

Mortgages: buy a home without buying a crisis

A lender's approval is a borrowing limit, not your family's comfort limit. Start with the complete ownership budget, compare written offers and protect your inspection, financing and closing process.

Start with your own affordable payment

Use the DollarsWithDad budget planner. Include principal, interest, property taxes, homeowners insurance, mortgage insurance, HOA dues, utilities, repairs and maintenance. Ask for actual insurance quotes and local tax estimates. A seller's current tax bill may not represent your post-purchase assessment.

Keep separate funds for the down payment, closing costs, moving costs and emergency reserves. Test whether you could handle a repair bill or income interruption after closing. A fixed mortgage rate does not freeze taxes, insurance or association charges.

Build a lender-ready file

Gather pay records, tax returns where required, bank statements, identification, debt balances and explanations for unusual deposits. Self-employed borrowers may need additional business records. A lender's evaluation may include information from credit reports, income, assets and the property.

Prequalification is an initial estimate; preapproval involves more review but is still conditional. Neither guarantees the property will qualify or that final underwriting is complete.

Choose the loan category before chasing a rate

Conventional: compare down payment, credit requirements and private mortgage insurance. **FHA:** compare upfront and ongoing mortgage insurance as well as rate. **VA:** eligible borrowers should compare the funding fee, available exemptions and lender costs. **USDA:** check location and income eligibility. A low down payment is useful only if the full payment is sustainable.

Start with HUD homebuying resources, VA home loans and USDA housing programs.

Reviewed October 3, 2026. This guide is educational. Loan eligibility, rates and property law vary. Use a qualified local professional for contract, title and legal questions. Advertised rates are not guaranteed offers.



Build a three-lender comparison

Shortlist by useful fit

Bank of America: mortgages and rate information. A bank option to compare for local lending help and any qualifying homebuyer assistance. Ask about eligibility and whether a grant has location, income or repayment conditions.

Chase: home lending. Another bank comparison for loan types, branch support and eligible assistance. Get a written estimate rather than assuming an existing checking relationship guarantees the best price.

PenFed: mortgage options. A credit-union comparison. Ask about membership, loan fees, rate-lock terms and any promotion requiring a particular agent or other service.

Local credit union or independent mortgage broker: compare a local quote with the national offers. Ask the broker which lenders they shop, how they are paid and whether the selection excludes suitable lenders. Verify licensing through NMLS Consumer Access.

No single lender is best for every credit profile, location, property or closing date. Choose using matched written terms, service quality and the likelihood of closing on time.

How to request comparable offers

Use the same purchase price, down payment, loan amount, term, occupancy and loan type. Request quotes on the same day when practical. Ask whether pricing assumes discount points or credits and whether the rate is locked. Record expiration dates and extension charges.

A Loan Estimate provides a standard comparison. Review CFPB's Loan Estimate explainer and comparison guide. Separate lender-controlled costs from prepaid taxes and escrow deposits, which can make otherwise similar quotes look different.

Points and lender credits

A point is generally 1% of the loan amount paid upfront. If a $3,000 charge saves $75 a month, a simple break-even is 40 months. This ignores time value and other differences. Compare against how long you expect to retain the loan. Lender credits usually trade a higher rate for lower upfront cost; “no closing costs” does not mean cost-free.



Protect yourself from offer to inspection

Choose representation deliberately

Ask an agent about local experience, compensation, the term of any agreement, cancellation rights and conflicts. Read representation agreements before signing. Do not assume the person showing the house represents only your interests. Consult a local real-estate attorney when contract or title questions need legal advice.

Put safeguards in the written offer

Discuss financing, appraisal and inspection contingencies and their deadlines. Understand earnest-money handling and the specific circumstances in which it may be lost. Waiving protections can create major exposure. Decide the maximum total cost before negotiations become emotional.

Ask about property disclosures, flood risk, prior water damage, roof and system age, HOA finances, special assessments, permits, boundaries and title issues. For condos, request association documents and ask the lender about project eligibility early.

Inspection is not appraisal

An appraisal supports a lender's valuation decision. An independent inspection assesses condition within its scope. Hire a qualified inspector, attend if possible, and obtain estimates for major issues. Consider specialist inspections when warranted, such as sewer, structure, pests or environmental concerns.

Get promised repairs, credits and deadlines in writing. Reinspect agreed work or obtain evidence before the relevant deadline. A cosmetic renovation does not establish that electrical, plumbing or structural work is sound.

Shop insurance before the deadline

Verify availability, deductible, exclusions and premiums before committing. Flood insurance is separate from many homeowners policies; investigate local risk even if not required by the lender. Ask about rebuilding costs rather than assuming the purchase price is the correct insured value.

Do and don't

- Do maintain a document and deadline checklist with your agent, lender and closing professional.
- Do ask what happens if the appraisal is low or financing is delayed.
- Don't waive a concern because someone says another buyer is waiting.
- Don't rely on verbal promises or sign a contract you do not understand.
- Don't send earnest money until the recipient and instructions are independently verified.



Underwriting and closing without surprises

Keep your financial picture stable

Tell the lender before changing jobs, opening new credit, financing furniture, making a large purchase or moving substantial funds. Do not conceal debts or provide inaccurate documents. Underwriting may recheck income, assets and credit before closing.

Respond promptly to document requests through the verified secure portal. Keep explanations factual. Ask whether anything remains outstanding for final approval, insurance or the appraisal.

Read the Closing Disclosure

For most covered mortgages, the Closing Disclosure must be received at least three business days before consummation. Compare the loan amount, rate, term, projected payment, prepayment/balloon provisions, costs and cash to close with the estimate. Ask about every unexpected change before signing. Review the CFPB Closing Disclosure explainer.

The cash-to-close figure includes more than the down payment. Confirm how earnest money and seller credits are applied. Understand which taxes and insurance are collected and whether escrow may change later.

Stop wire fraud before it starts

Agree on a verification procedure early. Before any wire, independently call the closing company using a previously verified number. Read back routing/account details and the recipient. Do not use the number in a last-minute email or text. Treat changed instructions as a reason to stop and verify, even if the message looks familiar.

Final walkthrough and signing

Confirm the property's agreed condition, completed repairs, included appliances and access arrangements. At closing, read documents and ask questions; signing commits you to the terms. Keep copies of the note, security instrument, disclosures, insurance and settlement statement in a secure place.

After closing

Confirm the first payment date and actual servicer using closing documents. Verify autopay before assuming it works. Watch for fake mortgage-insurance or deed-recording bills. Review escrow statements, renew insurance, and maintain a repair fund. Contact the servicer early if payment trouble develops; use a HUD-approved counselor for help.



Homebuying decision sheet

Compare each written offer

Lender / contact / date: _____

Loan type / term / amount: _____

Interest rate / APR / lock expiration: _____

Points / lender fees / lender credits: _____

Cash to close / full monthly payment: _____

Expected ownership years / break-even: _____

A lower APR can be useful evidence but does not settle every choice, especially with different terms or adjustable-rate assumptions. Compare total costs over your likely holding period.

Milestone checklist

- Before shopping: review credit, prepare documents, establish the complete budget and reserves.
- Before an offer: understand representation, contingencies, earnest money and maximum price.
- Under contract: complete inspection, insurance, appraisal and financing tasks on time.
- Before closing: review disclosures, resolve changes, verify payment instructions and conduct the walkthrough.
- After closing: confirm servicing, automate safely, save documents and fund maintenance.

Questions worth asking

“What assumptions produce this rate? Is it locked? What can change? What fees can I shop? Is any discount tied to another product? What happens if closing is late? Are taxes based on the likely reassessed value? What remains for final approval?”

Resources

CFPB homebuying roadmap · HUD homebuying · NMLS license verification · FEMA flood maps · DollarsWithDad budget planner

My comfortable all-in payment: _____ **Cash reserve:** _____

My walk-away condition: _____