

Prepared For: 6:8 Circles

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HOME BUYERS GUIDE - 10 STEPS TO SUCCESS:

Step 1: Check your credit report and score

Before [contacting a lender](#), it's smart to check your [credit report](#). By law, you can get a free report once a year through [Annualcreditreport.com](#). The report pulls data from the three major credit-reporting agencies: **Equifax, TransUnion and Experian**. Having the information in hand before you talk with a lender lets you dispute any errors in the reporting. Based on your credit report, Fair Isaac & Co. (FICO) assigns you a credit score ranging from **350 to 850**. The higher your credit score, the lower the interest rate on your mortgage. Scores are based on:

- Payment history: Have you paid your bills on time?
- Amounts owed: What is your overall debt?
- Length of credit history: How long have you been borrowing money? Mortgage lenders like to see a long credit history.
- New credit: Have you applied for new credit?
- Types of credit: Lenders like to see a variety of types such as bank cards, car loans and student loans.

So what is a good credit score? You can expect a good mortgage rate at anything above 720. **Home buyers who pursue an FHA loan can usually secure a loan if their credit is 580 or over.** FICO scores are available at [www.myfico.com](#) for a one-time or monthly fee. Once you know your score, you can find out what interest rate you will likely qualify for.

TIP: THIS STEP COULD BE THE HARDEST AND LONGEST PART OF THE PROCESS, BUT DON'T FRET... CREDIT CAN BE FIXED AND YOU CAN BUY A HOME! (I have personal experience in this area and can provide some advice and credit repair solutions to help.)

Step 2: Figure out how much you can afford

Or better yet, decide how much you're willing to pay. Just because you can qualify for a larger mortgage doesn't mean you want to have that kind of payment each month. Use the [mortgage affordability calculator](#) to help determine what you can afford. Now is also a good time to [research your housing market](#) and start going to open houses in your prospective neighborhood to give you a good sense of what your money will get you.

Step 3: Find a real estate agent

This person will be your lifeline through the process. Not so long ago, people didn't have much to go on when selecting an agent. A postcard in the mail or a name on a sign might have been all you had to consider if you didn't have a personal referral. But now it's a breeze to [check reviews online](#). Go ahead and meet with a [few agents and ask some questions](#). Your agent is your chief advocate, confidante and hand-holder in the process so you want to find a good fit. **(I can help or provide a list of local agents that I feel would be a good fit for your situation.)**

Step 4: Get pre-approved by a lender

It's a smart move to get **pre-approved** for a loan early in your home search. In fact, in today's competitive market, especially in Sauk Prairie, it is almost essential to be pre-approved to make your offer stand out to the seller!

Pre-approval requires the lender to pull the credit information (see Step 1) and assess your financial situation. The lender will then give you a letter that states the amount they would be willing to lend you. If you get in a multiple-offer scenario, being pre-approved may give you an edge because the seller will have more confidence that you will be approved for a loan large enough to purchase their home.

You are not obligated to get a loan from the lender who you get a mortgage pre-approval from. When it's time to officially apply for a mortgage, it's best to get loan estimates from at least three lenders to compare their interest rates and fees. **(I have a list of lenders that have the most experience and best programs available for specifically for first time homebuyers.)**

Step 5: Start looking at homes

Let the serious shopping begin! By now you've talked things over with your agent and you both know [what you really want and need in a home](#). Armed with this, your price range and knowledge of the local area, [look at listings online](#) and with your agent, who will come up with properties for you to tour. Chances are you'll discover some new things to love or hate about homes and refine your search. Remember there is a big difference between what you "WANT" and what you "NEED" in a home.

Step 6: Make an offer

For most buyers, this is when the butterflies really show up. Once you've found a home you want your agent will work with you to [craft an offer](#). Remember, the listing price is only a starting point. Your agent will understand the market and help guide you to make the most attractive offer, whether it's below, at or above listing price. Are there any contingencies to your offer? Will you require an inspection? These are all things your agent will help you with. Once you've submitted the offer you get to wait. It will seem interminable. You may get neither a simple yes or no but a counteroffer to consider. It can be something of a dance. If you get a solid "no," it's back to Step 5. If you get to a "yes," celebrate!

Step 7: Home inspection day

If your offer called for a home inspection, this is a big day. Sure, you get to have a home inspector look over the home to make sure there are no unseen defects you want to negotiate to have fixed. But more importantly, this is the most time you'll get to spend in your new home until closing. Go ahead and start measuring things and figuring out what goes where. This may be the last time you are inside the home until it is yours, several weeks from now.

Step 8: Get insurance and establish utilities

If you already own a home, simply call your insurance agent and let them know you're buying a new home. They will handle writing a new policy. If you don't have an insurance agent, now's the time to find one because your lender will require [homeowners insurance](#). Even if you don't have a mortgage, insurance is a critical part of protecting your investment. You'll also want to give utility companies your move-in date to establish service. There's nothing like moving into a cold, dark house because you didn't get an account with the power company!

Step 9: Closing day

This is the [big day](#). You'll read and sign papers and then read and sign some more. Even though you're just sitting around a table, it can be exhausting. But it also means you're nearing the finish line.

Step 10: Get the keys and move in!

This is it. You did it!!!! You are now a homeowner! Your sale contract will specify exactly how soon you get to move in. Sometimes it's by a certain time on the day you sign closing papers. Sometimes possession happens a few days after closing. Whenever it is, you've just ended the adventure of home buying and started the adventure of homeownership.

12 Simple Steps to Repair Your Credit and Increase Your Credit Score:

(Credit repair isn't hard. Improving your credit score doesn't take months. Just follow these simple steps to repair your credit & improve your credit score -- and your ability to borrow on terms you can afford)

1. Review your credit reports.

The credit bureaus -- [TransUnion](#), [Equifax](#), and [Experian](#) -- are required to give you a free copy of your report once a year. All you have to do is ask. (Click the links to request a copy.)

Another way to see your credit reports is to use a free service like [Credit Karma](#). (I'm not endorsing Credit Karma. I like it and think it's handy, but I'm sure other free services are just as useful.)

Once you've signed up, you can see your credit scores and view the information contained on the reports. Generally speaking, the entries on the different reports will be the same, but not always. For a variety of reasons credit reports are rarely identical.

2. Dispute negative marks.

In the old days, you had to write letters to the credit bureaus if you wanted to dispute errors. Now services like Credit Karma (again, I'm not endorsing CK and only reference it because I've used it) let you dispute errors online.

Just make sure you get the most bang for your dispute efforts. Certain factors weigh more heavily on your credit score than others, so pay attention to those items first.

Start with derogatory marks like collection accounts and judgments. It's not uncommon to have at least one collection account appear on your report. I had two from health care providers I used [after having a heart attack](#); my insurance company kept claiming it had paid while the providers said it had not, and eventually the accounts ended up with a collection agency. Eventually I decided to pay the providers and argue with the insurance company later, but both collections wound up on my credit report.

Fixing those problems was easy. I clicked the "Dispute" button, selected "The creditor agreed to remove my liability on this account," and within a week the dispute was resolved and the entry was removed from my credit report.

You can also dispute errors through each credit bureau. If that's your preference, go here for [TransUnion](#), here for [Equifax](#), and here for [Experian](#).

Keep in mind some disputes will take longer than others. But that's OK. Once you initiate a dispute, you're done: The credit bureaus are required to investigate it and report the resolution. Spend as much time as it takes trying to have derogatory marks removed because they also weigh heavily on your overall score.

3. Dispute incorrect late-payment entries.

Mistakes happen. Your mortgage lender may report a payment was late that was in fact paid on time. A credit card provider may fail to enter a payment correctly.

You can dispute late payments -- whether in accounts that are current or accounts that have been closed -- the same way you dispute derogatory marks.

Your payment history is another factor that weighs heavily on your credit score, so work hard to clean up those errors.

4. Decide if you want to play the game some credit repair companies play.

So far we've discussed trying to remove inaccurate information only. You can, if you choose, also dispute accurate information.

For example, say an account went to collection, you never paid it, and the collection agency gave up. All that remains is the entry on your credit report. You can still choose to dispute the entry. Many people do. And sometimes those entries will get removed.

Why? When you enter a dispute the credit bureau asks the creditor to verify the information.

Some will. Many, like collection agencies, will not. They'll simply ignore the request -- and if they do ignore the request, the agency is required to remove the entry from your credit report.

What that means is that smaller firms, like collection agencies or local lenders or small to midsize service providers, are less likely to respond to the credit bureaus. It's a hassle they don't need. Banks, credit card companies, auto finance companies, and mortgage lenders are a lot more likely to respond.

So if you want -- and I'm not recommending this, I'm just saying it's a strategy some people decide to use -- you can dispute information in the hope the creditor will not respond. (This is the strategy many credit repair firms use to try to improve their clients' scores.) If the creditor doesn't respond, the entry gets removed.

Should you take this approach? That's up to you. (You could argue I shouldn't even mention it, but it is something many people do, so I felt it worth mentioning.)

5. Ask nicely.

Maybe you tried and failed to remove a negative comment, a late payment, or an account that was marked "Paid as agreed" (which might mean the creditor agreed to let you pay less than you owed). Should you give up? Nope. Try asking nicely.

Creditors can instruct credit bureaus to remove entries from your credit report at any time. For example, I hadn't charged anything on a particular credit card for months and didn't notice that I had been charged my annual fee until the payment was late. (Like a doofus, I was just tossing the statements without opening them because I "knew" there were no charges.)

The late payment showed up on my credit report, so I called the credit card company, explained what had happened, that I had been a customer for years, and asked if they would remove the entry. They said sure. And they also agreed to waive all annual fees in the future. (Proving yet again that if you don't ask, you don't get.)

When all else fails, call and ask nicely. You'll be surprised by how often a polite request for help pays off.

6. Increase credit limits.

Another factor that weighs heavily on your credit score is your credit card utilization: The ratio of available credit to credit used makes a big difference. Generally speaking, carrying a balance of more than 50 percent of your available credit will negatively impact your score. Maxing out your cards will definitely hurt your score.

One way to improve your ratio is to pay down your balances, but another way is to increase your credit limit. If you owe \$2,500 on a card with a \$5,000 limit and you get the limit increased to \$7,500, your ratio instantly improves.

To get credit limits increased, call and ask nicely. If you have a decent payment history, most credit card companies will be more than happy to increase your limit -- after all, they want you to carry a high balance. That's how they make money.

Just make sure you don't actually use the additional available credit, because then you'll be back in the same available credit ratio boat... and you'll be deeper in debt.

7. Open another credit card account.

Another way to increase your credit card utilization ratio is to open a new account. As long as you don't carry a balance on that card, your available credit immediately increases by that card's limit.

Try to get a card that doesn't charge an annual fee, though. Your best bet is through a bank where you already have an account. Granted, cards with no annual fee tend to charge higher interest rates, but if you never carry a balance, the interest rate is irrelevant.

But again, be smart: The goal isn't to get access to more cash, the goal is to improve your credit score. If you think you'll be tempted to run up a balance on a new account, don't open one.

8. Pay down outstanding balances.

I know. You need a higher credit score because you want to borrow money; if you had the money to pay down your balances, then you might not need to borrow.

Still: decreasing your percentage of available credit used can make a quick and significant impact on your credit score. So go on a bare-bones budget to free up cash to pay down your balance. Or sell something.

Paying down balances may be tough to pull off as a short-term move to increase your credit score, but it should be part of your long-term financial plan. Not only will your credit score increase over time, you won't pay as much interest -- which, if you think about it, is just giving lenders money you would rather stayed in your pocket.

9. Pay off high-interest, "new" credit accounts first.

Age of credit matters to your credit report. Interest rates matter to your bank account. If you have \$100 a month to put toward paying down balances (over and above the required monthly payments, of course), focus on paying off high interest accounts. Then prioritize those by the

age of the account. Pay off the newest ones first; that way you'll increase the average length of credit, which should help your score, but you'll also be able to more quickly avoid paying relatively high interest.

Then put the money not spent on that payment into the next account on your list. The ["debt snowball"](#) system really does work.

10. Ride some great credit coattails (of a person you trust.)

Say your spouse has a credit card with little or no balance and a great payment history; if he or she agrees to add you as an authorized user, from a credit score point of view you automatically benefit from her card's available credit as well as her payment history.

Keep in mind if he or she makes a late payment, that entry will appear as negative on your credit report too.

So choose your credit card friends wisely.

11. Keep your "old" credit cards.

Your age of credit history has a moderate but still meaningful impact on your credit score. Say you've had a certain credit card for 10 years; closing that account may decrease your overall average credit history and negatively impact your score, especially over the short term.

If you're hoping to increase your credit score but you also need to get rid of a credit card account, get rid of your "newest" card.

12. Pay every bill on time.

Even one late payment can hurt your score. Do everything you can, from this day on, to always pay your bills on time.

And if one month you aren't able to pay everything on time, be smart about which bills you pay late. Your mortgage lender or credit card provider will definitely report a late payment to the credit bureaus, but utilities and cell providers likely will not.

Check the "Accounts" section on your credit reports to see which accounts are listed, and if you have to pay late, choose an account that does not appear on your report.

Then work really hard to make sure you can always pay everything on time in the future. Your credit score will thank you, and so will your stress levels.

And, over time, so will your bank account.

(If you need help it's okay to hire a credit repair company, just make sure they are reputable. I have one I can refer you to if needed).

Housing Breakdown - What will it take to buy a Home?

Average Sale Price of Home in **Sauk County**:

2018 - Average Price = \$212,287
Median Price = \$185,000

2019 - Average Price = \$222,534
Median Price = \$196,400

AVERAGE HOME VALUES SAUK PRAIRIE RIVERWAY (Via Chamber website) = **\$208,900**
AVERAGE TAX PAYMENT / ANNUALLY = **\$2800-\$3800/YR.**

MORTGAGE PAYMENT EXAMPLE:

Home Price = \$185000 (With Taxes @ \$3000)

30 Year Mortgage - Zero (0.00) Down Payment

Interest Rate: 4.5%

Monthly Principal & Interest = **\$937/Mo.**

Monthly PITI Payment (Principal, Interest, Taxes & Insurance) = **\$1245.70/Mo.**

MORTGAGE CALCULATOR & PURCHASING INFO:

<https://www.bankrate.com/calculators/mortgages/mortgage-payment-calculator.aspx>

<https://www.zillow.com/mortgage-calculator>

MY AFFORDABILITY CALCULATOR: Use this calculator to determine *how much house you can afford*. By entering details about your income, down payment, and monthly debts, you can estimate the mortgage amount that works with your budget.

<https://www.zillow.com/mortgage-calculator/house-affordability>

HOME SEARCH TOOL: (Directly linked to current MLS of Wisconsin - Zillow is not accurate)

<http://www.scwmls.com/homesnap/homesnap.html>

WHAT IS A DOWN PAYMENT ON A HOME?

The down payment on a house is a portion of the cost of a home that's paid in cash. The balance of the purchase price is usually paid by a loan you secure from a lender and pay back in a monthly mortgage payment. Down payments are expressed as a percentage of the total purchase price and the percentage you're required to pay is dictated by the terms of your loan.

Note that not all home buyers with financing are required to produce a down payment.

HOW MUCH DO I PUT DOWN ON A HOME?

The "ideal" down payment amount is 20% of the purchase price of the home. Paying 20% up front reduces your monthly mortgage payments, can eliminate costly private mortgage insurance (PMI), can reduce interest rates and improves the competitive nature of your offer.

WHAT IS THE 'MINIMUM' DOWN PAYMENT FOR A HOUSE?

The minimum down payment for a house depends on the loan you're using to finance the purchase. Some people may be able to qualify for loans with **0%** down, but loans with **3%** down or **3.5%** down are common. Lower down payment loans, including the 3.5% FHA loan, are designed to make homeownership more attainable for first-time buyers.

Keep in mind that even if you finance with a loan that allows a lower down payment, you'll usually still have to pay closing costs out of pocket. There are a few 0% down loan types that will roll all costs into the mortgage, but they can be hard to come by.

- Conventional loan minimum down: 3%
- FHA loan minimum down payment: 3.5%
- VA loan minimum down payment: 0%
- USDA loan minimum down payment: 0%

DOWN PAYMENT ASSISTANCE PROGRAMS:

CWCAC (Central Wisconsin Community Action Council) - Rent & Down Payment Assistance
https://rentassistance.org/program/central_wisconsin_community_action_council_inc_sauk_county_baraboo_wi.html

SAUK COUNTY HOUSING AUTHORITY - Low Income Rental Assistance
<https://www.saukcountyha.org>

RENEWAL UNLIMITED - Down payment and Rental Assistance programs
www.renewalunlimited.net

FINANCING FOR HOME PURCHASE OR REPAIRS - USDA Rural Development has financing available for your parishioners to purchase and/or repair a home. Attached please find flyers regarding these programs.

Does your home need a new furnace or roof? Does your home need accessibility accommodations?

Are you tired of renting? Do you want to own your home?

If you answered yes to any of these questions, USDA Rural Development may be able to help. Rural Development has funding available to purchase and repair homes in eligible rural communities. Interest rates range between 0-2.75%.

Grants for repairs may be available to income eligible households over the age of 62.

For more information, contact USDA Rural Development: **715-345-7601**.

Additional information is also available at www.rd.usda.gov/wi

