

# The Real Mortgage Payment Homebuyer Guide

A practical checklist for understanding payments, cash to close, loan choices, and the path from pre-approval through closing.

## Use the full payment - not only principal and interest

A realistic housing budget includes principal, interest, property taxes, homeowners insurance, mortgage insurance when applicable, HOA dues, utilities, maintenance, repairs, and cash reserves.

## 1. Establish a comfortable budget

Start with take-home income and recurring household expenses. Mortgage underwriting often uses gross income, but your personal budget must reflect taxes, benefits, childcare, transportation, savings, and lifestyle costs.

Run conservative scenarios for taxes, insurance, HOA dues, and maintenance. Leave room for changes rather than planning around the maximum approval.

## 2. Prepare credit, documents, and cash

Organize recent pay records, tax documents when relevant, bank statements, identification, housing history, and explanations for unusual deposits or credit events.

Avoid opening new credit, increasing card balances, financing major purchases, or moving funds without clear records while a mortgage is in process.

## 3. Compare loan programs by total cost

Compare conventional, FHA, VA, USDA, jumbo, fixed-rate, and adjustable-rate options when eligible. Review payment, cash to close, mortgage insurance, fees, rate structure, and expected time in the loan.

A lower advertised rate may include discount points or assumptions that do not match your transaction.

## 4. Understand pre-approval

A documented pre-approval is stronger than an online estimate, but it remains conditional. The property, appraisal, title, insurance, updated credit, employment, and assets still require review.

Ask which assumptions were used and when documents or credit must be refreshed.

## 5. Review the property independently

An appraisal supports collateral review; it is not a buyer's home inspection. Use appropriate inspections and specialists to understand condition, repairs, safety, and future maintenance.

Review title information, insurance availability, HOA documents, taxes, and local assessments early enough to act.

## **6. Read the Loan Estimate and Closing Disclosure**

Confirm loan amount, rate, term, mortgage insurance, projected payment, escrow, points, lender credits, third-party charges, prepaids, and cash to close.

Compare documents and ask for explanations of material changes. Verify wiring instructions independently through a trusted contact.

## **7. Protect your financial flexibility**

Preserve funds after closing for repairs, moving, furnishings, insurance deductibles, and income disruption.

Do not depend on a future refinance to make today's payment affordable. Rates, property value, income, credit, and guidelines can change.

## **Questions to ask a lender**

- What is the full estimated monthly payment, including taxes, insurance, mortgage insurance, and HOA?
- How much cash will I need at application, during escrow, and at closing?
- Which costs are fixed, which can change, and which services can I shop for?
- Is the rate locked? For how long? What are the extension and float-down terms?
- What conditions remain before final approval?
- What loan alternatives should I compare, and why?

## **Educational use only**

This guide is general educational information. It is not a loan offer, approval, rate quote, legal advice, tax advice, or financial advice. Actual terms and requirements depend on the borrower, property, lender, program, contract, and location.