



# DREAMS — TO — REALITY

A Comprehensive Guide to Homebuying  
and Personalized Plan for Your Success



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NICE TO MEET YOU!

# Introducing Nick Barta: Your Homeownership Guide

Congratulations on taking the first step towards homeownership. We are very excited to work with you. This program is intended to provide you with the knowledge to make informed decisions when it comes to purchasing a home. We will also be giving you a personalized plan so you can be as prepared as possible when you begin your homebuying journey.

I'm sure you have heard the stories of how complicated and difficult the homebuying process can be. That is where I come in. With 33 years of experience as a mortgage professional, I have assisted thousands of homeowners in their journey to owning their dream homes. My expertise and dedication have led me to be ranked as the #1 FHA loan originator in the country and among the top 15 loan originators in the country in terms of transactions closed. I'm also recognized as the #1 down payment assistance originator in the State of Colorado.

But beyond these professional achievements, I am a proud husband, dad, and grandpa (or as my grandkids love to call me, Papa Nick). I understand the importance of home as a foundation for family life, and I am committed to helping you build that foundation.

I am going to show you a specific roadmap for your situation so you can navigate the process without fear, confusion, or hesitation. Let's turn your dreams into reality and get started on your homebuying journey.



## SECTION ONE

# Why Buy?

Choosing to buy a home is more than just deciding on a place to live. It's a significant step towards financial security and personal freedom. Here are some key reasons why owning a home is a wise decision:

### Building Wealth:

Owning real estate is a powerful way to build wealth. As you pay off your mortgage, you increase your equity, contributing to your net worth.

### Freedom and Control:

Homeownership gives you the freedom to personalize your space and make decisions about your property without needing to seek permission from a landlord.

### Stability and Community:

Owning a home provides a sense of stability and allows you to become part of a community, offering a consistent environment, especially beneficial for families with children.

### Educational and Health Benefits:

Studies suggest that children of homeowners often perform better academically. Additionally, homeownership has been linked to better overall health, attributed to lower stress levels and improved living conditions.

### Tax Benefits:

Homeowners may enjoy tax advantages, including potential deductions for mortgage interest and property taxes.

Believe in your power to achieve. Don't let anyone tell you otherwise. With preparation and understanding, your dream of owning a home is not just possible, it's within your grasp. **You've got this!**

## What Is Your Why?

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## SECTION TWO

# Understanding Your Credit

Your credit score is a key factor in the homebuying process. It can affect your mortgage approval, the interest rate you receive, and even the types of home loans available to you. This section will guide you through understanding your credit scores, what impacts them, and how to improve them.

### Know Your Credit Scores

Your credit score is a numerical representation of your creditworthiness, based on your credit history. The three major credit bureaus - Experian, Equifax, and TransUnion - each generate their own credit scores. It's important to know your scores from each bureau as lenders may use any or all of these scores when considering your loan application.

\*Authorized by the Federal Trade Commission and the Consumer Financial Protection Bureau, consumers can receive their annual credit report through [www.annualcreditreport.com](http://www.annualcreditreport.com)

### What Are Your Scores?

Experian: \_\_\_\_\_ Equifax: \_\_\_\_\_ TransUnion: \_\_\_\_\_

### Overcoming Credit Challenges:

Certain credit events like bankruptcy and foreclosure can impact your credit scores. For bankruptcy, a two-year wait (or one year for Chapter 13) is required for a home loan. For foreclosure, a three-year wait is needed.

### Improving Your Credit Scores:

Boosting your credit scores can enhance your mortgage prospects. Here's how:

- **Any revolving balances that are close to the credit limit?** \_\_\_\_\_ (Y/N?)
  - Pay down any revolving balances to 0 to 30% of the credit limit.
- **Are there any errors on your credit?** \_\_\_\_\_ (Y/N?)
  - Ensure your credit reports are accurate. Resolve any disputes before applying for a home loan.
- **Any recent collections that can be paid off?** \_\_\_\_\_ (Y/N?)
  - Pay off most recent collections, prioritizing non-medical ones first.
- **Use Credit Boosting Tools:** Tools like Experian Boost can help raise your scores by including positive bill payment history.

Improving credit scores is a journey requiring time and consistent good credit habits. With dedication, you can strengthen your position for homeownership.

## SECTION THREE

# Income Analysis

Your income is a key factor in determining how much home you can afford. This section will guide you through understanding your income, how it's calculated, and how it impacts your debt-to-income ratio, a crucial factor in mortgage lending.

### Assessing Your Income:

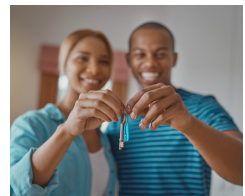
Different types of income can be considered when applying for a home loan. Here are some questions to help you assess your income:

- Are you a wage earner or salary employee? \_\_\_\_\_
- Do you receive commissions or bonuses? \_\_\_\_\_
- How long have you been at your current employer? \_\_\_\_\_
- How long have you been in your current line of work? \_\_\_\_\_
- Are you self-employed? \_\_\_\_\_
  - If so, how long have you been self-employed? \_\_\_\_\_
- Do you have any part-time income? \_\_\_\_\_
  - If so, have you held both your full-time and part-time jobs for at least two years? \_\_\_\_\_
- Do you receive Pension, Social Security, Alimony, or Child Support? If so, how long have you received this type of income, and will it continue for at least three more years? \_\_\_\_\_
- What is your total gross monthly income from all sources (income before any taxes or deductions are deducted)? \$ \_\_\_\_\_

Understanding your income and how it impacts your ability to buy a home is a crucial part of the homebuying process. With this knowledge, you can better plan and prepare for your journey to homeownership.

*"Nick and his team were really great to work with on our loan...Nick and the team found ways that we could easily prove our income and still be in compliance with lending standards...The responsiveness and helpfulness of the team made them an absolute pleasure to work with."*

- Emily N. (Aurora, CO)



# Income Analysis (Cont'd)

## Debt-to-Income Ratio:

Your debt-to-income (DTI) ratio is one of the main qualifying factors in mortgage lending. It's the percentage of your gross monthly income that goes towards paying your monthly debts. Depending on the loan program, the maximum DTI can be between 43% and 57%.

To calculate your DTI, you'll need to list your monthly payments, including:

- Minimum credit card payments: \$ \_\_\_\_\_
- Student loan payments (if these are deferred, you can figure 0.5% for a payment. For example, a \$5,000 balance x 0.5% = \$25.00): \$ \_\_\_\_\_
- Car payments: \$ \_\_\_\_\_
- Installment loans: \$ \_\_\_\_\_
- Child support/alimony paid: \$ \_\_\_\_\_
- IRS payment arrangements: \$ \_\_\_\_\_

Add up these payments to get your total monthly payments: \$ \_\_\_\_\_

Then, divide your total monthly payments by your total gross monthly income to get your DTI ratio: \_\_\_\_\_ %

## Calculating Your Maximum Mortgage Payment:

Gross Monthly Income: \$ \_\_\_\_\_ X Max allowed DTI per program: \_\_\_\_\_ = \$ \_\_\_\_\_ minus total monthly payments = \$ \_\_\_\_\_ max mortgage payment you qualify for.

The result is the maximum mortgage payment you qualify for: \$ \_\_\_\_\_

For example, if your gross monthly income is \$7,000 and you're applying for an FHA loan (which has a max DTI of 57%), you would calculate  $\$7,000 \times 0.57 = \$3,990$ . If your total monthly payments are \$750, then  $\$3,990 - \$750 = \$3,240$ . This is the maximum mortgage payment you would qualify for.

If you have little to no monthly payments, you could run into the max front-end ratio, which is just the mortgage payment and usually maxes out around 45% depending on credit. In the above example,  $\$7,000 \times 0.45 = \$3,150$ , which would be the max mortgage payment allowed if it's lower than the calculated max payment.





## SECTION FOUR

# Down Payment Funds & Assets

One of the most significant steps in the homebuying process is understanding your down payment options and calculating how much you need. This section will guide you through the various sources of down payment funds and how to estimate your required amount.

Sources of Down Payment	Your down payment can come from various sources, including:
<b>Savings and Checking Accounts</b>	These are the most common sources of down payment funds.
<b>Investments</b>	Stocks, bonds, mutual funds, and money market accounts can be liquidated for down payment funds.
<b>Retirement Accounts</b>	You can withdraw or borrow from your 401K for your down payment.
<b>Sale of Valuable Items</b>	Selling something of value, like a car or jewelry, can provide funds for your down payment.
<b>Loans</b>	You can borrow against something of value, like a life insurance policy or a 401K
<b>Gifts</b>	Gifts from family members or friends can be used as down payment funds
<b>Down Payment Assistance Programs</b>	Various programs offer down payment assistance to eligible homebuyers.
<b>Unsecured Loan Funds</b>	Funds from unsecured loans that have been seasoned for 60 days or more can be used.
<b>Seller Contributions</b>	In certain circumstances, the seller can pay for closing costs and prepaid items.

### Calculating Your Down Payment:

To estimate how much you need for your down payment, list all your available funds:

Type of Fund: \_\_\_\_\_ Amount: \$ \_\_\_\_\_

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Type of Fund: \_\_\_\_\_ Amount: \$ \_\_\_\_\_

**Total these amounts for your down payment funds: \$ \_\_\_\_\_**



## SECTION FIVE

# Choosing the Right Loan

Choosing the right type of loan is a critical step in the homebuying process. This section will guide you through the different types of loans available and help you determine which one suits your situation best.

Loan Types	There are several types of loans available, each with its own set of requirements and benefits:
FHA Loans	These loans are most lenient on credit and debt-to-income ratio, making them a good choice for first-time homebuyers or those with less-than-perfect credit.
Conventional Loans	These loans require better credit and a lower debt-to-income ratio. They are a good option for those with strong credit.
VA Loans	If you're a veteran, this is an excellent program. VA loans offer \$0 down payment and no mortgage insurance.*
USDA Loans	If you're buying in a more remote area where the population is under 10,000 people, this may be a good option. USDA loans also offer \$0 down payment.*

### Down Payment Assistance:

If you need help with your down payment, there are several aggressive down payment assistance (DPA) programs in the State of Colorado.\* As a mortgage professional who has done more DPA loans than any other in the State, I can guide you through each option and recommend the best one for your situation. One of the better DPA programs is the Colorado Housing and Finance Authority (CHFA), which offers grants and second mortgage loans for down payment and/or closing cost assistance.

It's important to note that some loan officers might steer you away from DPAs because they make less money on these loans. However, don't let this deter you. The right DPA can make homeownership more accessible and affordable.

### Working with a Real Estate Agent:

In most cases, working with a real estate agent is highly recommended. In Colorado, the seller of the property pays for the real estate agent's commission 98% of the time. Remember, the listing agent represents the seller, not you. Having your own agent ensures that your interests are protected throughout the homebuying process.

\*Closing costs and fees may still apply. First lien interest rates are higher when using a DPA second.

## CONCLUSION

# Your Homeownership Journey Awaits

As we wrap up this guide, I hope it's provided you with valuable insights to navigate your path to homeownership. My team and I, with our extensive experience in helping thousands achieve this dream, are ready to assist you too.

### Ready to Take the Next Step?

If you're ready to move forward, click the '[Apply Now](#)' button. We'll ask for about 10 minutes of your time to gather some information. Following this, either I or one of my licensed mortgage consultants will reach out to review your application and guide you through the pre-approval process. Rest assured, there's never a cost for this service, and we never ask for any payment upfront.


### Need More Information?

If you have more questions or need further clarification, don't hesitate to click the '[Schedule a Consultation](#)' button. You can choose a day and time that suits you, and one of my team members will call you. During this call, we'll discuss your personalized plan and answer any additional questions you might have.

Thank you for spending time with me today. It's been a pleasure to share this information with you. Remember, the path to homeownership may seem daunting, but with the right guidance and preparation, it's a journey that can lead to incredible rewards.

Here's to turning your dreams of homeownership into reality!





*"Nick Barta and his team made us very comfortable and confident with our first home buying experience. They were quick to answer any questions we had and we felt educated throughout the process."*

Hallie M. (Windsor, CO)



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