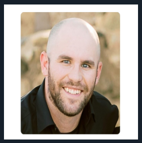
BUYER GUIDE · MORTGAGE 101

The Buyer Guide

Everything I'd tell you on our first call — written down so you can go at your own pace, then reach out with the questions that are actually specific to you.



Thad Lane

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A NOTE FROM THAD

Before you look at a single listing

Most buyers start by scrolling listings. I'd rather you start here instead — because the house you fall in love with means a lot more once you actually know what you can afford, what a lender is going to look at, and what the process looks like from here to closing day.

I wrote this the way I'd explain it on a phone call — plain language, no industry jargon, no filler. My goal isn't to impress you with how complicated mortgages sound. It's the opposite: I want you to feel like you actually understand what's happening at every step.

By the end of this guide, you should be able to walk into a conversation with any lender — me included — and know exactly what to ask. If something in here raises a question specific to your situation, that's exactly what I'm here for. Reach out any time.

— Thad

STEP ONE

How much you can actually afford

"How much house can I afford?" and "how much will a lender approve me for?" are two different questions — and the gap between them matters more than almost anything else in this process.

The number a lender gives you

This is based mostly on your debt-to-income ratio (DTI) — your monthly debts, including the new mortgage payment, compared to your gross monthly income. Lenders generally want to see this stay under a certain threshold, but the exact number depends on the loan program.

The number that actually fits your life

This is the number you decide, based on what you want left over every month for savings, travel, kids, retirement contributions, or just breathing room. A lender will never ask you this question — which is exactly why you should ask it yourself before you start looking.

A simple gut check: take your maximum approved payment and picture living with it for a year, including a slow month at work or a surprise expense. If that feels tight, it's worth shopping below your max — not because you have to, but because you'll actually enjoy the house more.

STEP TWO

Pre-qualified vs. pre-approved

These two terms get used interchangeably all the time, and it causes real problems for buyers — especially in a competitive market.

Pre-Qualification	Pre-Approval
A rough estimate based on what you tell me about income, debt, and assets — nothing verified yet.	I've actually verified your income, credit, and assets. It carries real weight.
Takes minutes. Good for a very early gut check.	Takes a bit more paperwork upfront, but it's what sellers and agents take seriously.
Sellers in a competitive market often won't take this seriously.	This is what you want in hand before you start making offers.

Bottom line: get pre-approved before you fall in love with a listing, not after. It costs you nothing to find out early.

STEP THREE

Loan programs, in plain English

You don't need to memorize these — just know they exist, and that the right one depends on your situation, not a one-size-fits-all answer.

Conventional

Best for buyers with solid credit and some down payment saved. Often the lowest long-term cost if you qualify.

FHA

Lower down payment and more flexible credit requirements. A common first step for buyers early in their homebuying journey.

VA

For eligible veterans and service members. Often zero down, and no monthly mortgage insurance.

USDA

Zero-down option for eligible rural and suburban properties in qualifying areas.

Not a typical W-2 buyer? There's probably still a program for you.

These four are the most common, but not the only options. I also work with more specialized programs, including **bank statement loans** (income based on bank deposits instead of tax returns — common for self-employed borrowers), **doctor loans** (built around the unique income and student loan situation of physicians and residents), and **DSCR loans** (debt service coverage ratio — qualify based on a rental property's income potential rather than your personal income, common for investors). If your situation doesn't fit neatly into the boxes above, it's worth a conversation before assuming you don't qualify.

STEP FOUR

What a lender actually looks at

Four things drive almost every mortgage decision. Understanding them takes the mystery out of the whole process.

Credit

Your score and history. Different loan programs have different minimums — a lower score doesn't automatically rule you out.

Income

Steady, verifiable income matters more than a high income. Self-employed? It's still very doable, it just takes a bit more documentation.

Assets

What you have available for a down payment, closing costs, and reserves — doesn't have to be a huge amount depending on the program.

Debt-to-Income (DTI)

Your monthly debts versus your income. This is what determines how much monthly payment you can be approved for.

One weak spot doesn't disqualify you.

Almost nobody checks every box perfectly, and that's normal. You might have great credit and income but nothing saved for a down payment — that's what down payment assistance programs exist for. You might have solid income and assets but a few credit challenges — there are still real paths to approval. One factor being less than perfect doesn't mean the others don't count. It might genuinely surprise you what you can get approved for — worth a conversation before you count yourself out.

STEP FIVE

The path from here to closing day

1. Pre-approval

We talk through your finances, I verify what's needed, and you get a real pre-approval letter — usually within a day or two.

2. Home shopping

You (and your agent, if you have one) go look at homes with a clear number in hand, so you're not wasting time on the wrong properties.

3. Offer & acceptance

Once you find the one, your offer goes in backed by a real pre-approval — which matters a lot to a seller comparing offers.

4. Processing & underwriting

I move your file through verification. This is the paperwork-heavy stretch, but I keep you posted at every milestone.

5. Clear to close

Underwriting signs off, we schedule your closing date, and you review your final numbers before signing.

6. Closing day

You sign, you get the keys. That's it.

MYTH BUSTING

What you've heard that just isn't true

"You need 20% down to buy a home."

Most buyers put down far less. FHA allows as little as 3.5% down, and VA/USDA can go to zero. 20% just avoids mortgage insurance — it's not a requirement to qualify.

"Your credit needs to be perfect."

FHA loans can work with scores well below what most people assume. The real question is what fits your specific score — worth a quick call before you count yourself out.

"Getting pre-approved hurts your credit score."

A single pre-approval inquiry has a minimal, short-lived impact. Shopping within a focused window typically counts as one inquiry, not several.

"Pre-qualified and pre-approved are the same thing."

They're not — see page 4. Pre-approval is the one that actually carries weight.

BEFORE YOU CHOOSE A LENDER

Questions worth asking, before you pick anyone

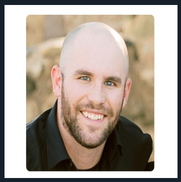
Whether it's me or someone else, a good lender should answer these clearly and without hesitation:

- → What loan programs do I actually qualify for, and why?
- → What's my rate, and is it locked or floating?
- → What are all the fees, in writing — not just the interest rate?
- → How fast can I actually close, realistically?
- → Will I be talking to you directly, or a rotating team?
- → What happens if my situation changes mid-process?

If a lender can't answer these plainly, that's worth paying attention to.

Ready when you are.

No pressure, no obligation — just a real conversation about where you're at and what makes sense for you.



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