


→ **How to Buy Your First Home**

A webinar by  *turbotenant*

# To buy your first home, you need to know:

- How to save for your down payment
- Financing 101
- When to bring in a real estate agent
- How house hacking can cover your mortgage



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→ **Saving for a  
Down Payment**

# How much should you save for your down payment?



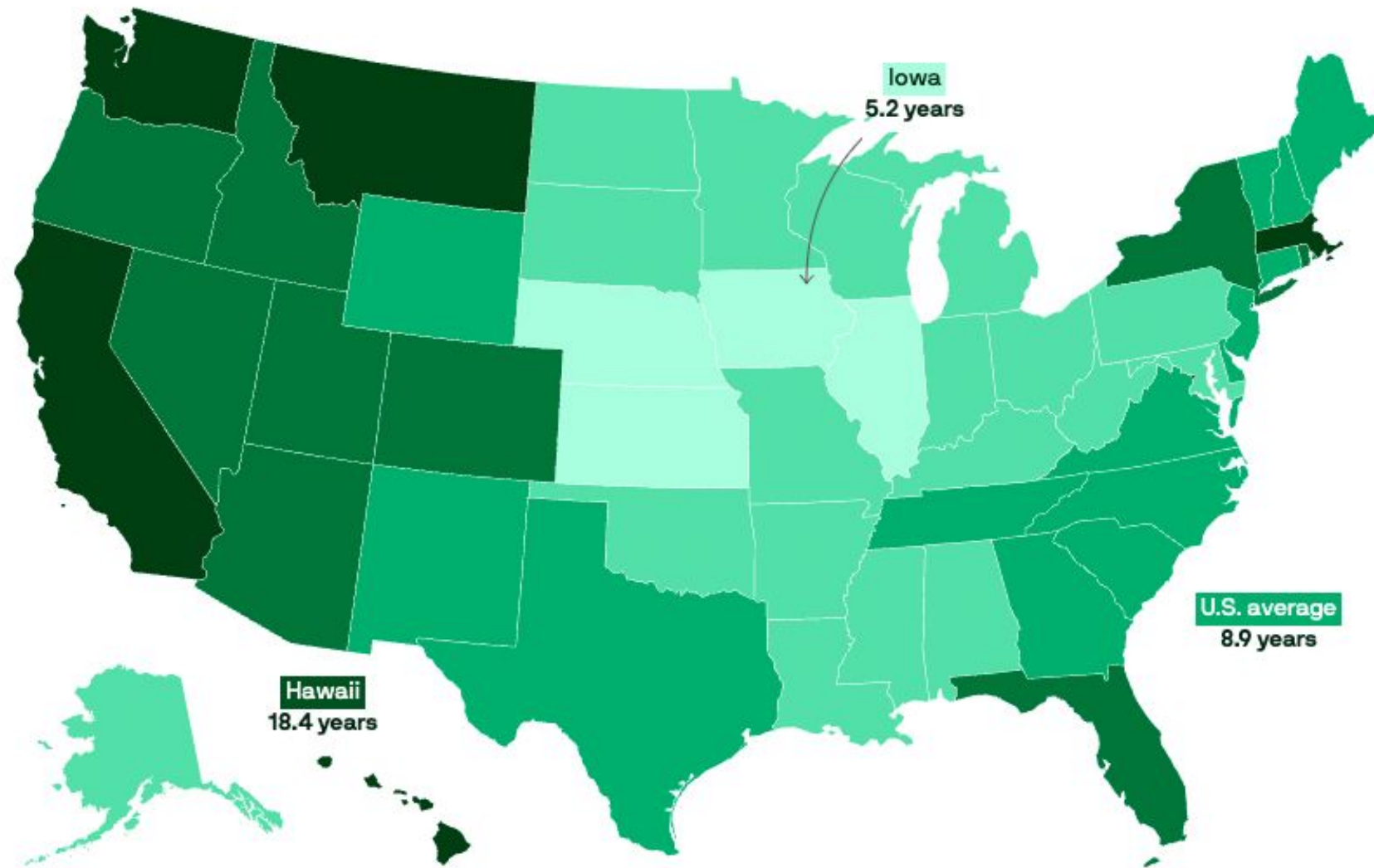
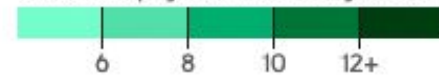
# Down Payments in 2022

- Average down payment for first-time buyers: **6%**
- **26%** of first-time buyers said saving for the down payment was hardest step
- Average length of time to save for down payment: **8.9 years**



# Average years it takes a household to afford a mortgage down payment, by state

10% down payment for a 30-year fixed mortgage; As of May 31, 2023



# True or False: Down Payment Edition

- Your down payment must be 20% of the property price.
- **FALSE** - *Some first-time homebuyer programs lower the down payment requirement to 0%\*. 3-3.5% is more likely*
- The down payment is the only cost standing between you and owning property.
- **FALSE** - *You'll need to pay fees, closing costs, etc. depending on your loan requirements.*
- Paying private mortgage insurance (PMI) is always better than making a large down payment.
- **FALSE** - *Depending on your loan terms, PMI could end up costing more over time than a larger down payment upfront.*

[Find lenders for low- and no-down-payment mortgages >>](#)

# How Much to Save

- Down payment: 3%\*
- Closing costs: 2-5%
- Three to six months' worth of expenses

**Pro Tip:** Some of your closing costs could be negotiable - so don't be afraid to ask your real estate agent!



# Your Numbers in Action

- Let's say you qualify first-time buyer FHA loan with a 3.5% down payment.
- The average single-family home in your target market costs \$600,000.
  - *You'll likely need to put at least \$21,000 down.*
  - Best option: save for your down payment, closing costs, AND three months' worth of expenses.
    - **$\$21,000 + (\$4,700 \times 3) + (\$600,000 \times .035) = \$56,100$**



# Saving Time

Number of Months Away From Purchase	Amount Saved Per Month
12	\$4,675
24	\$2,337.50
36	\$1,558.34
48	\$1,168.75
60	\$935

# Save for Your Down Payment in Five Steps

**1**

Evaluate your budget

**2**

Do your research

**3**

Run the numbers

**4**

Consider a high yield savings account

**5**

Execute



→ **Financing 101: A Crash Course**

**Have you contacted a lender yet?**



# How to Get People to Give You Money

Get in tip-top lending shape:


- **Maintain a steady income.**  
[Here's the impact stable income can have >>](#)
- **Step up your credit score game.**  
[Learn how to boost your score >>](#)
- **Improve your debt-to-income (DTI) ratio.**  
[Whittle away your debt >>](#)



# The Most Common Homebuying Loans



Conventional



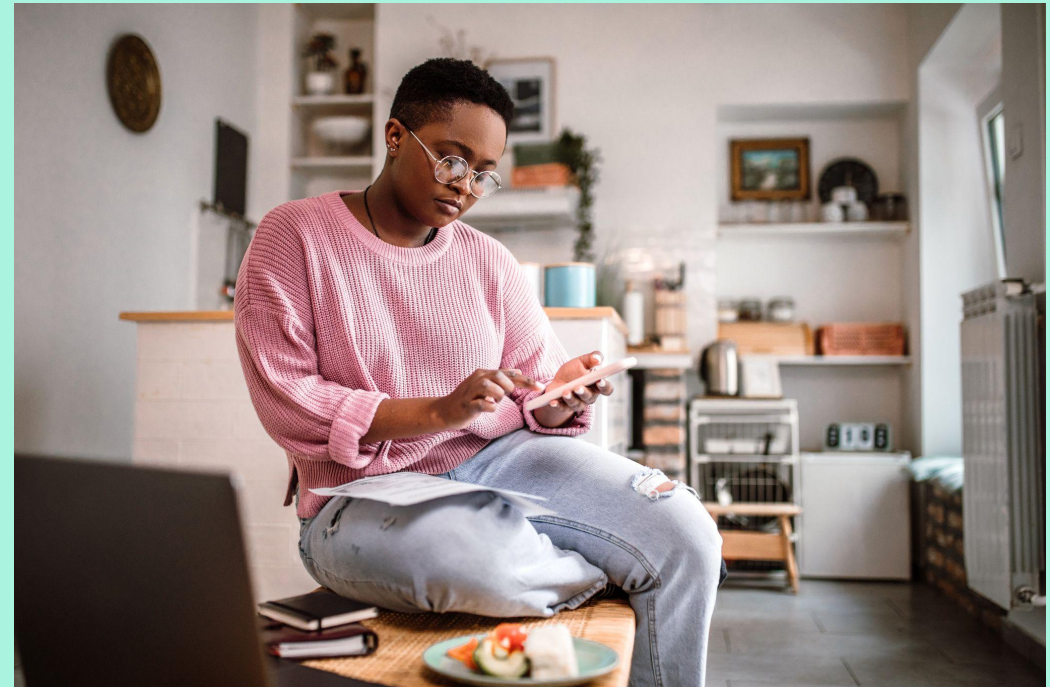
Government-  
backed

## What's right for you?

- Low credit and/or small down payment?  
A government-backed loan might be best!
- Strong credit and a 20% down payment saved?  
A conventional loan may be the better fit.

# Conventional Loans

- **Typical term length:** 15 and 30 years
- **Types:**
  - Conforming
  - Nonconforming
- **Putting down less than 20%** of the total loan amount?
  - Pay private mortgage insurance (PMI)





# Average Lendee Requirements – Conventional Loans

- Credit score of 620+
- At least 3% down payment
- Reliable income with at least a two-year track record
- Clean credit history (no recent bankruptcy or foreclosure)
- Looking to borrow within local loan limits set by the Federal Housing Finance Agency

**But these requirements differ by lender, so it's important to shop around!**

[Check your loan limit >>](#)

# The Most Popular Government-Backed Loans

- **FHA (Federal Housing Administration)**
  - *Offer lower down payment and credit requirements than a traditional mortgage.*
- **VA (Veterans Affairs):**
  - *Allow eligible veterans, active-duty military, National Guard personnel, reservists, and qualifying spouses to avoid paying a down payment.*
- **USDA (U.S. Department of Agriculture):**
  - *Support low- to middle-income buyers in certain rural areas and don't require a down payment.*



# Average Lending Requirements for Popular Government-Backed Loans

- **FHA**

- *Qualifications:* A credit score of 580+ and 3.5% down payment
- *Downside:* Upfront insurance premium and monthly mortgage insurance payments

- **VA**

- *Qualifications:* Determined by individual lenders, though a certificate of eligibility is required
- *Downside:* Closing costs still accrue

- **USDA**

- *Qualifications:* Income cap of 115% of median household income, fit specific citizenship status, and agree to live in property
- *Downside:* Must purchase property based on specific maps

[Access government loans >>](#)

# Find Your Lender in 4 Steps

1. Google “[loan type] in [where you want to buy property]”
2. Compare online reviews and rates from **at least three** mortgage lenders offering your ideal loan
3. Request a loan estimate from **at least three lenders**
4. Pay attention to how responsive they are to your questions and requests

**Pro Tip:** Ask your family and friends in the real estate business if they have any recommendations, too!



→ **When to Bring in a  
Real Estate Agent**

# Find Your Home With Help

- No time is too soon - build a relationship!
  - Ask friends/family/professionals for referrals
  - Ask for guidance and education about the homebuying process
- Start “dating” neighborhoods, touring different floor plans, and visiting open houses



# Connect With the Right Agent for You

- Hire a team or a single agent, know who your contact is and how they operate
- REALTOR® vs. real estate agent
  - Ask for their values, mission statement, communication style & experience

**Need to find a REALTOR®?**  
**We can help you find one in your area through our network! >>**



→ **House Hacking:  
How to Cover Your Mortgage**



# House Hacking: The Fastest Guide

- Renting out a portion of your primary residence
- Easy way to get into real estate investment without buying a second property
- Communicate your plan with your real estate agent + lender



[Learn more about house hacking >>](#)

# Want a free homebuying ebook with tips on house hacking?



# Pros and Cons of House Hacking

## PROS:

- Cover part or all of your monthly mortgage with rental income
- Build equity while providing housing
- Save the money you *would* be paying for future investments

## CONS:

- Uphold legal and financial obligations, or face trouble
- Have enough money in savings to cover missed rent, or your home could be foreclosed upon
- Being a landlord means taking care of issues

# Q&A

