

Welcome Home

A STEP BY STEP GUIDE TO HOMEOWNERSHIP



SUPREME  LENDING®

Life moving forward



Becoming a homeowner is an exciting and pivotal moment in anyone's life. Whether you've been renting for years or are just stepping into the realm of real estate, this guide is your trusted companion. We are here to demystify the process, break down complex concepts, and provide you with clear, actionable steps that will empower you to navigate the path to your dream home.

In the following pages you will learn about:

- Credit score, mortgage rates, and debt-to-income ratio
- Down payments
- The loan process
- Home loan options
- The importance of working with a Loan Officer

Numbers that Shape Your Home Loan Destiny

When it comes to obtaining a home loan, a few key numbers hold the key to unlocking your homeownership dreams. Your credit score, debt-to-income ratio, and mortgage interest rate are the vital digits that dance together to shape your borrowing journey. These numbers aren't just figures on paper; they wield the power to determine your eligibility, interest rates, and overall financial success in the realm of real estate. Let's delve into the significance of each number and how they harmonize to guide you towards a place to call your own.

By nurturing a healthy credit score, you are opening doors to homeownership and setting yourself up for a brighter financial future.

Credit Rating	Credit Score Range
Excellent	800 - 850
Very Good	740 - 799
Good	670 - 739
Fair	580 - 669
Poor	300 - 579



Understanding Your Credit Score

At its core, a credit score is like a financial report card that reflects your creditworthiness, providing lenders with insight into how responsible you are with borrowing and managing money. Your credit score is shaped by factors like your payment history, amount of debt, length of credit history, types of credit used, and recent credit inquiries.

Lenders use your credit score to tailor loan offerings specifically to you; with a strong credit score, you're more likely to qualify for competitive interest rates and potentially make a smaller down payment. A lower credit score might still enable you to secure a mortgage, but you might face higher interest rates or need a larger down payment to offset the perceived risk.



Debt-to-Income Ratio (DTI)

This calculation is a crucial financial metric that lenders use to assess your ability to manage new debt, such as a mortgage, in relation to your existing financial obligations. It's a simple yet powerful tool that helps both you and the lender understand how much of your monthly income is already committed to paying off debts, and how much is available for new financial responsibilities like a home loan. To calculate your DTI ratio, you divide your total monthly debt payments by your gross monthly income (before taxes and deductions), then multiply by 100 to get a percentage. This percentage reflects the portion of your income that goes towards paying off debts. Typically, a percentage below 43% is considered acceptable when qualifying for a mortgage.

Example:

$$\frac{\$2000 \text{ MONTHLY RENT}}{\$5500 \text{ MONTHLY INCOME}} = 36\% \text{ DTI}$$

How Mortgage Interest Rates Work

Mortgage interest rates are the costs associated with borrowing money from a lender to purchase a home. When you take out a mortgage, the lender provides you with the funds needed to buy the property, and in return, you agree to repay the loan amount along with an additional fee known as interest. Many factors go into determining your interest rate, including economic conditions, inflation, loan type and term, and your credit score.



The low down on down payments

More than just a financial transaction, a down payment is a symbol of your dedication and readiness to embark on this exciting new chapter. While the traditional approach suggests 20% of the home's cost, that isn't always necessary. Discover diverse programs shaping your journey to securing a home that's truly yours.

Loan Program	Benefits	Minimum Down Payment
Conventional (Standard)	May cancel Mortgage Insurance after 20% of Loan Value paid. No income limit. Free homebuyer education DACA borrowers eligible when run for FNMA.	3%
HomeReady	May cancel Mortgage Insurance after 20% of loan value paid. Must meet income limits. Free homebuyer education from HomeView. DACA borrowers eligible.	3%
HomePossible	May cancel Mortgage Insurance after 20% of loan value paid. Must meet income limits. Free homebuyer education from CreditSmart.	3%
Lock and Look	Low down payment. Ability to lock ahead of time (30 days) and have 30 days to find a home.	3%
Conventional Smart Saver	No Mortgage Insurance required.	3%
FHA	Recently reduced Mortgage Insurance. Backed by Federal Housing Administration.	3.5%
VA	Backed by Veterans Affairs. Recently lowered Funding Fee (VA's version of Mortgage Insurance).	0%
USDA	Backed by U.S Department of Agriculture Rural properties.	0%

The power of pre-approval

Securing pre-approval or pre-qualification for a home loan offers you a clear advantage in the competitive real estate landscape.

With pre-approval, lenders assess your financial health, creditworthiness, and income details. This gives you a realistic understanding of how much you can afford, streamlining your house-hunting efforts and preventing the disappointment of falling in love with a home beyond your means.

On the other hand, pre-qualification provides an initial estimate based on your self-reported financial information, guiding your search and enhancing your negotiation position.

Both routes grant you a head start, showing sellers you're a serious buyer, and potentially expediting the closing process once you find the perfect abode.

Documents Needed

- W2s and 1040s for past 2 years
- All paystubs for past 30 days
- Residence address(es) covering past 2 years
- Name and address(es) of employers covering past 2 years
- Bank and asset statements for past 2 months (include all pages)
- Homeowner's insurance agent (name and contact information)





Navigating the Home Loan Process

The path to homeownership is a step-by-step journey that transforms your dreams into reality. From the initial application and pre-qualification process to the triumphant moment of obtaining your keys, each phase of the home loan process is a pivotal step forward. This straightforward guide outlines the clear and concise stages that lead you from application to closing, ensuring you're well-prepared and informed at every turn. Let's embark on this exciting expedition, demystifying the process and paving the way for you to step into the home you've always envisioned.

1 Complete Application
An application and supporting financial documents, such as pay stubs, tax returns, and account statements, must be submitted to your Loan Officer for loan approval.

2 Confirm Property
Your agent will prepare the offer based on the price and terms you choose.

3 Underwriting
Your file and all documents are reviewed to ensure compliance with program guidelines. Conditions for additional information may be requested to clear the file for final approval.

4 Clear to Close
Documents will be prepared for closing and final numbers confirmed. You must sign the final closing disclosures on actual loan costs within three days before your loan closes.

5 Closing
Sign closing documents to transfer funds and ownership. Obtain keys to the property. Congratulations, you own your new home!

Options for every buyer

For first-time homebuyers, navigating the world of home loan options can be both exciting and overwhelming. Whether you're seeking stability through fixed rates or exploring flexible alternatives, understanding your options empowers you to make the best financial decision for your unique circumstances.



Conventional	FHA	Fixed-Rate	Adjustable-Rate	Interest Only
Want a straightforward option? With as little as 3% to 5% down, this one's for you. Good credit? Even better. Fewer documents to fuss about.	Less cash upfront? You got it. With a credit score of 580+, just 3.5% down. Below 580? No sweat, just 10% down. Remember, there's a mortgage premium involved.	Keep it steady. Your rate won't budge. 3% down? Totally doable. Lock in your rate and save over time. If rates drop, you can even refinance.	Mix it up. 3, 5, 7, or 10 years, then it adjusts yearly depending on the current market. Lower initial payments can save you money early on. But remember, rates might change.	Less now, more later. Pay only interest at first, with a fixed-rate for a set time. Lower monthly payments at the start, then the principal kicks in.

The role of your lender

When embarking on the purchase of your first home, a mortgage lender becomes your trusted guide through the intricate landscape of real estate financing. Their expertise is a compass, helping you navigate the complexities of home loans, interest rates, and repayment options. With a seasoned mortgage lender by your side, you gain access to a wealth of knowledge that demystifies the borrowing process. They take the time to understand your unique financial situation, tailoring loan options to fit your needs, and ensuring you're well-equipped to make informed decisions. Beyond the financial intricacies, a mortgage lender provides a sense of reassurance, making you feel supported and confident as you take those important steps toward homeownership.



The Supreme Experience

At Supreme Lending, our mission is to turn your dream of homeownership into reality while building lasting relationships along the way. With a vision to enrich lives, we empower our dedicated team to serve you, your family, and our community. Our commitment to delivering Supreme Service ensures that your journey to a new home is guided by expertise, care, and a shared goal of creating a brighter future.

Ready to take the next step? Contact one of our friendly Loan Officers today for more information and personalized guidance on your home loan journey.



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