

Budget-Friendly Home Loans



Buying a home is one of the biggest decisions you'll make.

And just like you want to choose a neighborhood and property that suits your lifestyle, you want to choose a home loan that fits your budget and goals. We're dedicated to offering homebuyers a range of flexible and affordable mortgage solutions, along with personalized guidance throughout the entire process. You can start exploring the possibilities here.

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Must-Ask Questions Before You Buy

Thinking about buying a home? It's a decision that requires careful consideration of numerous factors. But forget about the real estate market for a moment – what really matters is whether you're truly ready for the commitment that comes with homeownership.

1. WHY DO I WANT A NEW HOME?

Maybe you're looking to build equity and make a solid investment. Or perhaps you just want more control over your living space, so you can make it reflect your personality. Knowing why you want a house will help you figure out if homeownership aligns with your long-term goals.

2. AM I READY TO SETTLE DOWN?

Buying a home means putting down roots and staying in one spot for a while. Consider your lifestyle and future plans. Are you someone who craves flexibility and enjoys changing jobs or exploring different areas? If you're not quite ready to settle down in one place, renting might be a better fit for now.

3. AM I FINANCIALLY READY?

Consider the reliability of your income source and whether it consistently covers your expenses, including mortgage payments. Next, take a careful look at your existing debts. If your debts are substantial, it may be wise to work on paying them down or, at the very least, reducing them before taking on the additional financial commitment of a mortgage.

4. HAVE I SAVED ENOUGH FOR A DOWN PAYMENT?

Saving for a down payment can be a challenge, especially for younger buyers. While a 20% down payment is often recommended to avoid private mortgage insurance (PMI), there are programs available that allow for lower down payments. However, it's important to factor in the cost of PMI when evaluating your financial readiness.

5. HOW'S MY CREDIT SCORE?

Among other things, lenders rely on your credit score to assess your creditworthiness and determine the interest rate they'll extend to you. So, it's a good idea to check your credit report and see where you stand. Different lenders have different criteria, but generally, a higher credit score gives you more and better options.

Determining your financial readiness is a vital step in the home-buying process.



Know the 28/36 Rule

It's a handy guideline for household budgeting – and it's similar to the calculations that lenders make when deciding whether to approve a mortgage.

The rule says your **total housing expenses shouldn't exceed 28% of your pretax income**. In this case, housing expenses include mortgage principal and interest, property taxes, private mortgage insurance (PMI), and homeowners insurance.

It also says your **total debt payments shouldn't exceed 36% of your pretax income**. Debt payments include mortgage principal and interest, car loans, student loans, credit cards, and other loan payments.

EXAMPLE A

Let's say your pretax income is **\$8,000/month** and you have **\$1,500/month** in debt payments. You're looking at a particular house and use an online calculator (like the ones at [amegybank.com](https://www.amegybank.com)) to estimate that your mortgage principal and interest would be **\$2,000/month** and your total housing expenses would be **\$3,000/month**. Can you afford it?

$$\$3,000 \div \$8,000 = 38\%$$

38% > 28% ✗

$$(\$2,000 + \$1,500) \div \$8,000 = 44\%$$

44% > 36% ✗

This house wouldn't comfortably fit your budget.

EXAMPLE B

Now, let's look at a different house with a lower price tag. Rerunning the numbers, you estimate that your mortgage principal and interest would be **\$1,200/month** and your total housing expenses would be **\$1,900/month**. Can you afford this one?

$$\$1,900 \div \$8,000 = 24\%$$

24% < 28% ✓

$$(\$1,200 + \$1,500) \div \$8,000 = 34\%$$

34% < 36% ✓

According to the 28/36 rule, this house would be a better option for your budget.

"How much house can I afford?"



These figures are for illustrative purposes only. Actual housing expenses depend on interest rates, tax rates, down payment amounts, and other variables.

Choosing the Right Home Loan

Whether you're buying your first home, downsizing, or moving up, you've got many possibilities to consider. We make all our decisions at the local level, so you can count on in-depth market knowledge and speedy turnaround times.



AFFORDABLE HOME MORTGAGE LOANS

We created this program to level the real estate playing field and empower first-time homebuyers and other eligible borrowers to buy a primary residence in designated communities. You may qualify for a lower down payment, closing cost assistance, and lender-paid private mortgage insurance (PMI) assistance.



FHA LOANS

Home loans backed by the Federal Housing Administration can enable borrowers with lower incomes and limited credit to realize their dream of homeownership. If you qualify, you can access lower rates and down payment requirements.



VA LOANS

If you're a veteran with the requisite service history and income level, you may qualify for a government-backed mortgage with no PMI and no down payment required. That means you can use your hard-earned savings for moving expenses, home improvements, and other life necessities.



CONSTRUCTION LOANS

Looking to build or rehab your dream home? We offer options for getting your project off the ground. One-Time-Close Construction Loans cover your lot purchase, construction, and permanent financing with one set of closing costs and documents.



CONVENTIONAL LOANS

Even if you don't qualify for special programs, we can help you find a mortgage solution that works for you. We offer competitive rates, a variety of terms, and a streamlined application process.

Fixed vs. ARM

Conventional mortgages come in two basic types. Which should you choose? Your lender can help you make the best decision for your unique circumstances and goals.

FIXED-RATE MORTGAGE

- Your monthly principal and interest payment stays the same throughout the life of your loan
- Predictable payments make budgeting a breeze
- Great for homebuyers who are planning to put down roots

ADJUSTABLE-RATE MORTGAGE (ARM)

- Your payments will be fixed for a set period and then may go up or down
- Lower initial rates can save you money upfront
- Great if you're planning to move or upsize in the short term

Loans are subject to credit approval. Certain terms, conditions, and restrictions apply; contact the bank for details.

Tips and Trends by Generation

Buying a home in your 20s or 30s is a far different experience than buying a home when you're nearing or in retirement. Understanding the risks and opportunities you face at different stages in life can help you make smart homebuying decisions.

MILLENNIALS (AGE 27-42)

Millennials make up the largest share of homebuyers at 37%. They're often first-time buyers and more likely to purchase in urban areas than other age groups.

Tips to consider:

- Save for a down payment. Find out how much you'll need to save for a down payment, and start saving toward your goal. Maximize your savings by opening a savings account designated as your down payment fund.
- Do your research. Working with an experienced real estate agent can give you an edge when buying a home. Ask about first-time homebuyer programs and other strategies to help you succeed.

GEN XERS (AGES 43-58)

Generation X is the highest-earning age group of homebuyers. They bought the largest homes in size compared to other generations and were most likely to purchase a multi-generational home.

Tips to consider:

- Set realistic expectations. Decide what's most important to you and where you can compromise or reset your expectations on pricing, location or home features if needed.
- Be patient. If the timing isn't right, be prepared to step back and wait for the next opportunity to come along. Consider making home improvements to increase the functionality and enjoyment of your existing home.

BABY BOOMERS (AGES 59-77)

Baby boomers are downsizing and moving into smaller homes as they age, and many are navigating the process of buying and selling at the same time. Baby boomers accounted for 32% of homebuyers and 43% of home sellers.

Tips to consider:

- Be flexible. Having flexibility with move-in dates and other details can help strengthen your side of the negotiations when buying and/or selling your home.
- Plan for the future. Take a closer look at home-tech devices that can make life easier at home, whether you're purchasing a newly built home or making upgrades to an older home.



Decide what's most important to you and where you can be flexible.

Move Forward With a Trusted Lender



When you're with Amegy, you've always got someone in your corner. To connect with a local lender and get started on your homebuying journey, visit amegybank.com.

9 Steps to a Home Loan

We're ready to help you every step of the way.

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|----------------------------------|-------------------|
| 1. Loan Application | 6. Loan Approval |
| 2. Credit-Only Approval | 7. Loan Documents |
| 3. Disclosures Sent | 8. Signing |
| 4. Documentation Request | 9. Funding |
| 5. Appraisal and Title Insurance | |

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