



A LEGACY LENDING USA RESOURCE GUIDE

Buying Your First Home, Made Simple

A simple, step-by-step guide to understanding the home loan process, from a basic budget to keys in your hand!

BEFORE YOU START

Let's Make This Easy

Buying your first home can feel like learning a new language overnight. This guide breaks the process down step by step, so you always know what's happening and why.

HOW TO USE THIS GUIDE

Read it front to back once to get the big picture, then use each section as a reference when you reach that step. The checklist near the end is built to be printed and checked off as you go. Words marked with an asterisk (*) are defined in the Glossary on page 12.

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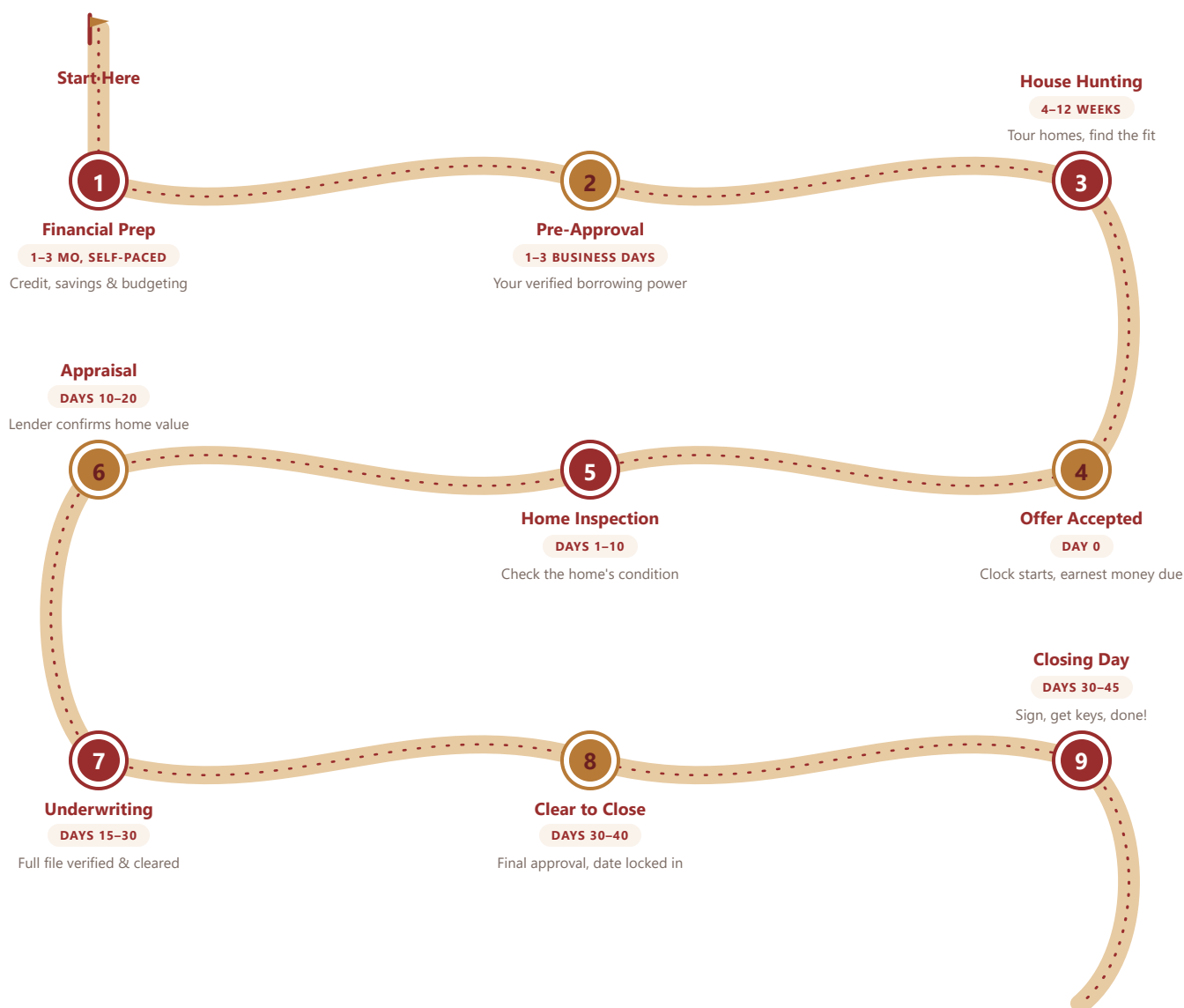
BEFORE YOU START

Your Homebuying Timeline

Follow the path from your first budget check to move-in day. Your own timeline may run faster or slower. Your Legacy loan officer can build you a personalized one once you're ready to start.

BEFORE YOU TAKE STEP ONE

Reach out to a Legacy loan officer first, even if you're just starting to think about buying, they'll be in your corner for every stop on this path.

**You're Home!**

Keys in hand. Welcome to homeownership.

STEP 1

Get Your Finances & Loan Options Ready

Two things shape what you can buy: your financial picture and the right loan type. Here's both, straight to the point.

Your Finances

- **Credit score:** Pull your free reports at annualcreditreport.com, dispute any errors, keep card balances under 30% of your limit, and avoid new credit before applying.
- **Debt-to-income (DTI):** Add up your monthly debts and divide by your gross monthly income. Most lenders want this under 43%.
- **Savings:** Budget for a down payment* (as low as 3%, or 20% to skip PMI*), closing costs* (2-5% of the loan), and a 2-3 month cushion after closing.

LEGACY TIP

You don't need a perfect score or one "best" loan to qualify. Many first-time buyer programs accept scores well below 700, and the right loan depends on your situation. Talk to a Legacy loan officer, no question is a dumb one.

Your Loan Options

Loan Type	Best For	What Makes It Different
Conventional	Solid credit, some savings	Not government-backed. Down payments as low as 3%. PMI applies below 20% down but drops off with equity*.
FHA	Lower credit or smaller down payment	Backed by the FHA. Accepts scores as low as 580 with 3.5% down. Mortgage insurance usually lasts the life of the loan.
VA	Veterans, active-duty service members, some spouses	Backed by the VA. Often \$0 down with no monthly mortgage insurance.
USDA	Eligible rural or suburban buyers	Backed by the USDA. \$0 down within income and location limits.

Fixed-Rate vs. Adjustable-Rate

Fixed-rate loans keep the same payment for the entire term, the steady choice most first-time buyers make. Adjustable-rate loans (ARMs) start lower, then adjust after 5 to 7 years based on the market, which can save money short-term but adds long-term uncertainty.

STEP 2

Get Pre-Approved

Pre-approval is what turns you from a "someday" buyer into a serious one. It's also the single biggest thing you can do to strengthen an offer.

Pre-Qualified vs. Pre-Approved

Pre-Qualification

A quick, informal estimate based on numbers you self-report. Useful for a first ballpark, but it carries little weight with sellers.

Pre-Approval

A lender actually verifies your income, assets, and credit, then issues a letter stating how much you're approved to borrow. This is what real estate agents and sellers want to see.

Documents You'll Likely Need

- ☐ Pay stubs from the last 30 days
- ☐ W-2s or 1099s from the past two years
- ☐ Federal tax returns from the past two years
- ☐ Bank and investment account statements (last two months)
- ☐ Photo ID
- ☐ Landlord contact or mortgage statement, if applicable
- ☐ Explanation letters for any large or unusual deposits

LEGACY TIP

Get pre-approved before you start touring homes, not after you find one you love. It tells you your real price range and saves you from falling for a house you can't finance.

STEP 3

Build Your Home-Buying Team

You won't do this alone, and you shouldn't. Here's who typically helps, and what each person actually does.

1 Loan Officer

Your guide through financing. They evaluate your finances, recommend the right loan program, and walk you through pre-approval*, underwriting*, and closing.

2 Real Estate Agent

Represents your interests when searching for homes, scheduling showings, and negotiating the offer. Typically paid by the seller, not you.

3 Home Inspector

Examines the property's condition (roof, foundation, electrical, plumbing) and flags issues before you're locked into a purchase.

4 Appraiser

An independent third party, ordered by the lender, who confirms the home is actually worth what you're paying for it.

5 Title Company / Real Estate Attorney

Confirms the property's legal ownership history is clean, handles the closing paperwork, and issues title* insurance to protect you.

6 Homeowner's Insurance Agent

Sets up the insurance policy your lender will require to be in place before closing.

STEP 4

House Hunting the Smart Way

It's easy to get swept up by a beautiful kitchen. Go in with a clear head and a clear list.

Separate Needs From Wants

Needs

Commute distance, number of bedrooms, school district, budget ceiling, accessibility requirements. These are the non-negotiables.

Wants

Granite countertops, a finished basement, a specific paint color. Nice to have, but not worth losing sleep over.

Questions Worth Asking on Every Showing

- How old is the roof, water heater, and HVAC system?
- Are there any known issues with water, foundation, or pests?
- What are the average monthly utility costs?
- How long has the home been on the market, and has the price changed?
- What's included in the sale (appliances, fixtures, window treatments)?

WATCH OUT

Don't skip the neighborhood drive-by at different times of day. A quiet street at 10am can look very different at 6pm on a Friday.

STEP 5

Making an Offer

Found the one? Here's what happens when you're ready to put pen to paper.

Key Terms You'll See

Earnest Money*

A good-faith deposit (often 1–3% of the price) showing you're serious. It's applied toward your down payment or closing costs at closing.

Contingencies

Conditions that must be met for the sale to go through, like a satisfactory inspection, appraisal, or financing approval. They protect you.

Common Contingencies to Include

- **Financing contingency:** lets you walk away if your loan doesn't get approved.
- **Inspection contingency:** lets you negotiate repairs or exit the deal if issues turn up.
- **Appraisal contingency:** protects you if the home appraises for less than the offer price.

What You Can Negotiate

Price is only one lever. Here's what else is usually on the table.

- **Purchase price:** your actual offer relative to list price, based on comparable sales and how competitive the market is.
- **Seller concessions:** the seller agrees to cover part of your closing costs, lowering what you need out of pocket.
- **Closing date:** a flexible date can make your offer more attractive to the seller, or line up with your own move-out timeline.
- **Inspection period:** the window you have to inspect the home and request repairs, a credit, or walk away.
- **HOA costs:** who pays HOA transfer fees, document fees, and prorated dues at closing, buyer or seller.
- **Repairs or credits:** after inspection, you can ask the seller to fix issues or give you money toward them instead.
- **Included items:** appliances, fixtures, or furniture the seller leaves behind can be written into the deal.
- **Home warranty:** a seller-paid warranty covering major systems and appliances for your first year.

LEGACY TIP

A strong offer isn't always the highest one. A clean offer, backed by solid pre-approval and reasonable contingencies, with a flexible closing date, can beat a higher bid.

STEP 6

Closing Day

This is the finish line: the day your home officially becomes yours.

Before Closing

- **Review your Closing Disclosure** at least three business days before closing. It lists your final loan terms and closing costs. Compare it to your original Loan Estimate.
- **Do a final walkthrough** of the home, usually 24 hours before closing, to confirm its condition and that agreed repairs were made.
- **Confirm your funds.** Closing funds are typically wired or brought as a cashier's check. Always verify wire instructions by phone using a known number; wire fraud targets buyers at this exact stage.

WATCH OUT

Don't open new credit accounts, finance a car, or make large purchases while your loan is in underwriting. It can delay or derail your closing.

What to Bring

- ☐ Government-issued photo ID
- ☐ Cashier's check or confirmed wire for closing funds
- ☐ Proof of homeowner's insurance
- ☐ Copy of your purchase agreement

What You'll Sign

Expect a stack of documents including the promissory note (your promise to repay the loan), the deed of trust or mortgage (which secures the loan against the property), and the final Closing Disclosure. Your closing agent will walk you through each one.

STEP 7

After You Close

Congratulations, you're a homeowner. A few things to keep in mind as you settle in.

Your First Payment

Your first mortgage payment is typically due the first of the month, at least 30 days after closing. If you close mid-month, you may have already paid prepaid interest for the remaining days at closing.

Escrow Account

Many loans include an escrow* account that collects a portion of your property taxes and homeowner's insurance with each monthly payment, then pays those bills on your behalf when they're due. Expect an annual escrow analysis that may slightly adjust your payment.

Set Up a Maintenance Fund

A common rule of thumb is setting aside 1% of your home's value each year for maintenance and repairs. Start this habit early, before anything breaks.

Keep Your Paperwork

Store your closing documents somewhere safe. You'll need them for taxes, refinancing, or if you ever sell.

LEGACY TIP

Your Legacy loan officer doesn't disappear after closing. Reach out anytime you have questions about refinancing, your escrow account, or simply understanding your statement.

SECTION 8

Mistakes First-Time Buyers Make

Learn from what trips up other first-time buyers so it doesn't trip you up.

1. Shopping for homes before getting pre-approved

Leads to falling in love with homes outside your real budget.

2. Making big purchases before closing

New furniture, a new car, or a new credit card can change your DTI and jeopardize your loan approval.

3. Draining all savings for the down payment

Leaves nothing for moving costs, repairs, or emergencies right when you need a cushion most.

4. Skipping the home inspection

Even new-looking homes can hide expensive problems. An inspection almost always pays for itself.

5. Not asking questions

There's no such thing as a bad question about the biggest purchase of your life. Ask early and often.

6. Ignoring the full cost of homeownership

Property taxes, insurance, HOA dues, and maintenance add up beyond just the mortgage payment. Budget for the whole picture, not just principal* and interest.

SECTION 9

Glossary of Terms

Mortgage language, translated into plain English.

APR (Annual Percentage Rate)

The true yearly cost of your loan, including interest and most fees. Useful for comparing offers apples-to-apples.

Closing Costs

Fees paid at closing to finalize the loan and transfer the property, typically 2–5% of the loan amount.

Down Payment

The upfront portion of the home's price you pay yourself, rather than borrowing.

Earnest Money

A deposit that shows the seller you're serious about the offer; applied toward your costs at closing.

Equity

The portion of your home you actually own: the home's value minus what you still owe on the loan.

Escrow

An account that holds money for property taxes and insurance, collected as part of your monthly payment.

Interest Rate

The percentage cost of borrowing money, charged annually on your loan balance.

PMI (Private Mortgage Insurance)

Insurance required on conventional loans with less than 20% down, protecting the lender if you default. It can be removed once you reach enough equity.

Pre-Approval

A lender's verified estimate of how much you can borrow, based on documented income, assets, and credit.

Principal

The amount of money you originally borrowed, not counting interest.

Title

Legal ownership of the property. A title search confirms the seller has the right to sell it, free of unresolved claims.

Underwriting

The process where a lender verifies your financial details and makes the final call on your loan approval.

SECTION 10

Your Homebuying Checklist

Print this page and check items off as you move through the process.

Getting Ready

- ☐ Pull and review my credit reports from all three bureaus
- ☐ Calculate my debt-to-income ratio
- ☐ Set a realistic monthly budget, including taxes, insurance, and maintenance
- ☐ Build savings for down payment, closing costs, and a cushion
- ☐ Gather pay stubs, tax returns, and bank statements

Financing

- ☐ Talk to a Legacy loan officer about loan options
- ☐ Get pre-approved and receive my pre-approval letter
- ☐ Avoid new debt or large purchases

Finding & Offering

- ☐ Choose a real estate agent
- ☐ List my must-haves vs. nice-to-haves
- ☐ Tour homes and take notes on each
- ☐ Submit an offer with the right contingencies

Under Contract

- ☐ Schedule and attend the home inspection
- ☐ Review the appraisal results
- ☐ Respond quickly to underwriting requests
- ☐ Set up homeowner's insurance

Closing

- ☐ Review my Closing Disclosure at least 3 days before closing
- ☐ Confirm wire instructions by phone before sending funds
- ☐ Complete the final walkthrough
- ☐ Bring ID and closing funds to signing



Ready When You Are

Every first-time buyer starts with a question. Reach out and let's find the right path for you.

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