

# FIRST-TIME HOMEBUYER'S GUIDE



# YOUR DREAM HOME IS ALMOST A REALITY

You’ve made the decision to buy your first home. Congratulations!

You’ll find the homebuying process to be thrilling and rewarding. But, it can also be daunting at times.

This guide is designed to walk you through every stage of your homebuying journey, from preparing your finances to signing on closing day.



## FIND THE MORTGAGE THAT’S RIGHT FOR YOU.

Apply online with Excellend® or schedule an appointment today at [AssociatedBank.com](https://www.AssociatedBank.com).

Loan products are offered by Associated Bank, N.A., and are subject to credit approval and involve interest and other costs. Please ask about details on fees and terms and conditions of these products. Property insurance and flood insurance, if applicable, will be required on collateral. Member FDIC.



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**Questions? Contact us.**  
**800-236-3617**

Monday–Friday:  
8 a.m. – 6 p.m.  
Saturday:  
8:30 a.m. – 12:30 p.m.

# STEP 1: PREPARING YOUR FINANCES

The first step on your homebuying journey is to prepare your finances. This will help you to avoid any speedbumps along the way.

## Start with your credit score

It all starts with your credit score. Your credit score is the first metric lenders will use to determine if—and how much—you can borrow. Low credit scores can lead to home loan denials, or higher loan interest rates, which add up significantly over the life of the loan.

There are several factors that go into your credit score, including:

- Payment history
- Credit utilization
- Derogatory marks
- Age of credit
- Hard credit inquiries
- Total credit accounts

## Improving your credit

If your credit isn't where it should be, don't worry—it's fixable!

- Make consistent, on-time payments. A consistent track record of on-time payments for things like credit cards, student loans and car loans will improve your score gradually over time.
- Lower your credit utilization rate. Typically, it's best to keep your credit utilization under 30%, but the lower the better. You'll be surprised how much paying off debt will improve your score.
- Look for errors. Sometimes, lenders will incorrectly report missing payments, which can significantly lower your credit. If you spot an error, you'll want to dispute it.



## Saving for a down payment

When your credit score is where you want it, the next step is to save for a down payment. Depending on the type of home loan, you'll want to save 3% to 20% of the total home price. The larger the down payment, the more attractive you'll be as a buyer. In today's housing market, having a larger down payment than competing buyers can mean the difference between landing your dream home and missing out.

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## STEP 2: PRE-QUALIFICATION VS. PREAPPROVAL

Once you've prepared your finances, you'll want to get pre-qualified and/or preapproved. These two terms can be confusing because they're often used interchangeably, even though they mean very different things.

### Pre-qualification\*

Put simply, pre-qualification is a quick, informal process that will give you a rough estimate of how much home you can afford. Your lender will start by collecting some basic financial information from you, including your income level, assets, debts and more. Using your answers as a baseline, the lender will give you an idea of how much you can borrow. While pre-qualification isn't required, it can help you narrow down your home search at the beginning of the process.

### Preapproval

Before you begin actively shopping for a home, you'll want to get preapproved. Preapproval is a much more formal step than pre-qualification, and requires the lender to take a deeper dive into your financial life.

Lenders will typically require in-depth financial records, including:

- Pay stubs
- Bank statements
- Proof of employment
- Tax returns
- W-2s

In addition, lenders will run a credit check and verify that you have enough money for a down payment.



While it may sound overwhelming, it's worth the effort. Home sellers want buyers who are preapproved because it shows they're serious about buying. In a competitive housing market, being preapproved can make all the difference.

It's important to keep in mind that getting pre-qualified and preapproved doesn't guarantee you'll be approved for a home loan. If your income changes, debt level rises or credit score takes a hit, there's a chance that the loan could be denied. That's why it's important to make your financial wellness a top priority during your homebuying journey.

\* Pre-qualification is not a guarantee of approval and is based on the verbal information provided at the time of the request and is contingent upon, but not limited to, a full underwriting review. Pre-qualification is valid for 120 days from date of issuance and is not transferable. Employment and credit history must remain the same during the pre-qualification period. Purchased property must meet underwriting requirements and may require private mortgage insurance.

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## STEP 3: DETERMINE YOUR “MUST-HAVES”

**Before you begin looking for a home, start by creating a list of must-haves. This will help narrow your search and save you considerable time by ensuring you only tour homes that match your criteria. Putting together a list of your must-have home features will go a long way to making sure you're happy in your new home for years to come.**

### Home size, now and in the future

When you're creating your must-haves list, consider both your current and future needs. For example, if you're planning to expand your family, you'll want a home that has enough bedrooms and bathrooms for everyone. Also, consider yard size and basement finishing—or possibilities—as well.

### Location, location, location

Choosing the right location is vitally important. When you're narrowing your search, consider the distance to and from work. What distance are you willing to commute each day, and how much would gas savings or expenditures impact your budget?

Local crime rates and quality of school districts in the area also are important considerations.

### Property taxes

Property taxes are one of the most important considerations when choosing a location. High tax rates can have a significant impact on your monthly mortgage payments. For example, if property taxes are \$4,000 in one city and \$8,000 in another city, the difference in your monthly mortgage payment will be \$333. Over the course of a 30-year mortgage, that adds up to almost \$120,000.

It's always a good idea to look at the historical tax records for the area you're considering and be on the lookout for property taxes that increase substantially year over year.

### Amenities

Just because an area's taxes are high, doesn't necessarily mean you should look elsewhere. Often, municipalities with high tax rates offer quality parks, curbside garbage pickup, better school facilities, increased fire and rescue resources and other benefits. You'll want to consider if the tax premium is worth the services you'll receive in return.

### Move-in-ready or fixer-upper?

Do you want a move-in-ready house or a fixer-upper that you can make your own? If you decide on a house that needs repairs or remodeling, make sure the improvements fit into your budget. Often, remodeling comes with hidden costs and complications, especially if it's an older home. You'll always want to budget an additional 20-30% more than originally anticipated.

When you're done creating your must-haves list, share your criteria with your real estate agent. They'll be able to use your list to pinpoint the perfect home for you.



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## STEP 4: SHOPPING FOR A HOME AND MAKING AN OFFER

### Working with a real estate agent

When it comes to shopping for homes, most homebuyers choose to work with a real estate agent. They can help you to find homes that meet your must-have criteria, set up home tours, help negotiate deals and act as an expert guide during the homebuying process. They may come with an additional cost—usually 2-6% of the sales price.

### Making an offer

When you finally find your dream home, it's time to make an offer. There are many considerations that should go into your offer amount: the strength of the housing market, comparable home prices in the area and home condition. It's also important to consider what contingencies you want to include, if any. Contingencies are contract clauses that allow you to back out of the purchase if certain conditions aren't met. They're designed to protect both the home buyer and home seller. Additionally, you'll want to include your desired closing date. Your real estate agent will be able to guide you throughout the process.

When the seller accepts your offer and both parties agree to the deal, it's time to begin the due diligence on the home. This includes a home inspection and requested repairs.

### Apply for a mortgage

As you work with the real estate agent to finalize your offer, start your application for a mortgage with Excellend® from Associated Bank. Excellend is our easy-to-use online loan application that takes the hassle out of the home financing process. If you're uncomfortable applying online, you can also apply in person at one of our branches.

When you apply, it's important for the bank to get a clear picture of your financial situation. Trust that your most personal information will be treated with care. You'll likely need the following when you apply for your loan:

- W-2 forms
- Bank statements
- Recent pay stubs
- Tax returns

Be sure to choose a mortgage that's right for you, as there are options such as fixed-rate or adjustable-rate. Plus, decide whether a 15-year or 30-year loan is the right fit for your finances. Use this [calculator](#) to help you decide the best option for you.

If you're still unsure or need additional information on the homebuying process, speak to a [HUD-certified counselor](#) who can guide you as well.

**Continued >>**

## STEP 4: SHOPPING FOR A HOME AND MAKING AN OFFER

### Hire a home inspector

Hiring a quality home inspector can help eliminate many headaches down the road. A home inspector will examine the house from top to bottom to ensure there are no problems, like:

- Harmful mold
- Roof damage
- Signs of water infiltration
- Insect and pest infestations
- Structural integrity concerns like a cracked or damaged foundation
- Unsafe electrical wiring
- Inadequate grading
- Problems with HVAC systems

A good home inspector will likely point out several issues—some will be minor, like cracked concrete walkways. Others will be more significant and could include severe structural and mechanical problems like bowing basement walls, a damaged furnace, an unsafe electrical system or plumbing issues.

Your home inspector will point out “deal-breakers”—problems that should be fixed before closing. In fact, if an issue is too dangerous or costly, there’s a chance your lender may deny your home loan. Sellers are not obligated to fix any of the “deal-breaker” issues, but many sellers will choose to repair the issue or offer a closing cost credit or price reduction to fund repairs.

### Final walkthrough

After the repairs have been completed, you’ll schedule a final walkthrough to verify the condition of the house hasn’t changed since your first visit. Be on the lookout for damage that may have occurred while the sellers were moving, missing fixtures or appliances, or any problems that weren’t present during inspection.



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## STEP 5: CLOSING DAY

**You've done it! You've found your dream home, put in an offer and it was accepted! You're almost there. Now, it's time to shift your attention to closing.**

### What to expect

It usually takes 30–45 days to close on a home. During that time, the lender will gather more information from you and begin the underwriting process. It's also the period in which the lender will arrange for a home appraisal, and you'll conduct your final walkthrough and secure homeowners' insurance.

Leading up to closing day, your lender will send you a closing disclosure. This disclosure will outline all your closing costs and the terms of the loan. It's important to carefully review this disclosure and verify that everything is correct.

Closing day is the last step on your homebuying journey. It's when the funds for your home purchase are transferred from buyer to seller, closing costs are paid, and the home finally becomes yours. It's an exciting day, but it's important to come prepared.

### What you'll need on closing day:

- Cashier's check made out to the title company, to cover the closing costs you owe
- Photo ID
- Copy of purchase agreement
- Proof of homeowners insurance on new home

When you get to closing, be ready for mountains of paperwork. Expect to sign documents for an hour or more. While tedious, it's worth it. At the end, you'll receive the keys to your first home! Congratulations!



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# HOME SWEET HOME. NOW EVEN SWEETER.



**FOR A LIMITED TIME**, first-time homebuyers can save \$500<sup>1</sup> on closing costs with an Associated Bank mortgage loan.

Over the last decade, we've been a leading originator of home loans in the Midwest. We can't wait to help you next, with a solution that fits your needs. You'll be holding the keys to a new place before you know it!

**Ask us about:**

- Free pre-qualification<sup>2</sup>
- Adjustable-rate loans
- Conventional fixed-rate loans
- VA, FHA and GRH loans

**Learn more at [AssociatedBank.com/Personal/Lending](https://www.associatedbank.com/personal/lending)**



**LEADING LENDER  
IN THE MIDWEST  
FOR OVER A DECADE\***

1. Offer expires December 31, 2024. Show this offer to your Associated Bank mortgage lender at time of application. Your loan must close by February 29, 2025. Offer applies to a purchase money mortgage. One discount per mortgage loan; cannot be combined with any other mortgage loan discount offers and is subject to change (at Associated Bank's discretion) at any time without notice. Some mortgage programs and products are excluded from this offer, including but not limited to lot loans, simultaneous seconds and refinances.

2. Pre-qualification is not a guarantee of approval and is based on the verbal information provided at the time of the request and is contingent upon, but not limited to, a full underwriting review. Pre-qualification is valid for 120 days from date of issuance and is not transferable. Employment and credit history must remain the same during the pre-qualification period. Purchased property must meet underwriting requirements and may require private mortgage insurance.

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\*The Leading Lender in the Midwest designation is based on originated, closed-end mortgage loan count, gathered from the Home Mortgage Disclosure Act data compiled annually by the Consumer Financial Protection Bureau. The results of the data were obtained through the Consumer Financial Protection Bureau Mortgage Database (HMDB), November 2023. Member FDIC.





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