** - Use your home inspection as a way to learn about the maintenance for your new home. Ask questions and take notes on maintenance tips from your home inspector during the home inspection. Your home inspector should also provide you with a detailed report on their findings. Ask them to go over the report and ask questions along the way.

**Use Inspection Contingencies If Necessary** - Including home and radon inspection contingencies into an offer are usually recommended. These contingencies will allow you to back out of the deal if your home inspection reveals major problems with the house. Consult your home inspector about any major problems discovered during the home inspection. You and your real estate specialist should work together to talk through the considerations of adding any necessary contingencies to the offer you present to the seller.

## THE APPRAISAL OF YOUR NEW HOUSE

Before your lender signs on the dotted line to approve your home loan, they will want to know the value of the house. The house must be worth at least the amount you are looking to borrow for a home loan. The lender will determine this by requesting a property appraisal.

### What Is An Appraisal?

A property appraisal determines the estimated value of a property by taking inventory of several factors that add to and detract from the property's value. The factors that will determine the value of a property include the property's age, condition, amenities, and neighborhood. Appraisals will also use the sale price of similar properties within the same neighborhood to determine a property's value.

Lenders require home appraisals to protect the money they borrow you to purchase your home. Your lender will not be able to approve the loan for your home if your loan amount is more than what your home is appraised for. Don't worry, your Homes for Heroes specialists will be able there to help you if the appraiser determines your loan amount is more than the value of the house.

### Who Is An Appraiser?

A property appraisal is performed by an appraiser who holds the proper licenses and credentials. Appraisers have extensive real estate knowledge, such as market and neighborhood trends. They are also required to be third-party contractors without any invested interest in the purchase or sale of the property being appraised.

### Who Hires the Appraiser?

Finding and hiring an appraiser *is not* your responsibility. Your mortgage specialist will order the appraisal and is the appraiser's client. Sometimes lenders will use an appraisal management company (AMC) to manage the appraisal process and order an appraisal on behalf of the lender. Other lenders order the appraisal directly from an appraiser.

Even though hiring an appraiser is not your responsibility, you should feel comfortable asking the appraiser questions prior to your home appraisal to make sure your appraisal is handled properly. [\*\*The International Society of Appraisers\*\*](#) suggests that you ask the appraiser of your home these [\*\*10 questions\*\*](#).



## **CLOSING DAY – THE PROCESS AND HOW TO PREPARE**

Everything has fallen into place...you have you the perfect home and it has cleared appraisal. It's time to close the deal and **make the home officially yours!** Here is what you need to know about the closing day and preparing for a smooth home closing.

**Review Your Closing Documents** - Review your HUD-1/CD, otherwise known as the closing disclosure form as soon as possible on closing day. The closing disclosure outlines every important detail that goes into financing the purchase of your home.

Review your closing disclosure and make sure you understand the terms of your home loan and the mortgage payments you will be required to make. The closing disclosure will outline your exact mortgage payments, the loan interest, and the closing costs you will be required to pay. Compare your closing disclosure to the good-faith estimate (GFE) your lender gave you in the initial stages of the home loan application process. Ask your mortgage specialist to provide you an explanation if there are any inconsistencies between the closing disclosure and the GFE.

**Do a Final Walkthrough of the House** - Complete a final walk-through of the home even though you already had the home inspected. Your final walk-through of the home is to confirm the seller has vacated the home. In addition, make sure the home is in the condition that you agreed upon with the seller after your home inspection. Double-check any problem areas that the seller agreed to have fixed and make sure that they are adequately repaired.

**What to Bring to the Closing** - Everything with the purchase of your home will be made official at the closing table. You will need the following items to make sure your end of the deal goes through.

- Copy of Your Contract with the Seller
- Copy of the Home Inspection Report
- Proof of Homeowner's Insurance
- Government Issued Photo ID
- Down Payment – Reference your closing disclosure for the amount
- Payment for Closing Costs - Reference your closing disclosure for the amount

***\*Personal checks usually are not accepted. Ask your lender what form of payment will be accepted***



## MAKING THE MOVE

Even though moving day might sound like a lot of work, we all know the excitement of moving day outweighs everything else! A **[well-thought-out plan](#)** can go a long way to simplify, reduce stress and help you save money on your move. Here are some tips to make your move smooth and stress-free!

**Declutter** - Cleaning out the clutter you do not use anymore will simplify your move. Make some extra money to pay for your move by selling your clutter at a yard sale or a second-hand shop. Take items you want to donate to a local charity. Check out: **[Where to Donate Your Stuff 101](#)** for a list of charities that take donations. **[DonationTown.org](#)** is a site where you can donate to a charity and they will schedule a free pickup at your home. You have just reduced the amount of stuff to pack for your move, made extra cash, and helped local charities!

**Make Time For You**- Taking care of yourself during a move is a must. The emotions from a major life change and the exhaustion of moving will take a toll on your energy. Although your to-do list may be long, do not compromise on giving you and your family time to decompress and relax.

**Have An Essentials Box** - Pack a box that is filled with the essentials you need immediately when you move into your new home. Use a box or bag that is easily identifiable from your other packed boxes. Pack essentials such as, soap, Kleenex, tissue paper in this box, and put it in a place that is easily accessible when you arrive at your new home, such as the trunk of your car.

**Settling In**- Settling into your new home will take time. Resist pressuring yourself to do everything right away. Trying to do everything all at once will be counter-productive to easing your family into their new home and will eventually wear you out. Start by placing boxes in their appropriate rooms. Then make the beds so you have a place to sleep. You can unpack the rest in its due time, but at least you know where everything is located.



### ***Celebrate and Enjoy Often!***

You have a fresh start in your new home and a bright financial future with your new investment. These are the big things in life that don't come around often.

Whether it is sitting on the deck watching the sunrise with a cup of coffee, or enjoying the sunset over a glass of wine, don't forget to take the time to celebrate your American Dream. You deserve it.





**We are committed to providing you the most rewarding and stress-free home buying experience. Whenever you're ready to start looking for your next home, we will be with you every step of the way.**

**Let's get you into your new home along with your Hero Rewards®!**

**GET STARTED**

**If you know firefighters, EMS, law enforcement, military (active or reserve), healthcare professionals, or teachers that could benefit from saving money buying, selling, or refinancing a home, please use the links below to share Homes for Heroes with them!**



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