Before You Talk to a Lender

A Home Buyer’s Checklist

Get organized. Understand your options. Start the conversation with confidence.

You do not need to have everything figured out.

A first mortgage conversation can help you identify what is ready, what needs work, and what to do next. This guide gives you a simple starting point for buying a home in the United States.

Your goal

Choose a home payment that fits your life, understand the money you will need, and know what you are agreeing to before you sign.

- ☐ Set a comfortable monthly housing budget.
- ☐ Gather the documents you already have.
- ☐ Write down your questions and compare lender offers.

Inside this guide

2 / What lenders review
3 / Documents to gather
4 / Pre-qualification and pre-approval
5 / Four common loan types
6 / Down payment, closing costs, and assistance
7 / Application to closing
8 / Mistakes to avoid
9 / Questions to ask any lender
10 / Your readiness checklist and resources

Prepared for the DahLoanGuy community
Helping families build their financial future.

Educational information, not a loan offer or commitment. Approval, costs, and program availability depend on your situation, the property, and current lender and program requirements.

What lenders look at

Four parts of your financial picture - plus the home itself.

Credit: your borrowing history

Lenders review credit reports, scores, payment history, balances, and recent credit activity. The score in a consumer app may differ from the mortgage score a lender uses. Ask what will be checked and whether the inquiry affects your credit.

Income: money that can be documented

A lender looks at how much qualifying income you receive and whether it is likely to continue. Salary, hourly pay, self-employment, overtime, commissions, retirement, and other income can require different documentation. Your take-home pay is not the same as qualifying income.

Debt: payments you already owe

Debt-to-income ratio (DTI) compares qualifying monthly debt payments, including the proposed housing payment, with gross qualifying monthly income. Limits and calculation rules vary.

Savings: where the money comes from

The lender checks available funds for the down payment and costs, and sometimes money left after closing, called reserves. Gifts may be allowed with proper documentation. Be ready to explain large deposits or transfers.

The home matters, too

The property must meet the selected loan’s requirements. An appraisal addresses value and may identify property issues; it does not replace an independent home inspection.

- [ ] Review my credit reports and address inaccurate information.
- [ ] List my income sources, debts, and available savings.
- [ ] Tell the lender about anything unusual early.

Gather your documents

Start here. Your lender will tailor the list to your situation.

- ☐ Government-issued photo identification and requested identity information.
- ☐ Recent pay stubs covering about 30 days, if employed.
- ☐ W-2 forms for the most recent two years, if applicable.
- ☐ Recent bank and investment statements, often two months; include all pages.
- ☐ Employment history and addresses, commonly for the past two years.
- ☐ Details for current mortgages, other real estate, and recurring debts.

If your income is different

Self-employed buyers may need personal and business tax returns, a current profit-and-loss statement, and additional business records. Commission, rental, retirement, or benefit income may require extra history or supporting statements. Tax returns are not required in every situation.

If these apply to you

Ask about gift documentation, a VA Certificate of Eligibility, divorce or support orders, bankruptcy or foreclosure records, and explanations for employment gaps. You do not have to disclose alimony, child support, or separate maintenance income unless you want it considered for repayment.

Send documents safely

Use the lender’s verified secure portal. Avoid sending Social Security numbers, bank records, or identity documents through ordinary email or text. Provide complete, readable files; do not edit out transactions or alter records.

Remember: Do not delay a first conversation because a document is missing. Ask for a personalized list and a secure way to submit it.

Know what your letter means

Pre-qualification and pre-approval are starting points, not guarantees. [1]

Pre-qualification: often an early estimate

This commonly starts with information you provide about income, debts, savings, and credit. Depending on the lender, some details may be checked. It can help you understand a possible price range and next steps.

Pre-approval: often a deeper review

This commonly includes a credit review and examination of financial documents. Some lenders involve an underwriter before you choose a home; others do not. Ask what was actually verified.

The label does not tell the whole story

Lenders use these words differently. A letter can still depend on updated documents, acceptable property value and condition, title, insurance, and a final review of your finances. Read its conditions and expiration date.

- ☐ Was my income verified, or only estimated?
- ☐ Was my credit reviewed? What kind of credit inquiry was used?
- ☐ Has an underwriter reviewed my file?
- ☐ What conditions remain, and when does this letter expire?
- ☐ Does the letter fit the offer I want to make?

Approval amount vs. comfortable payment

The largest loan you might qualify for may not fit your household budget. Choose a payment that leaves room for food, transportation, childcare, savings, repairs, and the life you want to live.

Remember: You may compare lenders even after receiving a pre-approval. Ask about costs, service, timing, and documentation before choosing.

Four common loan types

A quick introduction. Eligibility and lender requirements vary.

Conventional

Not part of a specific government program. Conforming loans follow rules set by Fannie Mae or Freddie Mac, and with a smaller down payment, mortgage insurance is typically needed. [2]

FHA

Made by private lenders and insured by the Federal Housing Administration. FHA loans allow a low down payment and lower credit scores than most conventional loans; mortgage insurance is required. [3]

VA

For eligible veterans, service members, and certain surviving spouses, with a Certificate of Eligibility. No private mortgage insurance or ongoing mortgage insurance premiums; a one-time VA funding fee may apply. [4]

USDA

A U.S. Department of Agriculture program designed for low- and moderate-income borrowers in rural areas. Mortgage insurance is typically required. [5]

Compare more than the down payment

Ask for the interest rate, annual percentage rate (APR), total monthly payment, upfront costs, mortgage insurance or guarantee fees, and estimated cash needed. APR combines interest with certain borrowing costs; it is not the same as your interest rate.

A few terms you will hear

Fixed rate: The interest rate stays the same for the loan term; taxes and insurance can still change.

Adjustable rate: The interest rate can change under the loan’s rules.

Mortgage insurance: Generally protects the lender, not the buyer; ask when it can end.

Points: Upfront charges that may reduce the interest rate; compare the cost with likely savings.

Remember: A low down payment is one feature. Ask the lender to explain why a specific loan fits your budget and plans.

Plan for the full cost

Down payment and closing costs are separate expenses. [6]

The money you may need

Down payment: Your initial contribution toward the purchase price.

Closing costs: Charges such as lender fees, appraisal, title or settlement services, and recording fees.

Prepaids and escrow deposits: Items such as insurance, interest, and funds set aside for taxes and insurance.

Other cash: Inspection, moving, immediate repairs, and an emergency cushion.

More than the down payment

Closing costs, prepaids and escrow deposits, and other cash add to what you need, whatever your down payment. Your lender’s estimate should show expected credits and deposits already paid.

Ask about help - and the terms

State and local housing agencies, some employers, and nonprofits may offer grants or second loans. Availability and funding change. Requirements may include income limits, eligible locations, homebuyer education, or approved lenders. Some assistance must be repaid when you sell, refinance, or move. Ask about interest, liens, forgiveness, and repayment triggers.

Credits and gifts are not all the same

Seller credits and lender credits can reduce eligible costs, subject to limits. A lender credit may come with a higher rate. Gifts must meet the loan’s source and documentation rules. Disclose any borrowed funds; do not describe a repayable loan as a gift.

- [ ] Ask for an itemized cash-to-close estimate.
- [ ] Compare assistance with a similar loan without assistance.
- [ ] Keep money available for emergencies after closing.

From application to keys

The order can vary. Stay in touch with your lender and agent.

1 / Apply and review the estimate

Provide accurate information and authorize the needed reviews. For most standard purchase mortgages, the lender must deliver or mail a Loan Estimate within three business days after receiving the required application information. Compare loan terms, payments, fees, and cash needed. [7]

2 / Choose your lender and loan

Tell the lender when you want to proceed. Ask whether the rate is locked, when the lock expires, and what could change the price or terms. A Loan Estimate alone is not a rate lock.

3 / Find a home and arrange inspections

With your agent, review the purchase contract, deadlines, and financing and inspection protections. Obtain an independent inspection and shop for homeowners insurance early. The lender coordinates appraisal requirements.

4 / Respond to underwriting requests

An underwriter reviews your finances and the property. Supply requested updates and explanations promptly. A conditional approval means items still need to be resolved; it is not the same as being ready to fund.

5 / Review your closing documents

For most standard purchase mortgages, you must receive the Closing Disclosure at least three business days before closing. Compare it with your Loan Estimate and resolve questions about costs and terms. Certain major changes can require a new waiting period. [7]

6 / Close, fund, and confirm possession

Verify the payment instructions independently, complete the final walkthrough, and sign only when you understand the documents. Ask when funding and recording occur and when you may receive the keys; these do not always happen at signing.

Protect your progress

Check with your lender before making financial changes.

- ☐ Avoid opening new credit cards, financing furniture, or taking out a car loan without discussing the effect first.
- ☐ Avoid running up balances or missing payments. Keep existing obligations current.
- ☐ Discuss job changes, reduced hours, new self-employment, or leave before they happen when possible; report unexpected changes promptly.
- ☐ Do not move large amounts between accounts or deposit cash without understanding what records will be needed.
- ☐ Do not close accounts, pay off collections, or make major debt payments solely to improve approval without getting guidance.
- ☐ Do not co-sign a loan or take on an undisclosed debt.
- ☐ Keep responding to requests, including requests for updated statements or pay stubs.
- ☐ Do not assume signing disclosures means the loan is fully approved.

Watch for wire fraud

A fake message may look like it came from your lender, agent, or title company. Before sending money, call the closing company using a trusted phone number obtained independently - not the number in a new email. Verify the account details and any change in instructions. If you suspect a fraudulent transfer, contact your bank immediately.

Tell the truth, even when something is complicated

Never change documents, hide debts, misstate your income, or claim you will live in a property when you will not. Ask the lender how to document the real situation.

Questions to ask any lender

Bring this page to every mortgage conversation.

- [ ] Which loan options fit my situation, and why do you recommend this one?
- [ ] What is my estimated total monthly payment, including taxes, insurance, mortgage insurance, and HOA dues where applicable?
- [ ] What could make that payment change later?
- [ ] What are the rate and APR, and does this quote include points or lender credits?
- [ ] Is the rate locked? When does it expire, and what would an extension cost?
- [ ] What is my estimated cash to close, and which charges could change?
- [ ] Could I qualify for down payment or closing cost assistance? What must be repaid?
- [ ] What has been verified for my pre-approval, and what is still conditional?
- [ ] What documents or property issues could delay closing?
- [ ] Who will update me, how often, and how do I reach that person?
- [ ] Are there prepayment penalties or other terms I should understand?
- [ ] Can I see another option with a different down payment or fewer upfront fees?

Compare offers on similar terms

Use official Loan Estimates when available. Compare the same loan amount, loan type, term, and rate-lock period, with quotes obtained close together. Look at lender-controlled costs and credits as well as the rate. Low estimated taxes or insurance do not make a loan cheaper if those estimates are unrealistic.

Your next step

Use this page to prepare - then start the conversation.

My starting numbers

Comfortable total monthly housing payment: $_____

Available funds for purchase costs: $_____

Emergency savings to keep after closing: $_____

Preferred purchase timing: _____

- ☐ I have listed my debts and gathered the documents available to me.
- ☐ I have budgeted for utilities, maintenance, and costs outside the mortgage.
- ☐ I have written down questions and will compare lender options.

Your first conversation can end with a plan: what is ready, what needs attention, who will do what, and when to check back. You do not need to guess your way through buying a home.

Official resources and source notes

The sources below support the numbered references in this guide. Program details can change; confirm current requirements for your situation.

1 | CFPB: Pre-qualification and pre-approval

2 | CFPB: Conventional loans

3 | CFPB: FHA loans

4 | VA: Home loan benefits

5 | CFPB: Special loan programs (VA and USDA)

6 | Fannie Mae: Down payment and closing cost assistance

7 | CFPB: Documents before closing

More help: consumerfinance.gov/owning-a-home

Find independent housing counseling: hud.gov/counseling