

THE ULTIMATE GUIDE TO YOUR FIRST HOME

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The Happiest Way Home[®] Starts Here



THE HAPPIEST WAY HOME[®]

Considering a new home? Homeownership is more than just a financial investment - it's an investment in your future. This guide will help you know what to expect, and:

- Understand the value of having an experienced real estate agent and lender team on your side
- Know what to expect during the mortgage process
- Determine how much home you can afford
- Understand the basics of credit scores
- Review the Do's and Don'ts before and during the application process
- Find a home that fits both your goals and your lifestyle

Your first home is possible!



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RENTING VS OWNING

Is owning your own home better than paying rent? That depends on a few key factors and your personal goals. Renting does come with certain perks, such as short lease periods and relief from maintenance fees. However, owning property can help you build a better financial future by creating equity and increasing your net worth.

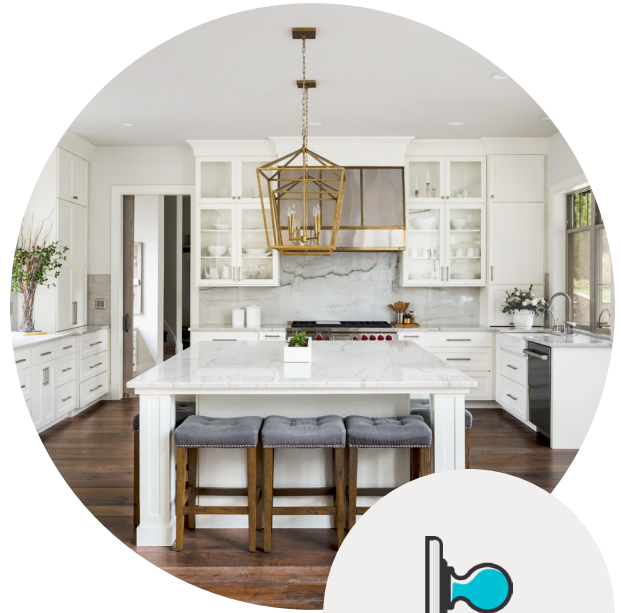
Many people find themselves asking if they can afford to buy. Luckily, there are numerous home financing options with low down payment choices, strategies to help you secure the lowest rate possible, and even down payment assistance programs to support you in coming up with your down payment and/or closing costs.

Benefits of owning a home:

- Build your home equity over time
- Enjoy appreciation of your home's value
- Gain stability and a stronger sense of community
- Take advantage of interest rate strategies to make payments more affordable
- Avoid potential rent price increases by having a fixed-rate payment option
- Make a home your own! Personalize and decorate your home as you'd like without having to ask for landlord approval

ARE YOU READY TO BUY?

While you may be mentally ready to stop renting, there are several key things you should consider to ensure you are financially prepared to buy a home. It's wise to evaluate your financial situation and obligations at least once a year, but it's especially important to do so when you're considering purchasing a home. Take some time to sit down and think through every little detail that a home purchase would entail.



Here are some of the key questions to get you started on this exercise:

WHAT ARE YOUR FINANCIAL AND PERSONAL GOALS?

- What are your job situations and those of your co-borrower (if applicable)?
- Do you have any existing debt and if so, how do you plan to pay it off?
- What are the chances of needing or wanting to relocate?

WHAT KIND OF MONTHLY PAYMENT CAN YOU AFFORD?

Establish a comfortable purchase price or price range early on. Consulting with an experienced Loan Officer before house shopping can help you determine an approximate monthly payment based on the selling price of the home, tailored to meet your budgetary needs. The selling price of the home will be influenced by factors such as:

- Property size and layout
- Neighborhood
- Marketing conditions
- Features and amenities
- Condition of the home
- School districts, etc.

Keep in mind that factors such as interest rates, loan type, and down-payment amount can have a considerable effect on your monthly mortgage payment.

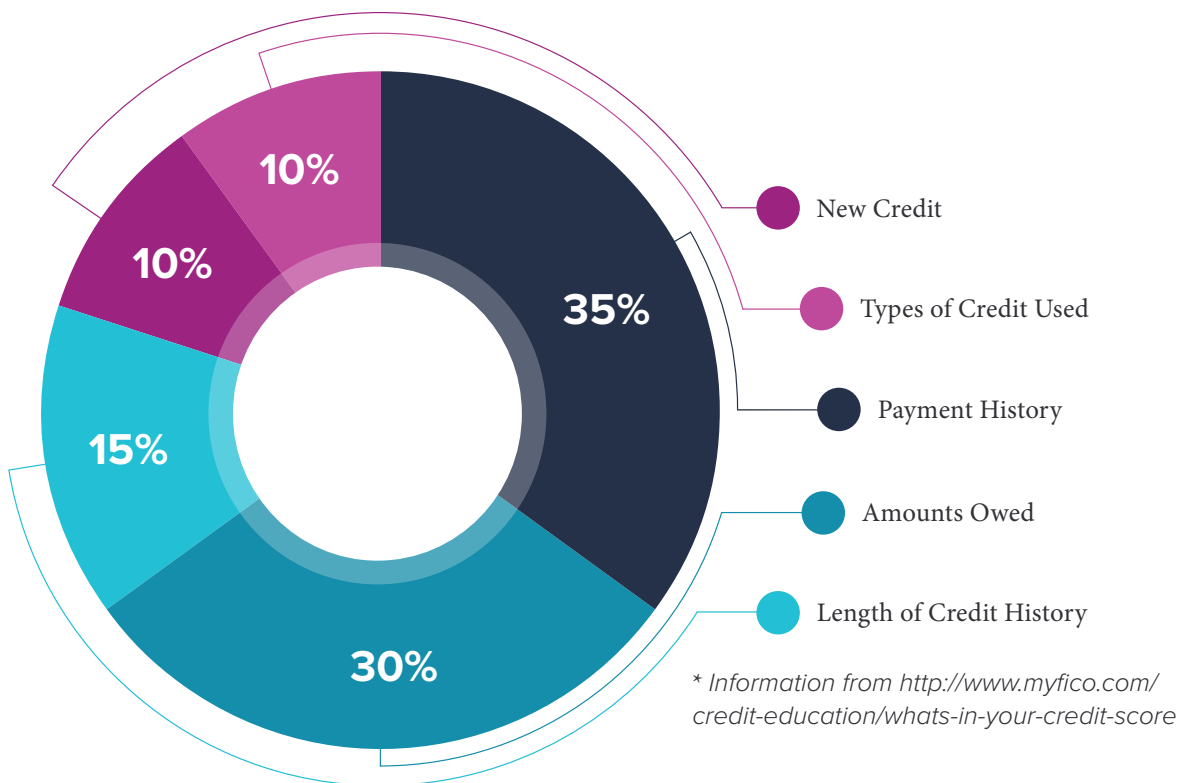
HOW IS YOUR CREDIT SCORE?

Credit plays a significant role in the type of financing you're offered and, ultimately, what your monthly payment looks like. During the pre-application stage, you can discuss with your Loan Officer whether ordering and reviewing your credit report is the right decision for you. Knowing where your credit stands helps forecast a more accurate payment scenario.

CREDIT SCORE 101

A credit score is a compilation of information about your debt and payment history, converted into a number that helps a lender determine the likelihood that you will repay the loan in a timely manner. It is typically based on your payment history, outstanding obligations, the length of time you have had outstanding credit, the types of credit you use, and the number of recent inquiries from other lenders about your credit history.

Your credit score, along with other factors about the loan and property, is considered as part of the underwriting process and plays a critical role in determining your mortgage qualification.



Obtain your credit reports

To better understand your creditworthiness, obtain your credit score and your credit reports from each of the 3 credit reporting agencies: Equifax, Experian and TransUnion. You're entitled to 1 free copy of your credit report every 12 months from each of the credit reporting agencies. Order your credit reports from annualcreditreport.com or call 1-877-322-8228.



YOUR PRE-APPROVAL

Obtaining a pre-approval from your lender before embarking on the journey of searching for your first home is a crucial step in the homebuying process. A pre-approval provides you with a clear understanding of your budget and the amount of financing you are eligible for, empowering you to focus your search within a realistic price range.



CERTIFIED PRE-APPROVAL BENEFITS

- Ensures that you are looking at homes that align with your financial goals and capabilities
- Enhances your credibility as a buyer in the eyes of sellers, making your offers more appealing
- Streamlines the entire purchasing process, giving you an edge in a competitive real estate market
- Simplifies the homebuying process and sets the foundation for a smoother and more successful home purchase

Your pre-approval letter

Your Certified Pre-Approval from SWBC Mortgage will determine what is attainable for your specific circumstances based on several factors, including:

- Credit score and history
- Employment history
- Down payment
- Income
- Debt-to-Income Ratio
- Other factors

THE IMPORTANCE OF THE RIGHT TEAM

Working with an experienced, local real estate agent and Loan Officer during your first home purchase can offer several benefits:

LOCAL MARKET INSIGHT: Understand the nuances of the local housing market

NEGOTIATION EXPERTISE: Skilled negotiators to secure favorable terms and prices

ACCESS TO EXCLUSIVE LISTINGS: Access a broader range of property options, including off-market listings

GUIDANCE THROUGH THE PROCESS: Navigate the complex homebuying process with ease

NETWORK OF PROFESSIONALS: Tap into a network of trusted professionals

FINANCIAL GUIDANCE: Receive experienced advice on financing options

PROBLEM-SOLVING SKILLS: Address and resolve unexpected issues effectively

LEGAL COMPLIANCE: Ensure accurate completion of paperwork and compliance with real estate and mortgage legal requirements

STREAMLINED PROCESS: Benefit from a streamlined and less stressful homebuying experience

Working with an experienced and local real estate agent and loan officer team enhances your chances of a successful and satisfying first home purchase.



Starting down the on the road to homeownership:



Share your goals with us.



Easily apply online, any time.



Explore your loan options.

FINDING A HOME

When gearing up to purchase a new home, it's essential to ask yourself a series of pertinent questions to ensure a well-informed decision. Asking these questions helps clarify priorities and ensures that your new home meets both your immediate needs and future aspirations.

IS THE NEIGHBORHOOD SAFE?

One of the best ways to get a better understanding of neighborhood activity is to meet and talk with neighbors. Is there a neighborhood watch? Are there gatherings that facilitate camaraderie within the community? Trustworthy neighbors can offer peace of mind to look out for each other's properties and the safety of children.

WHAT'S THE SURROUNDING AREA LIKE?

It's just as important to know what the rest of the city is like before falling in love with the neighborhood where your future house resides. What's the proximity to shopping and other attractions? Are you near noisy roads, an airport, neighborhood eyesores, and busy intersections? All of these things can influence your decision as well as the resale value of the home.

HOW ARE THE SCHOOL DISTRICTS RANKED?

If you have or plan to have children, the school districts that surround the home(s) you are interested in could greatly impact your homebuying decision.

HOW LONG IS YOUR COMMUTE?

It's wise to map out how far your commute would be from the home—and don't forget to factor in rush-hour traffic. A bad work commute can make or break the new homeowner "honeymoon."





MAKING AN OFFER

When you've finally found "the one" and decide that you're ready to make an offer, your real estate professional will draft a formal offer letter. The offer letter will serve as a binding sales contract if the seller accepts the offer.

NEGOTIATING TIPS

For some people, negotiating on a sales price can be stressful. Fortunately, your real estate agent is there to serve as your advocate. They can give you realistic advice on the home's value, and what similar properties recently sold for. Likewise, they can consult you on the kind of repairs that could warrant a lower price or contingencies.

WHAT TO DO WHILE YOUR HOME IS UNDER CONTRACT

With the closing table in sight, there are still some things to keep in mind while playing the waiting game. Knowing the triggers that may impact the loan process may help you tread cautiously on your path to homeownership. Even if your credit is stellar, certain actions could hinder your approval.

Here are some things to keep in mind during your home loan approval process to avoid any issues down the road:

- Be accurate on your app
- Don't incur new debt
- Provide accurate bank statements
- Cease the job hunt
- Pay bills on time

The offer letter is essentially your “blueprint” for the home purchase and should include the following:

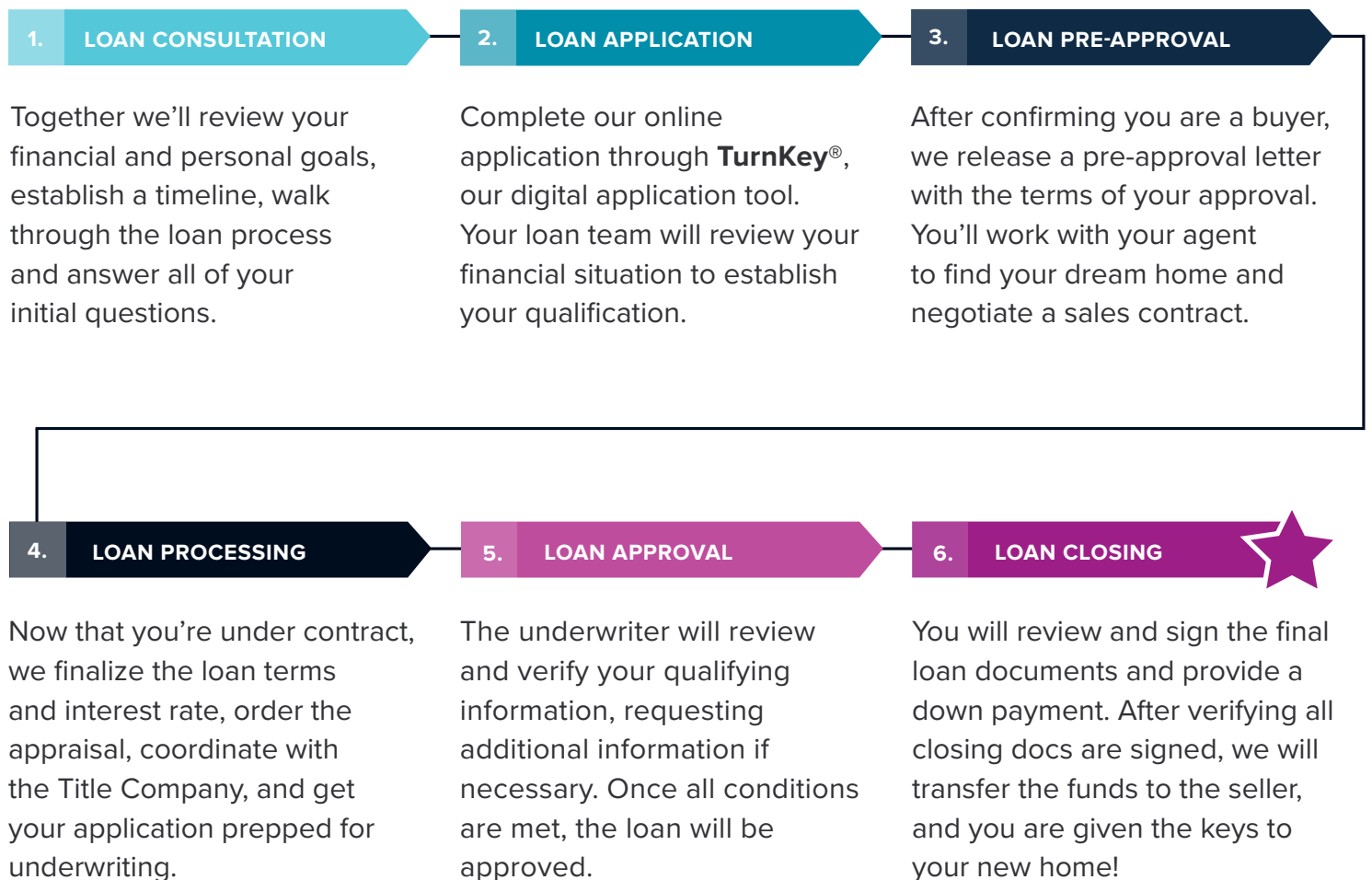
✓	Checklist
	Property Address
	Sales Price
	Terms of Sale (i.e. all-cash, subject to mortgage approval, any closings costs being covered by seller, etc.)
	Seller’s promise to provide title
	Amount of earnest money associated the offer
	Target close date
	The offer’s expiration date
	Contingencies (i.e. events or circumstances that make it legal for you to opt out of the contract)
	Any state-specific requirements
	Any provisions (such as a last-minute walk-through before closing)

Earnest Money 101

Earnest money is a deposit, of sorts, that lets the seller know that you are a serious, committed buyer. If the sell goes through, the earnest money will be put toward your down payment and/or closing costs.

THE STEPS TO HOMEOWNERSHIP

The mortgage process involves several key steps, beginning with a loan consultation to discuss your financial and lifestyle goals.



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DOWN PAYMENTS & COSTS

Coming up with a down payment is often cited as one of the primary barriers for those considering homeownership. When purchasing for your first home, you have several options for the down payment.

There are many programs available that allow for less than the traditional 20% - some even as low as 0% down for qualifying homebuyers!



Some popular options include:



MORTGAGE OPTIONS	DOWN PAYMENT AMOUNT	POPULAR WITH
Conventional Loan	Options as low as 3%	Qualified Buyers
FHA Loan	3.5%	First-time Buyers
Jumbo Loan	Options as low as 10%	Higher Price Tag Buyers
Renovation Loan	Options as low as 3%	Renovators
USDA Loan	0%	Rural Area Buyers
VA Loan	0%	Veterans and Service Members

Closing costs explained:

Closing costs are fees and expenses incurred during your home purchase, typically ranging from 2% to 5% of the home's purchase price. As a first-time homebuyer, it's important to understand these costs to budget effectively.

Closing costs encompass various charges, including lender fees, appraisal fees, title insurance, attorney fees, and government taxes or transfer fees. While some closing costs are negotiable or may be rolled into the mortgage, others are mandatory and require upfront payment.



WHILE YOUR LOAN IS IN-PROCESS

Accurate information on your loan application provides the foundation for a smooth and easy loan process, as well as a timely loan closing. Therefore, it is especially important that you inform your Loan Officer of any changes before you make any big changes.

- ★ **DO** notify us if your salary or other compensation changes.
- ★ **DO** let us know if your address changes from what appears on your original loan application.
- ★ **DO** keep documentation for any large deposits into your account. This could include paperwork necessary to prove a financial transaction: copies of all checks, deposit slips, loan paperwork, forms to liquidate assets, etc.
- ★ **DO** notify us if you move funds from one account to another and provide documentation for the transactions.
- ! **BE CAUTIOUS** to acquire any additional debt or make any large purchases on existing credit. For example: Purchasing a car or buying appliances for your new home will change your debt-to-income ratios.
- ! **BE CAUTIOUS** changing or quitting your job. A change in compensation or the type of work performed may affect your ability to qualify and/or close the loan. Lenders are often required to verify employment on the day before closing as a quality control check.
- ! **BE CAUTIOUS** co-signing on a loan for anyone. The payment will show up on your credit report as an additional debt and could affect your ability to qualify for the loan.

Helpful Tips to Keep in Mind:



TALK TO YOUR LENDER before you start looking to determine what you can afford.



PAY ALL YOUR BILLS on time and be cautious of credit balances. Limit the number of times your credit is checked. If paying off collections, request a letter of deletion.



LOOK AT THE QUALITY of construction, especially things like cabinetry, carpeting, trim, and paint.



CONSIDER THE LOCATION of the home and whether it's ideal for your lifestyle. Is it near parks, shopping, transportation, or other places that interest you?



WHEN SHOPPING, consider factors that could affect property price, like housing supply and demand, nearby schools, and the neighborhood.



REVIEW and understand all contracts and forms before signing. Speak with your real estate and home financing team if you have any questions.



THINK ABOUT THE COST of maintenance and the amount of effort it will take to keep the property in top condition—both indoors and outdoors.



ASK QUESTIONS! We are here to help. Ask any questions you have to make an informed decision with confidence.

Imagine a happier homebuying experience

You deserve peace of mind when financing your home. Our team will guide you through the process from the initial application to well after your loan funds. Buying a home is a journey, and you're about to be on The Happiest Way Home®.



GETTING PREPARED FOR YOUR MORTGAGE

Here is a helpful guide showing what may be required during your pre-approval process. Your home loan team will help you every step of the way.



To be provided by all clients:

Valid driver's license or other government-issued photo identification, date of birth, and social security number

Most recent statements for the last two months on all checking, savings, stock, mutual funds, IRAs, or other liquid asset accounts

Accurate addresses and landlord/mortgage company information for past two years

Loan information, including balance, monthly payment, and any rents collected for other real estate owned, if applicable

Copy of fully executed sales contract, if available



To be provided by salaried clients:

Most recent paystubs covering at least 30 days

W-2 Forms for the past two years

Employer information including contact number and address



To be provided by self-employed clients:

Most recent two years of FILED Federal Tax Returns (all pages, personal and business)

Year-to-Date Profit and Loss Statements & Balance Sheet



To be provided - situation specific:

If you have been divorced, a copy of final decree—particularly the financial settlement page, including alimony, child support, and the division of liabilities and assets

Documentation pertaining to any resolved or unresolved credit disputes you may have had

Certificate of Eligibility and DD-214 or Statement of Service, if applying for a VA loan

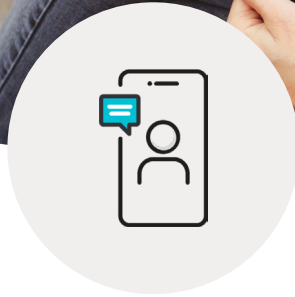
Bankruptcy documentation with a copy of discharge information

A copy of the settlement statement if you sold property in the last three months

Survey of your home, if refinancing a loan

* Depending upon your situation, we may require more or less documentation.

** Alimony, child support, or separate maintenance income need not be revealed if you do not choose to have it be considered for pre-qualification or pre-approval purposes.



YOUR SIMPLE DIGITAL APPLICATION

We combined our renowned, one-on-one service with the innovative tool **TurnKey[®]** to create an application for you that is fast, convenient, and mobile optimized. Almost all of your home loan application requirements can be completed through the TurnKey[®] application from start to finish.

TurnKey[®] assists first-time homebuyers by streamlining and simplifying the mortgage process. Its user-friendly interface and intuitive design enable individuals new to homeownership to navigate the complex world of mortgages with ease. Our team will guide you through the process from the initial application to well after your loan funds.

The fastest and smartest way to apply for a home loan

TurnKey[®] empowers first-time homebuyers by offering a convenient, transparent, and efficient home loan experience. Apply online to get started.

Frequently Asked Questions:

WHAT IS AN APPRAISAL?

An appraisal is a written analysis of a property by a qualified appraiser to determine its value. The appraiser inspects the property and compares it with recently sold homes in the neighborhood. Replacement costs and potential rental income are also estimated for investment properties.

WHAT IS TITLE INSURANCE?

Title insurance ensures that no one has a right, claim, or lien on the property. It's purchased from a title insurance company to eliminate risks caused by defects in the Title. The company examines public records to find and clear up title problems before purchase. Two types of policies are available: Owner's Policy for the buyer and Lender's Policy for the lending institution. The title company pays legal fees and covers losses from any valid claim filed against the property under the policy.

WHAT IS PMI?

Private Mortgage Insurance, or PMI, allows you to buy a home with less than a 20% down payment on a conventional mortgage. It protects the lender in case of loan default, with the premium based on loan-to-value ratio, type, and coverage needed. Typically included in the monthly payment, one to two months of premium is collected at closing. PMI can be canceled if the loan balance falls below 78% to 80% of the property value.

WHAT IS A LOAN ESTIMATE?

A written estimate of the closing costs the borrower will have to pay at closing. Under the TILA/RESPA Integrated Disclosures Act, the lender is required to provide this disclosure to the borrower within three days of receiving a loan application.

WHAT IS A CLOSING DISCLOSURE?

A document that provides line-by-line detail of the financial information related to a specific real estate transaction, such as the fees paid by the seller and the buyer for a purchase transaction, or the fees paid by the borrower for refinances.

WHAT IS A LOCK PERIOD?

The number of days that the lender will guarantee the interest rate offered for a loan. In order to hold the guaranteed interest rate for a loan, the loan closing must occur during the lock period.

WHAT IS A DEED?

The written instrument that passes a property from the seller to the buyer; the deed is recorded at the local courthouse so the transfer of ownership becomes public record.



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