

First-Time Homebuyer Loan in Utah - America West Financial Home Loans

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Are you looking to buy your first home in Utah? If so, you have an exciting journey ahead! While navigating the complex housing market for the first time can be an intimidating task, [America West Financial](#) is here to **walk you through the process step by step**. Our team of mortgage experts in Utah will guide you through the home-buying process, ensuring you have an easy, worry-free experience.

Give us a call at 801-957-0155 to speak to a Utah home loan expert today!

Get Pre-Approved

While it can be fun to start seeing houses, as a serious homebuyer your journey should start in our office. By having a consultation first, we will be able to review your credit report and offer you tips on how to get your credit score where it needs to be. Fixing your credit score could take months, so it is advisable to start early. The process of preapproval usually involves a credit check and a documentation check. **With your preapproval you can make an offer, and the seller will see you are a serious buyer.** Preapproval also gives you a total borrower amount you qualify for so you know how much bargaining power you have when you start making offers on houses.

Determine How Much You Can Afford

It is always advisable to work with a budget. Know how much money you can raise for the house and look for a house within that price range. At this point in your journey, it is advisable to work with an expert, like American West financial, who will help calculate your debt to income ratios and determine the amount you can afford for a mortgage loan.

- **Calculating Front-End Debt-to-Income Ratio:** The front-end debt ratio is also known as a mortgage to income ratio. It is usually computed by dividing what you project to be your **PITI** by your gross income. Your PITI refers to the components that make up your monthly mortgage payment, and the acronym stands for **Principal, Interest, Taxes, I** 28% – 36% is generally considered the acceptable limit range.

Example:

Your gross income: \$55,000 yearly or \$4,583 monthly

Your PITI is \$1,300 monthly

Divide monthly income by PITI) $\$1,300 / \$4,583 = .2836$, or a **front-end ratio of 28%**

- **Calculating Back-End Debt-to-Income Ratio:** The back-end debt ratio is your overall current debt position and your ability to take a home loan debt. In this ratio, other outstanding loans such as credit card, car loan, child support, and student loan payments are added to the mortgage figure to project the amount you can



afford. For back end debt ratio the limit is 36% for conventional loans and 41% for FHA loans.

Example:

Your gross income: \$55,000 yearly or \$4,583 monthly

Your PITI is \$1,300 monthly

Your monthly debt payments are two \$50 credit cards and a \$400 car payment, which totals \$500.

Your PITI + monthly debts = \$1,800

Divide number by income) $\$1,800 / \$4,583 = .392$, or a **back-end ratio of 39%**

Save for the Down Payment

Saving up for the down payment is one of the largest challenges first-time homebuyers face. When saving up for the home, you should also be prepared to meet the costs that are associated with the purchase such as closing costs, which account for 2% to 3%. There are a number of home loan programs that you can choose from to find the right solution for your needs.

These programs include:

- **FHA Home Loan**: An FHA loan refers to a mortgage that is insured by the Federal Housing Administration. The borrower will pay for mortgage insurance that will protect the lender from any losses in case of a default. Traditionally, the **FHA loans bare the minimum down payment of 3.5% of the contract sale price. This is the reason it is popular among many first time homebuyers.**
- **100% First-Time Home Buyer Loan**: With 100% mortgage as a homeowner you can borrow the entire money required for the purchase of the house without a deposit. This kind of mortgage is considered high risk for the lenders that is why they are not as common.
- **Veteran Affairs Mortgages**: These loans are better known as VA loans. **They do not usually require the home buyer to put a down payment** and they are available to military veterans as well as active military members. They are usually made through private lenders and the Department of Veteran Affairs guarantees them. To be eligible you have to be a member of the military, veterans, National Guard or reservist. If you are a spouse of a military member that died in active duty you can also apply.
- **Conventional Home Loan**: This can be termed as a regular loan that is offered by the lenders without having any insurance help from the federal government. Your reward for **saving for a 20% down payment** is that you don't have to carry mortgage insurance!

Get a Home Loan for First-Time Homebuyers from America West Financial

If you are a first-time homebuyer, contact America West Financial Home Loans. **Call 801-957-0155 to schedule an appointment with a mortgage specialist in Utah today!**

America West Financial Home Loans allows you to easily [apply online](#). You can [check your application's current status](#) and securely submit any necessary loan documents. If you have any questions, feel free to ask your personal mortgage specialist, who will patiently guide you through the entire process.