

The Key to Homeownership

Your Financial Journey from Savings to Sold

Becoming a homeowner can be as challenging as it is exciting. While many people can afford a monthly mortgage payment, saving for the upfront costs of homeownership can be difficult, according to [Bank of America's 2021 Homebuyer Insights Report](#). In fact, over half of prospective buyers cite high rent costs (57%) and expensive house prices (54%) as key obstacles to saving enough money to buy homes today.

The key to your journey toward homeownership – whatever your timeline – is making early, consistent and informed decisions starting with your first banking experience and continuing as you learn to budget, save and build a solid credit history, all of which will set you up for success.

FOR SALE

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SOLD

1 START YOUR BANKING JOURNEY

Learn to manage your everyday finances with a bank account and debit card. Find an option that:

- Keeps you informed and helps you manage the funds you have available
- Provides digital visibility into your banking activity

Open a savings account and make regular or automated deposits to see your funds grow over time. Savings accounts typically earn interest and can help you grow your balance.

- **TIP:** Take advantage of opportunities to boost your savings even more, like Bank of America's [Keep the Change](#)® program. It's the first program to help you build savings by automatically transferring the spare change from rounded up debit card transactions into your savings accounts.



SafeBalance® is designed to help you spend only the money you have available with no overdraft fees, and the monthly maintenance fee is waived for eligible students and Preferred Rewards members.



\$15 billion – The amount in excess change that has been directed to savings accounts through Keep the Change over the last 15 years.

2 ESTABLISH & BUILD CREDIT

Refine your spending patterns to strengthen your credit score.

- Open a credit card: Credit cards can help establish, strengthen or rebuild credit.
- Establish a mix of credit types: From credit cards to auto loans, different types of credit show you have experience handling a variety of account types.
- Show a consistent payment history: Consistency goes a long way, so pay your bills when they're due and never skip payments.
- Don't run the balances up on your credit lines: The lower the better when it comes to how much you owe.

Why? Your credit score impacts how you're viewed as a potential borrower when making larger purchases, like a car or home.

Remember: It's important to practice responsible credit behavior, like making payments on time and being careful to not overspend. Consider if you have the money to cover the cost before using your credit card or taking out a loan with monthly payments.



The Bank of America Secured Card is a simple and convenient credit card that is offered with a security deposit as low as \$300.

3 IMPROVE YOUR FINANCIAL HEALTH

While homeownership may feel far away, it's never too early to start thinking about your next savings goal. Be consistent with good financial best practices to help stabilize your finances over time prior to starting the homebuying process.

Plan, Budget, Save

- Define, prioritize and make progress toward your financial goals with [Life Plan](#)®, a digital experience that helps you set and track near- and long-term goals based on your life priorities, and better understand and act on steps toward achieving them.
- Review your finances to understand where your money is going and set a budget to stay on track. Use a digital [Spending & Budgeting Tool](#) to help.

Prioritize Paying Down Debt

- Reducing your debt-to-income ratio (how much you owe compared to your income) makes you a more attractive borrower.
- Bank of America's [Better Money Habits](#) videos and checklists can help you build financial acumen so you can manage more complex financial needs over time.

Borrow Only What You Can Afford

- Rather than, "How much *could* I borrow?" ask, "How much *should* I borrow?" to determine what comfortably fits your budget.



4 PLAN YOUR HOMEBUYING TIMELINE

Weighing the option to rent or buy can help you determine your own timeline.

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| <p>Buy</p> <ul style="list-style-type: none"> • No rent increases with a fixed mortgage: A fixed rate mortgage provides you with a consistent monthly mortgage payment over the life of your loan. • Personalize your home: Your ability to personalize your home increases when you own it. • Community: Homeownership gives you a stake in your local community and historically has increased the stability and vitality of neighborhoods. <ul style="list-style-type: none"> – 70% of prospective homebuyers are looking for vibrant and connected communities. • Long-term wealth: Owning a home is an opportunity to increase your long-term wealth as you pay off the principal on your loan over time and build equity. This can set you and your family up for long-term, generational wealth and economic mobility. • Potential tax advantages: These may be different for each individual, so consult with your tax advisor. | <p>Rent</p> <ul style="list-style-type: none"> • Flexibility: Renting offers more flexibility to relocate for a career opportunity or to satisfy a desire to travel. • Current cost: Rent may offer a less expensive monthly option today. • Landlord responsibility: Repairs and upkeep are the responsibility of the landlord. • Additional expenses: No property tax costs or homeowner's insurance costs. |
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Remember: Everyone's homeownership timeline is unique, and there is no "right time" to buy.



Understand how homeownership fits into your larger financial plan.

- Would you need to adjust your monthly budget to buy a home?
- Would owning allow you to maintain your other savings goals?
- Would you be able to cover potential home repairs property taxes, and homeowner's insurance?
- Take advantage of educational programs, like Bank of America's [First-Time Homebuyer Online Edu-Series](#)™, to help demystify homebuying finances.
- Use an online [affordability calculator](#) to estimate how much a manageable monthly mortgage payment might be.

5 RESEARCH HOME LOANS AND DOWN PAYMENT ASSISTANCE OPTIONS

Shop around for lenders to help you determine the best fit.

- Having a professional you can trust to help you navigate the application process can make a significant difference.
- Make sure your lender understands your current and future goals.

Know that you may have options to help overcome the upfront costs of homeownership. Bank of America offers:

- **Low down payment mortgages:** Competitive, fixed-rate mortgages with down payments as low as 3%, requiring lower-cost – or even no – mortgage insurance.
- **Grant programs:** When combined, the Down Payment Grant and America's Home Grant® give eligible borrowers up to \$17,500 in down payment and closing cost assistance – no repayment necessary.



Did You Know?

You may not need a 20% down payment to purchase a home. In fact, the median down payment for first-time homebuyers is 6%. (National Association of Realtors, April 2020 Downpayment Expectations & Hurdles to Homeownership survey).



Bank of America committed \$15 billion through its Community Homeownership Commitment to assist low- and moderate-income homebuyers in purchasing a home. The commitment includes low down payment mortgages, significant down payment and closing cost grants and wide-ranging financial education tools.

6 APPLY FOR PREQUALIFICATION AND PREAPPROVAL

Determine how much you can afford before starting to shop for a home. Depending on your home purchase timeline, you have two options to consider before making an offer on a home.

Prequalification

- You'll provide basic financial information, and your lender will help you understand what loan program and borrowing amount might be.

Depending on the results, you might:

- Decide to move forward with a preapproval so you're ready to begin your house hunt.
- Or, you may decide to take more time to save before you proceed with a home purchase.

Note: Keep in mind that prequalification is neither preapproval nor a commitment to lend; you must submit additional information for review and approval.

Preapproval

- In this step, a lender will examine your credit and other expenses to determine what you can borrow.

Securing preapproval can set you apart from other buyers. It shows sellers that you have a conditionally-approved loan amount and are serious about making a purchase.

Note: Final loan approval is subject to satisfactory appraisal and title review and no change in borrower credit and financial condition.



Make It Easier with Digital Tools: When it comes to purchasing a home, you can apply for preapproval and prequalification, apply for a new mortgage or apply to refinance your existing mortgage through the [Digital Mortgage Experience](#), available on the Bank of America mobile banking app and our website.

7 BEGIN YOUR HOME SEARCH WITH CONFIDENCE

Now comes the fun part – searching for your dream home! The Bank of America [Real Estate Center](#)® identifies properties that may be eligible for down payment and closing cost grants, making it easy to browse for a home that fits within your means.

8 SOLD

SOLD

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