YOUR GUIDE TO

HOMEOWNERSHIP

A First-Time Homebuyer Guide

Buying your first home is an exciting milestone. This guide explains the mortgage process, loan options, and important things to know so you can move forward with confidence.

Competitive Rates. Simple Solutions. Clear guidance from application to closing.

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Your Roadmap to Homeownership

1. Get financially ready	Review income, monthly obligations, savings, credit, and a comfortable housing budget.
2. Pre-qualify / pre-approve	Discuss financing options and establish a realistic price range before you shop.
3. Build your homebuying team	Your loan officer, real estate agent, insurer, title/closing professionals, and other specialists each play a role.
4. Shop for a home	Focus on both the property and the total cost of ownership.
5. Make an offer	Your purchase agreement sets price, timelines, earnest money, and other important terms.
6. Finalize financing	Choose the loan structure, provide documentation, review disclosures, and decide when to lock your rate.
7. Appraisal, title and inspections	Different parties evaluate value, ownership/title matters, and property condition.
8. Underwriting	The lender reviews credit, income, assets, property information, and loan eligibility.
9. Clear to close	Final conditions are satisfied and the closing package is prepared.
10. Closing and keys	Review final figures, bring verified funds as instructed, sign documents, and complete the purchase.

Tip: A strong pre-approval is not just about the maximum you can qualify for. It should also help you understand a payment and cash requirement that fits your goals.

How Much Home Can You Comfortably Afford?

Qualification and affordability are related, but they are not the same thing. A lender evaluates whether a loan meets program requirements; you should also decide what monthly housing cost works for your household.

Think beyond principal and interest

Your total housing expense can include principal and interest, property taxes, homeowners insurance, mortgage insurance when applicable, homeowners association dues, and other property-specific costs.

Important factors

Credit profile	Can affect available programs, interest rate, mortgage insurance, and pricing.
Down payment	Affects loan amount, cash needed, equity, and potentially mortgage insurance.
Debt-to-income ratio	Compares qualifying monthly obligations with qualifying income. Program limits vary.
Cash reserves	Keep money available for closing, moving, repairs, furnishings, and unexpected expenses.
Property taxes & insurance	These can materially change the total monthly payment and may change over time.

Do not build your budget around an old rule of thumb. Mortgage programs use different qualifying standards, and your personal comfort level may be lower than the amount for which you technically qualify.

Understanding Your Loan Options

Conventional	Often a strong fit for borrowers with solid credit. Low-down-payment options may be available, and mortgage insurance may eventually be removable when requirements are met.
FHA	Government-insured financing that may offer more flexible qualification. FHA purchase financing can allow a down payment as low as 3.5%, subject to eligibility and program requirements.
VA	For eligible veterans, service members, and certain surviving spouses. VA financing may allow 100% financing, subject to eligibility and lender/program requirements.
USDA	May offer 100% financing for eligible borrowers purchasing eligible properties in qualifying rural areas, subject to household-income and program requirements.
Down-payment assistance	State, local, nonprofit, or lender programs may help with down payment or closing costs. Assistance can come with income, property, repayment, or other restrictions.

Down payment is only one part of the comparison.

Compare the total payment, cash to close, mortgage insurance, interest rate, upfront fees, long-term cost, and how long you expect to keep the home or loan.

A 20% down payment is not required for many mortgage programs. The right amount to put down depends on your available cash, loan options, payment goals, and overall financial plan.

Down Payment, Closing Costs & Cash to Close

Down payment is the portion of the purchase price you are not financing.

Closing costs can include lender/origination charges, appraisal and credit-related charges, title/settlement services, government recording or transfer charges, and other transaction costs.

Prepaids and escrow funding can include homeowners insurance, prepaid interest, and initial deposits toward future taxes and insurance.

Earnest money is generally credited toward the amount you owe at closing when the transaction closes, subject to the purchase contract.

Possible sources of funds

Depending on the loan program, funds may come from your own verified accounts, eligible gifts, grants or assistance programs, and permitted seller or lender credits. Each source has documentation and program rules.

Your down payment and your cash to close are not the same number. Ask for an estimate of the entire cash requirement early in the process.

Getting Mortgage-Ready

Mortgage approval is built on documentation. Providing complete, readable information early can reduce surprises and help keep the transaction moving.

Common items you may be asked to provide

- Income documentation such as paystubs, W-2s, tax returns, or business information when applicable
- Bank, investment, or other asset statements
- Identification and authorization to review credit
- Documentation for large or unusual deposits when required
- Information about debts, real estate owned, employment, and other financial obligations
- Additional documentation based on your specific loan program or circumstances

Credit inquiries and trigger leads

Mortgage credit inquiries have historically been used by consumer reporting companies in connection with prescreened marketing offers. If you are concerned about unsolicited credit offers, ask your mortgage professional about current opt-out resources before your credit is pulled.

Accuracy matters. Tell your loan officer about job changes, new debt, transfers between accounts, gifts, or other financial changes instead of trying to decide on your own whether they matter.

While Your Loan Is in Process

DO	Keep making all rent, mortgage, loan, and credit payments on time.
DO	Keep your employment and income situation stable when possible.
DO	Keep documentation for deposits, transfers, and funds used for closing.
DO	Contact your mortgage team before making a financial move you are unsure about.
DON'T	Open new credit, finance furniture, buy a vehicle, or co-sign for someone without discussing it first.
DON'T	Move large sums of money between accounts unnecessarily.
DON'T	Close credit accounts or make major changes to your credit profile without asking first.
DON'T	Assume approval is final until your loan is clear to close and the lender's final requirements are satisfied.

A mortgage file can be re-verified before closing. A new account, increased balance, employment change, or unexplained movement of funds can create additional documentation or affect qualification.

Appraisal, Inspection & Title

Home inspection

A buyer-focused evaluation of the property's condition. Inspection scope varies, and specialized inspections may be appropriate depending on the home.

Appraisal

An independent opinion of value ordered for the mortgage transaction. It helps the lender evaluate the property serving as collateral; it is not a substitute for a home inspection.

Title work

Researches ownership and recorded interests or claims affecting the property. The closing/title process helps address title requirements and facilitates transfer of ownership.

First-time buyer mistake to avoid: treating the appraisal as a property-condition inspection. They serve different purposes.

How to Read Your Loan Estimate

For most standard purchase mortgages, the Loan Estimate is a three-page standardized form provided early in the application process. It summarizes the proposed loan terms and estimated costs.

Focus on these items

- Loan amount, term, loan type, and whether the rate is locked
- Interest rate and principal-and-interest payment
- Estimated total monthly payment, including taxes, insurance, and mortgage insurance when applicable
- Origination charges and discount points
- Services and other closing costs
- Lender credits, if any
- Estimated cash to close

Rate vs. cost

A lower interest rate is not automatically the better deal if it requires significantly higher upfront costs. Discount points generally mean paying more upfront for a lower rate; lender credits generally offset costs in exchange for a higher rate. Compare the structure in the context of how long you expect to keep the loan.

The Loan Estimate is an estimate, not a final approval. Some figures can change as the transaction develops, subject to applicable rules.

What Underwriting Is Actually Doing

Submitted to underwriting

The lender reviews the loan package, including credit, income, assets, property information, and program eligibility.

Approved with conditions

The loan is approved subject to specific items that still need to be documented, clarified, or completed.

Conditions & resubmittal

Your mortgage team gathers the requested items and sends them back to underwriting for review.

Clear to close

The lender's major underwriting requirements have been satisfied and the loan can move into final closing preparation.

Conditions are normal. An approval with conditions is a standard part of the mortgage process, not necessarily a sign that something is wrong.

Getting Ready to Close

For most standard mortgages, you will receive a Closing Disclosure showing the final loan terms, projected payment, closing costs, and cash-to-close information. Federal rules generally require it to be provided at least three business days before consummation.

Before closing

- Compare the Closing Disclosure with your most recent Loan Estimate
- Verify the loan amount, rate, payment, closing costs, credits, and cash to close
- Ask about anything that changed or that you do not understand
- Follow the settlement agent's instructions for acceptable closing funds
- Confirm homeowners insurance is in place as required
- Avoid last-minute credit or financial changes

Wire fraud warning

Real estate transactions are a target for wire fraud. Treat any emailed change to wiring instructions as suspicious. Verify instructions using a trusted phone number obtained independently from the email before sending funds.

Never rely solely on an unexpected email, text, or last-minute message telling you that wiring instructions have changed.

Your First Year as a Homeowner

Build a home reserve

Keep savings available for maintenance, repairs, insurance deductibles, appliances, and other expenses that were previously a landlord's responsibility.

Understand escrow

If taxes and insurance are escrowed, your servicer collects part of those expenses with the monthly mortgage payment. Changes in property taxes or insurance premiums can cause the escrow portion of your payment to change.

Watch for servicing information

Your loan may be serviced by a company other than the one you worked with during origination. Pay attention to official notices explaining where and how to make payments.

Keep your closing documents

Retain your Closing Disclosure and other important purchase and mortgage records with your financial documents.

First-Time Buyer Checklist

☐ Talk with Rockbrook Mortgage before seriously shopping for homes.

☐ Establish a comfortable monthly-payment target and approximate cash-to-close budget.

☐ Review loan programs and down-payment options.

☐ Get pre-approved before making an offer when appropriate.

☐ Keep income, asset, and credit documentation organized.

☐ Budget for inspection, appraisal, closing costs, moving, and initial home expenses.

☐ Review your Loan Estimate and ask questions.

☐ Avoid new debt and unexplained financial changes during the loan process.

☐ Complete inspections and understand the appraisal and title process.

☐ Review the Closing Disclosure before closing.

☐ Verify wire instructions independently before sending funds.

☐ Keep an emergency/home-maintenance reserve after closing.

Questions are part of the process. Rockbrook Mortgage is here to help you understand the financing, compare options, and know what comes next.

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