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# FIRST-TIME HOMEBUYER Guide

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## When should you consider transitioning from renting to homeownership?

Determining the right time to buy a home is not a one-size-fits-all decision. It requires careful consideration of your lifestyle and long-term objectives. Here are some indicators that you might be ready to make the leap into homeownership:

- You have achieved financial stability
- You are prepared to commit to a specific location
- You want the freedom to make home renovations
- You are looking for additional space and privacy

## How do I begin the homebuying journey?

To set yourself up for success in purchasing your first home, consider the following:

- Monitor your credit score using free online resources and take steps to improve it where possible
- Save for a down payment
- Set aside funds for additional homebuying expenses (such as inspections, insurance and deposits)
- Partner with a mortgage broker to determine your home affordability
- Obtain pre-approval for a mortgage
- Work with a real estate agent
- Start searching for your ideal home

## What documents will I need to apply for a mortgage?

When applying for a mortgage, you will generally need to provide documentation that verifies your identity, employment, income, assets and any financial obligations. This may include:

- A valid form of identification (such as a state-issued ID)
- Pay stubs from the last 2 months
- W-2 forms from the past 2 years
- Bank statements covering the past 2–3 months
- A purchase agreement or sale contract (if you have already selected a home)
- Information on current debts, including car loans, student loans and credit cards

## Why should I consider getting pre-approved for a mortgage?

A pre-approval letter will detail the loan amount for which you could be approved, including the interest rate, monthly payment and duration of the mortgage. This not only boosts your confidence by clarifying what you can afford but also signals to the seller that you are a serious buyer. A pre-approval is based on several key factors, including:

- Credit history
- Credit score
- Employment history
- Income
- Debt-to-income ratio
- Available assets

## Are you doing a hard pull on my credit? How long will that hard pull last while I shop around?

Applying for a mortgage usually involves a hard pull on your credit, which can impact your credit score temporarily. However, if you shop around for mortgages within a specific time frame (typically 30 to 45 days), multiple inquiries are generally treated as one for scoring purposes.

## How much do I need for a down payment?

There are various loan programs available that can be customized to suit your needs and financial situation, with some options requiring as little as 0% down.

## What happens if the house appraises under the offer price?

If the appraisal comes in lower than the offer price, you may need to consider several options. Discussing these options with your mortgage broker is essential to determine the best course of action, including:

- Renegotiating the purchase price with the seller
- Increasing your down payment to cover the difference

### **How often will I hear about the progress of my loan?**

Expect regular updates throughout the loan process, including on the weekends. A mortgage broker will provide you with a timeline and updates at key milestones to keep you informed.

### **Are there any costs or fees that I should know about that a first-time homebuyer might not think of?**

In addition to down payment and closing costs, first-time homebuyers should consider potential expenses such as:

- Home inspections
- Property taxes
- Homeowners insurance
- Ongoing maintenance costs

### **How much should I budget for closing costs?**

Closing costs typically range from 2% to 5% of the purchase price of the home.

These costs can include:

- Appraisal fees
- Title insurance
- Loan origination fees
- Other miscellaneous expenses

### **How long will it take my loan to close?**

This time frame can vary, but mortgage brokers work closely with you and your real estate agent to ensure the closing process is as smooth and fast as possible.



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