

First Time Homebuyer Guide



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CONGRATULATIONS!

Congratulations on taking the first step towards homeownership! Buying a home can be an exciting and rewarding experience, but it can also be overwhelming, especially if you're a first-time homebuyer.

To help you navigate the process, we've put together this guide with answers to some of the most common questions that first-time homebuyers have.

HOW DO I KNOW IF I'M READY TO BUY A HOME?

There are a few key factors to consider when deciding if you're ready to buy a home. **These include:**

- ✓ **Your financial situation:** Are you financially stable and able to afford the costs associated with homeownership, including the down payment, closing costs, and monthly mortgage payments?
- ✓ **Your credit score:** Do you have a good credit score, and have you taken steps to improve it if necessary? A good credit score can help you to qualify for a better mortgage rate.
- ✓ **Your employment situation:** Do you have a steady job and income that will allow you to make your mortgage payments?
- ✓ **Your personal and family circumstances:** Are you ready to settle down and commit to a long-term mortgage? Do you have any major life changes coming up, such as starting a family, that could affect your ability to make your mortgage payments?

If you're able to answer "YES" to these questions, then you may be ready to buy a home.

HOW MUCH MONEY DO I NEED TO PUT DOWN AS A DOWN PAYMENT?

The amount of money you need to put down as a down payment will depend on several factors, including the type of mortgage you choose and your credit score. In general, most lenders will require a down payment of at least 3% of the purchase price of the home. However, some programs and lenders may allow you to put down less, or even nothing at all.

It's important to carefully consider your down payment amount and to save up as much as you can. A larger down payment can help you to qualify for a better mortgage rate, and it can also reduce the amount you need to borrow and the amount of interest you will pay over the life of your loan.

HOW DO I KNOW HOW MUCH I CAN AFFORD TO BORROW?

When you're applying for a mortgage, your lender will use a variety of factors to determine how much you can afford to borrow. These factors may include your income, your credit score, your debt-to-income ratio, and your savings.

Your lender will typically use a mortgage affordability calculator to determine how much you can borrow, based on these factors. You can also use a mortgage affordability calculator on your own to get an idea of how much you may be able to borrow. Keep in mind that this is just an estimate, and your actual borrowing power may be different.

WHAT ARE THE DIFFERENT TYPES OF MORTGAGES AND WHICH ONE IS RIGHT FOR ME?

There are several different types of mortgages available, and the right one for you will depend on your individual situation and needs. Some of the most common types of mortgages include:

- **Conventional mortgages:** These are loans that are not insured or guaranteed by the government, and are available through banks, credit unions, and other lenders. Conventional mortgages typically require a down payment of at least 3-5% of the purchase price, and may have stricter eligibility requirements.
- **FHA loans:** These are mortgages that are insured by the Federal Housing Administration, and are available to borrowers with lower credit scores and down payments. FHA loans typically require a down payment of at least 3.5% of the purchase price, and may have lower interest rates and more flexible eligibility requirements.
- **VA loans:** These are mortgages that are guaranteed by the Department of Veterans Affairs, and are available to eligible active-duty military members, veterans, and their families. VA loans typically do not require a down payment, and may have lower interest rates and more flexible eligibility requirements.
- **USDA loans:** These are mortgages that are guaranteed by the United States Department of Agriculture, and are available to eligible borrowers in rural areas. USDA loans typically do not require a down payment, and may have lower interest rates and more flexible eligibility requirements.

As a first-time homebuyer, you may be eligible for some of these programs, which can help you to afford a mortgage and buy your first home. It's a good idea to research and compare the different options to see which one is right for you.

HOW DO I APPLY FOR A MORTGAGE AND WHAT DOCUMENTS DO I NEED?

To apply for a mortgage, you will need to gather some basic information and documents. This typically includes:

- **Proof of income:** This can include pay stubs, tax returns, and other documents that show how much money you make.
- **Proof of assets:** This can include bank statements, investment account statements, and other documents that show how much money you have available to put towards a down payment and closing costs.
- **Credit report:** This is a report that shows your credit history and credit score. Most lenders will require a credit check in order to approve you for a mortgage.
- **Identification:** This can include a driver's license, passport, or other government-issued ID.

Once you have all of this information and documentation, you can start the mortgage application process. This typically involves completing an application form, which you can do online or in person. You will also need to provide the documents listed above, as well as any other information that the lender requests.

WHAT IS THE MORTGAGE APPROVAL PROCESS LIKE AND HOW LONG DOES IT TAKE?

The mortgage approval process can vary depending on the lender and the type of mortgage you are applying for. In general, the lender will review your application, credit report, and other documents to determine whether you are eligible for a mortgage and how much you can borrow. This process can take anywhere from a few days to a few weeks.

If you are approved for a mortgage, the lender will provide you with a loan estimate, which outlines the terms and conditions of the loan, including the interest rate, monthly payment, and any fees or closing costs. You will have the opportunity to review and compare the loan estimate with other offers before deciding which one to accept.

Overall, the mortgage application and approval process can be complex and time-consuming. It's important to carefully research and compare your options, and to work with a lender that you trust and feel comfortable with.

WHAT ARE THE CURRENT MORTGAGE RATES AND HOW DO THEY AFFECT MY LOAN?

The current mortgage rates can have a big impact on your loan and how much you pay each month. Mortgage rates are determined by a variety of factors, including the current state of the economy, the demand for mortgages, and the overall level of interest rates.

Typically, mortgage rates are expressed as a percentage of the loan amount, and are calculated on an annual basis. For example, if you are taking out a 30-year fixed-rate mortgage with a 4% interest rate, your monthly payment would be based on a 4% annual interest rate.

Mortgage rates can change frequently, and they can vary depending on the type of mortgage you are applying for. For example, fixed-rate mortgages have a set interest rate that stays the same throughout the life of the loan, while adjustable-rate mortgages have an interest rate that can change over time.

If you are shopping for a mortgage, it's important to compare the current mortgage rates and evaluate how they will affect your monthly payment. This can help you to choose the right loan and save money over the long term.

ARE THERE ANY GOVERNMENT PROGRAMS OR INCENTIVES THAT CAN HELP ME WITH MY MORTGAGE?

In addition to current mortgage rates, there may also be government programs or incentives that can help you with your mortgage. These can include things like down payment assistance, tax credits, and other benefits that can make it easier and more affordable to buy a home.

It's a good idea to research and compare the different programs and incentives that are available, and to see if you are eligible for any of them. This can help you to save money and make the most of your mortgage.

WHAT ARE COSTS AND FEES ASSOCIATED WITH GETTING A MORTGAGE, AND HOW CAN I SAVE MONEY ON THEM?

There are costs and fees associated with getting a mortgage, and it's important to understand what these are and how you can save money on them. **Some of the common fees and costs include:**

- **Origination fees:** These are fees that are charged by the lender to cover the cost of processing and underwriting your loan.
- **Points:** These are upfront fees that you can pay to lower your interest rate. Each point is equal to 1% of the loan amount.
- **Appraisal fees:** These are fees that are charged by a professional appraiser to evaluate the value of the property you are buying.
- **Closing costs:** These are fees and expenses that are associated with closing on your mortgage and transferring ownership of the property

WE WOULD LOVE TO BE THE MORTGAGE LENDER WHO MAKES THE PROCESS AS PAIN-FREE AS POSSIBLE.

SCHEDULE YOUR APPOINTMENT TODAY!



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