First-Time Homebuyer's Guide

Thinking about buying a home? Whether it's your first or your first in a while, we're here to support you in every part of the process.

Welcome!

Buying a home is a big milestone. We put this workbook together to make the process feel a little clearer and a lot less overwhelming. Inside, you'll find thoughtful prompts designed to help you uncover what "home" truly means to you—beyond square footage and checklists. By the end, you'll have a confident vision of the kind of home that fits your life, your priorities, and your dreams.

YOUR MOTIVATION

Moving can be a lot of work, and purchasing a home is likely one of the biggest financial decisions you'll ever make. When you get into the details of the home search or the homebuying process, it will be important to remember why you started down the path in the first place.

Consider: what has you buying a home right now? What are you looking for in a home?

IMPORTANT CONTACTS

DECISION MAKERS:

Name: ____________________
Email: ____________________
Phone: ____________________

Name: ____________________
Email: ____________________
Phone: ____________________

Name: ____________________
Email: ____________________
Phone: ____________________

REAL ESTATE AGENT:

Name: ____________________
Email: ____________________
Phone: ____________________

MORTGAGE LOAN ORIGINATOR:

Name: ____________________
Email: ____________________
Phone: ____________________

HOMEOWNER'S INSURANCE AGENT:

Name: ____________________
Email: ____________________
Phone: ____________________

YOUR TIMELINE

Ideally, when would you move into your new home?

____

How flexible is that date?

____

What's the end date for your current lease/mortgage?

____

YOUR HOMEBUYING GOALS

Defining your needs and wants will help you keep your home search on track and give you the clarity you need about what you're looking for and why—especially when the search gets long, when moving gets difficult, or when you get cold feet.

Label each item below to create a clearer picture of your ideal property.

NEEDS: Non-negotiables. If the house doesn't have it, you're not buying it.

WANTS: Nice to have, but not deal breakers. Having these features would make this the dream home, but you could live without these items for now.

NEED OR WANT	ATTRIBUTE	QUESTIONS TO CONSIDER	NOTES
	Location	Are there specific neighborhoods you're drawn to or want to avoid?	
	Purchase price	How did you determine your homebuying budget?	
	Number of bedrooms		
	Number of bathrooms		
	Square footage		
	Move-in ready	Would you be willing to renovate (either through DIY projects or with the help of a contractor)?	
	Ideal daily commute		
	Neighborhood amenities	Which amenities are you most interested in (pool, clubhouse, walking trails, recreational field, etc.)?	
	Home features	What features are you looking for in your new home (open floor plan, fireplace, renovated kitchen, en-suite bathroom, etc.)?	
	Other: ______________	What else are you looking for in your new home?	
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TOP 3 NEEDS *(Non-Negotiables)*

1. ______________________________
2. ______________________________
3. ______________________________

TOP 3 WANTS *(Nice-to-Haves)*

1. ______________________________
2. ______________________________
3. ______________________________

FINANCIAL PLANNING

Now that you have a clear picture of the home you want, it's time to figure out how to pay for it.

Do you currently own or rent?

◯ OWN ◯ RENT

If you own a home, will you need to sell your current property before buying a new one?

◯ YES ◯ NO

How much have you saved toward a down payment?

____

What is your down payment savings goal?

____

How much do you currently spend on housing each month?

____

How much are you comfortable spending each month?

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Down payment assistance programs help offset the costs that come with buying a home, like the down payment and closing costs. This assistance typically comes in the form of a grant or second mortgage and can make it possible to move forward with buying a home, even if you're still saving toward a down payment.[1]

Not all mortgages require a down payment. 100% financing, or a no-down-payment loan option, lets you buy a home without making a down payment. These options can free up cash for other expenses (like closing or moving costs) and make it possible to buy a home sooner.

Most financial experts recommend keeping your housing payment under about 28% of your gross income to free up room in your budget for things like saving toward an emergency fund, maintenance and repairs, and retirement savings.

How much do you currently spend on other bills monthly (car payments, credit card payments, student loans, personal loans, alimony or child support, etc.)?

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This information will be used to calculate your debt-to-income ratio (DTI). This number measures how much of your gross monthly income goes toward required monthly debts. It helps your lender understand what you can realistically take on in a mortgage payment, in addition to your existing obligations.

How long do you expect to stay in this home?

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Are you a W-2 employee or are you self-employed?

____

How long have you been with your current employer?

____

Do you anticipate any major financial changes in the next 12-24 months?

____

(For example: a marriage, new job, addition to your family, inheritance)

What's your current credit score?

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What's the source of your credit score?

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(Experian, Credit Karma, online banking tool, etc.)

Your credit score helps lenders predict how likely you are to repay a loan. A higher score can mean lower interest rates, more loan options, and lower monthly payments.

[1]Restrictions apply. Not all borrowers will qualify. This is not a commitment to lend.

LOAN OPTIONS AND INTEREST RATES

All mortgage loans are either fixed or adjustable rate. Here's the difference:

Fixed-Rate Mortgages	Adjustable-Rate Mortgages (ARM)
Interest rate won't change over the life of the loan, meaning the amount you pay in principal and interest won't change	Interest rate is locked for a period of time and then adjusts every six months according to a market index. Any change may significantly impact the mortgage payment
Best for homebuyers looking for a consistent payment	Can be a good option for homebuyers who don't plan to stay in a home long term or who are comfortable with a fluctuating payment
Common terms are 15 and 30 years	Common adjustable-rate terms include 5, 7, and 10 year initial fixed periods (meaning the rate is fixed for the first 5,7, or 10 years and then adjusts every six months thereafter)

Mortgage interest rates are based on market conditions and individual risk factors. Things like inflation, Federal Reserve policy, and bond market activity set the baseline for rates, and then lenders adjust the rate based on the borrower's financial profile. Your credit score, DTI, down payment size, loan type, and loan term all influence your mortgage interest rate.

There are strategies to lower your interest rate, both temporarily and permanently:

A 2-1 buydown helps homeowners ease into a new mortgage payment by temporarily lowering the interest rate and mortgage payment over the first two years of the loan. In year one, the interest rate is two percent lower than the rate on your mortgage note. The following year, it's one percent lower than the note rate. Then in year three (and the remaining term of the loan), your full note rate applies.[2]

Homebuyers can also opt to buy down their mortgage interest rate. That means you pay some money upfront at closing to get a lower interest rate on your loan. That lower rate gives you a lower monthly payment for as long as you have the loan. You can think of it as pre-paying some interest at closing so you don't have to pay as much when you make your monthly mortgage payment.

QUESTIONS TO CONSIDER

What is your ideal monthly mortgage payment?

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Do you prefer a fixed- or adjustable-rate mortgage?

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Which is more important to you, interest rate or monthly mortgage payment?

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What is your ideal mortgage interest rate?

____

Which is more important to you, the purchase price of the home or your monthly mortgage payment?

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[2] Talk to your mortgage loan originator about costs associated with a 2-1 buydown.

MORTGAGE DOCUMENT CHECKLIST

When you're ready to apply for a mortgage, you'll be asked to submit some financial documentation along with your loan application. That will kick off the prequalification process—an early step in your homebuying journey where your lender gives you an estimate of how much you might be able to borrow for a home. Prequalification helps you understand your price range and plan your monthly payment. It can also help you understand areas where improvement could help you get final approval for your loan or better loan terms *(for example, increasing your credit score or paying off debt).*

- ☐ ***Employment history:*** two years of history, including address and supervisor contact information
- ☐ ***Residential history:*** two years of history, including address and, if applicable, landlord information
- ☐ ***Driver's license***
- ☐ ***Social security card***
- ☐ One month of most recent ***paystubs***
- ☐ Two years of most recent ***W-2 forms***
- ☐ Two years of most recent federal ***tax returns*** (all pages and schedules), signed and dated
- ☐ Two months of most recent ***bank/asset statements*** (all pages requested)
- ☐ ***Homeowners insurance company***, agent, phone number

Next Steps

- ☐ ***Connect with your local mortgage loan originator*** to start the prequalification process and understand your homebuying budget.
- ☐ ***Choose a local real estate agent*** so that when you see a home you think is the perfect fit, you can schedule a showing.
- ☐ ***Start browsing listings*** *(Best practices to not get overwhelmed: if you see an online listing you like, drive by it to confirm you like the location and it actually looks like the photos; too many showings can lead to analysis paralysis/overwhelm, so only actually go to the homes that are at the top of your list)*
- ☐ Select the homes you'd like to see and ***schedule showings*** with your agent.
- ☐ Work with your agent to ***submit an offer and negotiate*** the terms of the deal.
- ☐ ***Go under contract.***
- ☐ Complete and ***submit your loan application.***
- ☐ Complete the ***home appraisal and inspections*** *(if applicable).*
- ☐ ***Close on your home!***

Want to talk through this guide or get a personalized next-steps plan?

Our local mortgage experts are here to help. Click here or scan the QR code to reach out to us or start your application.