

The First-Time Homebuyer's Guide

Everything you wish someone had told you before you bought.

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A quick note from Debbie

I've closed thousands of loans, and the first-time buyers who feel calm at closing all have one thing in common: nobody surprised them. That's the whole point of this guide. Read it once, keep it handy, and call me when you're ready — there are no dumb questions on my line.

1 · Before you start

After this you'll know whether now is actually your moment to buy — or whether a few more months of prep will save you thousands.

Buying a home is the biggest purchase most people ever make, and it rewards the prepared. Before you fall in love with a listing, answer these five questions honestly. They tell you more than any rate quote.

The five questions

- Will you stay put for at least three years? Buying and selling both cost money. If a job or life change is likely to move you sooner, renting may win.
- Is your income stable? Lenders love a steady two-year work history. A brand-new job in the same field is usually fine; a career pivot the month before applying is harder.
- What does your credit actually look like? Pull your reports (free at annualcreditreport.com). Know your middle score — it drives your rate.
- Do you have three to six months of expenses saved — beyond the down payment? Homes have surprises. A reserve keeps a broken water heater from becoming a crisis.
- Have you talked to anyone in the industry? A 20-minute call with a loan officer before you shop tells you your real budget and stops heartbreak later.

FROM DEBBIE

If you can answer yes to the first four and you've made the fifth call, you're more ready than 90% of the buyers I meet.

2 · The mortgage timeline, week by week

After this you'll know what happens when — so the quiet stretches don't feel like something has gone wrong.

A typical purchase runs about ten weeks from “I think I'm ready” to keys in hand. Yours may be faster or slower, but the shape is the same.

When	What's happening
Week 0	You decide to buy. Gather documents, check your credit, set a budget.
Weeks 1–2	Get pre-approved. A loan officer reviews your income, assets, and credit and issues a real letter.
Weeks 3–6	House hunting. Tour homes with your agent. Lean on your pre-approval number, not the listing price.
Week 7	Offer accepted. You're under contract. Earnest money goes into escrow.
Weeks 7–9	The work happens behind the scenes: appraisal, inspection, and underwriting all run in parallel.
Week 10	Closing. You sign, you fund, you get the keys.

FROM DEBBIE

Weeks 7 to 9 feel quiet because they should be. No news is usually good news — underwriting is just doing its job.

3 · Pre-approval vs. pre-qualification

After this you'll know which letter actually makes a seller take your offer seriously.

People use these two words as if they mean the same thing. They don't, and the difference can decide whether you win the house.

Pre-qualification

A quick estimate. You tell a lender your income and debts, they do a soft credit check or none at all, and they give you a ballpark number. It's useful for early planning. It is not a commitment, and savvy sellers know it.

Pre-approval

The real thing. The lender reviews your actual documents — pay stubs, W-2s, bank statements — and pulls your credit. You get a letter stating a specific amount the lender is prepared to fund. In a competitive market, an offer without a pre-approval letter often doesn't get a second look.

FROM DEBBIE

Get pre-approved before you tour a single home. It costs you nothing, and it turns “I'd like to buy” into “I can buy.”

4 · How much house can you actually afford?

After this you'll have a number that protects your life, not just one that satisfies a lender.

Lenders use the 28/36 rule as a guide. Your monthly housing payment — principal, interest, taxes, and insurance, together called PITI — should stay under 28% of your gross monthly income. All your debt payments combined should stay under 36%.

Here's the part nobody says out loud: those percentages are a ceiling, not a goal. Just because you qualify for a payment doesn't mean it'll feel good every month. Build a real budget that includes the things that show up after you move in.

Costs that arrive after the keys do

- Utilities on a bigger space than you rented
- Lawn care, pest control, HOA dues
- Repairs and maintenance — budget about 1% of the home's value per year
- Furniture, window coverings, and the hundred small things a new place needs

FROM DEBBIE

Qualify with your head, buy with your budget. The happiest homeowners I know bought a little less than the bank allowed.

5 · Down payments: 3% to 20%

After this you'll stop believing the myth that you need 20% down to buy.

You almost certainly do not need 20% down. That number buys you one specific thing — no private mortgage insurance — and there are plenty of paths to a home with far less.

Option	Down payment	Good to know
Conventional	As low as 3%	First-time-buyer programs allow 3%. PMI applies until you reach 20% equity.
FHA	3.5%	Friendlier credit requirements. Mortgage insurance usually stays for the life of the loan.
VA	0%	For eligible veterans and service members. No down payment, no monthly mortgage insurance.
USDA	0%	For eligible rural and many suburban areas. Income limits apply.
20% down	20%	Avoids PMI entirely and lowers your payment. A choice, not a requirement.

On a conventional loan, PMI isn't forever. It drops off automatically once your loan balance reaches 78% of the home's original value, and you can request removal at 80%.

FROM DEBBIE

Waiting years to save 20% often costs more in rent and rising prices than the PMI ever would. Let's run your numbers both ways.

6 · Loan types in plain English

After this you'll know which loan family fits your situation before anyone tries to sell you one.

Conventional. The standard loan, not backed by a government agency. Best for buyers with solid credit and some down payment. Flexible terms, and the mortgage insurance goes away once you hit 20% equity.

FHA. Backed by the Federal Housing Administration. Built for buyers with lower credit scores or smaller savings. The trade-off is mortgage insurance that typically lasts the life of the loan unless you refinance.

VA. For eligible veterans, active-duty service members, and some surviving spouses. No down payment, no monthly mortgage insurance, and competitive rates. One of the best deals in lending — use it if you earned it.

USDA. Backed by the Department of Agriculture for eligible rural and many suburban areas. No down payment required, with income limits based on your area.

FROM DEBBIE

There's no "best" loan — only the best loan for you. The right answer depends on your credit, your cash, and where you're buying.

7 · The documents you'll need

After this you'll be able to gather your paperwork in one sitting instead of a dozen frantic emails.

Underwriters verify everything, so the goal is to hand over complete, current documents up front. Here's the core list for most buyers.

- Last two years of W-2s
- Your two most recent pay stubs (covering 30 days)
- Last two months of bank statements — every page, even the blank ones
- Last two years of federal tax returns if you're self-employed or commission-based
- A government-issued photo ID
- Documentation for any large or unusual deposit

Want the full version?

Grab the companion Mortgage Document Checklist — it breaks this down by situation (self-employed, veteran, divorced) so nothing slips through. Apply when you're ready at portal.jmj.me/lo/dmarcoux.

8 · What lenders are actually looking at

After this you'll understand the four levers that decide your approval and your rate — and which ones you can still move.

Credit score. Roughly speaking: 580+ can open the door to FHA, 620+ to conventional, and 740+ unlocks the best rates. A few points can change your monthly payment, so it pays to check early.

Debt-to-income ratio (DTI). This is your monthly debt payments divided by your gross monthly income. Lenders look hardest at your back-end DTI — everything including the new house payment. Under 45% is comfortable.

Employment history. A two-year track record, ideally in the same field, tells lenders your income is dependable. Gaps and job changes aren't dealbreakers, but they invite questions — be ready to explain them.

Reserves. Money left over after your down payment and closing costs. Reserves reassure the lender you can weather a rough month, and on some loans they're required.

FROM DEBBIE

Your credit and your DTI are the two dials you can still turn before you apply. Pay down a card, hold off on big buys — it adds up.

9 · Closing costs

After this you'll know roughly what you'll owe at the table — and that much of it isn't really a “fee” at all.

Closing costs typically run 2% to 5% of the purchase price. They fall into three buckets: what the lender charges to make the loan, what outside companies charge for services like the appraisal and title work, and prepaids — your own taxes and insurance paid a little ahead of time.

That last bucket surprises people. Prepaid interest, a year of homeowner's insurance, and a few months of property tax aren't fees you can shop away — they're your money, going into your own escrow account.

Go deeper

The companion guide Closing Costs Explained walks every line of the Closing Disclosure and shows where you can actually save. Worth ten minutes before you sign anything.

FROM DEBBIE

Ask for a Loan Estimate from more than one lender and compare the lender fees side by side. That single habit saves real money.

10 · The mistakes that cost the most

After this you'll know exactly what NOT to do between pre-approval and closing — the moves that sink otherwise-solid loans.

Most of these feel harmless in the moment. They aren't.

- Opening new credit. A new card or car loan changes your DTI and can re-trigger underwriting. Wait until after closing.
- Changing jobs. A new job mid-process can pause everything. If it's unavoidable, call your loan officer first.
- Making big or unexplained deposits. Underwriters must source large deposits. Keep records, and never deposit cash you can't document.
- Not asking about every fee. If a charge isn't clear, ask. A good loan officer will walk you through all of it.
- Skipping the inspection. Falling for the house before you know its condition is how dream homes become money pits.

FROM DEBBIE

Between pre-approval and closing, the best thing you can do is nothing new. Keep your finances boring and we'll keep your loan calm.

II · The day of closing

After this you'll walk into closing knowing what to bring, what to expect, and how to protect yourself from wire fraud.

Closing day is mostly signing. You'll initial and sign somewhere around 80 pages — take your time, and ask about anything you don't understand.

What to bring

- A government-issued photo ID
- Proof of your wire transfer (your closing funds should be wired in advance)
- Any documents your closing agent specifically requested

▲ Protect yourself from wire fraud

Wire-fraud scams target buyers at closing. Never trust wiring instructions that arrive by email alone. Always call your closing agent at a phone number you already have on file to confirm the details before you send a dime.

FROM DEBBIE

If anything about the money feels rushed or off, stop and call. Real closings can wait five minutes for a confirmation phone call.

12 · Your first year as a homeowner

After this you'll know the handful of moves that protect your money in year one and beyond.

- Know your tax deductions. Mortgage interest, points you paid, and property taxes (up to the SALT cap) may be deductible. Keep your closing documents and talk to a tax pro.
- File for your homestead exemption. If your state offers one, it can lower your property tax bill. There's often a deadline — don't leave it on the table.
- Expect an annual escrow analysis. When taxes or insurance change, your servicer recalculates your escrow and your payment may shift. It's normal.
- Rebuild your emergency fund. Buying probably drained your savings. Refill it — a home will eventually ask for an unplanned repair.

FROM DEBBIE

The keys are the start, not the finish line. A little upkeep on your finances keeps homeownership the joy it's supposed to be.

13 · Glossary

The words nobody explains — now in plain English.

PITI	Principal, Interest, Taxes, and Insurance — the four parts of a typical monthly mortgage payment.
PMI	Private Mortgage Insurance. Protects the lender on conventional loans with less than 20% down; drops off as you build equity.
MIP	Mortgage Insurance Premium. The FHA's version of mortgage insurance, usually for the life of the loan.
LTV	Loan-to-Value. Your loan balance divided by the home's value. Lower LTV usually means better terms.
DTI	Debt-to-Income. Your monthly debt payments divided by gross monthly income.
Escrow	A neutral account that holds money — either earnest money during the deal, or taxes and insurance after closing.
Prepays	Taxes, insurance, and interest paid slightly in advance at closing. Your money, not a fee.
Points	Optional upfront fees. One point equals 1% of the loan and buys down your interest rate.
Rate lock	A guarantee that your interest rate won't change for a set period while your loan is processed.
Float	Choosing to leave your rate unlocked, betting it may improve before closing. The opposite of locking.
Contingency	A condition in your offer — like passing inspection — that lets you back out without losing your earnest money.
Earnest money	A good-faith deposit you put down with your offer to show the seller you're serious.
Title insurance	Protects you and the lender against problems with the home's ownership history.
Appraisal	An independent estimate of the home's value, required by the lender.
Underwriting	The lender's review of your full file to confirm you and the property qualify.
Pre-approval	A lender's documented commitment to a loan amount after reviewing your finances.
Closing Disclosure	The final, itemized statement of your loan terms and costs, delivered at least three days before closing.
Loan Estimate	A standardized early quote of your loan terms and costs — use it to compare lenders.

Origination	The lender's charge for creating and processing your loan.
Discount points	Points paid specifically to lower ("buy down") your interest rate.
Conventional loan	A loan not insured by a government agency — the most common type.
FHA loan	A government-insured loan with flexible credit and down-payment requirements.
VA loan	A loan for eligible veterans and service members with no down payment or monthly MI.
Amortization	The schedule by which your loan is paid off over time — early payments are mostly interest.
Equity	The portion of your home you truly own: its value minus what you still owe.

Ready when you are

Questions are free and there's no pressure. Start your application at

portal.jmj.me/lo/dmarcoux, visit mortgagemomradio.com, or call (844) 935-3634. —

Debbie