

HOLLYBRUMMFURDO.COM

handbook

FIRST-TIME HOMEBUYER

INSIDER TIPS FOR FIRST TIME HOMEBUYERS



Holly Brumm Furdo

YOUR LOCAL REALTOR®

Serving Northwest Indiana since 2017.

follow on



hey there. NICE TO MEET YOU!

SO YOU'RE THINKING OF BUYING YOUR
FIRST HOME?

I'm Holly Brumm Furdo, a Northwest
Indiana REALTOR® who loves helping first-
time buyers find their place to call home.

There's a lot to learn, but you don't have to
figure it out alone. I'll walk you through the
listings, offers, inspections, and all those
“Wait, what does that mean?” moments.

We'll focus on what matters to you—your
budget, your timeline, and what makes a
house feel like home. I'll be in your corner
through it all.

Let's make this exciting. You bring the
questions; I'll bring the guidance!





01.

How Much Home *can* I Afford?

Determining Your Budget

GENERAL RULE OF THUMB:

A lender may approve a larger payment than feels comfortable in your day-to-day life. Count the mortgage, property taxes, insurance, mortgage insurance, and HOA dues before choosing your budget.

For example: \$60,000 a year is \$5,000 a month before taxes. A 28% starting guideline would be \$1,400 a month, but your debts, savings, and lifestyle determine what feels affordable.

$$\$60,000/12 = \$5,000/\text{month}$$

$$\$5,000 * 0.28 = \$1,400/\text{month}$$

Lenders also review your debt-to-income ratio: the share of monthly income going toward debts, including the proposed home payment. Loan programs set different limits. I'll help you focus on a payment you can live with, not just the top of a pre-approval.





Beyond the Purchase Price

THERE ARE MANY OTHER HOMEOWNERSHIP COSTS TO FACTOR IN:

DOWN PAYMENT:

You do not need 20% down for many loans. A smaller down payment may mean mortgage insurance and a higher monthly cost. Ask your lender to compare the cash needed and full payment for several options.

CLOSING COSTS:

Loan and title fees, prepaid taxes and insurance, and escrow deposits add to cash needed. Ask your lender for a Loan Estimate.

ONGOING COSTS:

Count taxes, insurance, HOA dues, utilities, and repairs. Check the full monthly cost for each home.

A home's list price is only the beginning. Two \$300,000 homes can have different monthly costs because of taxes, insurance, HOA dues, and loan terms. Keep money available for inspections, moving, and surprises after closing.

GETTING PRE-APPROVED:

Before touring, ask a lender for pre-approval. They review income, debt, credit, and savings. Gather pay stubs, W-2s, and bank statements. Compare the full payment and cash to close.

Your pre-approval is a starting point, not your spending goal or final approval. We'll set a comfortable budget that leaves room for upkeep and life after moving day.

How long does buying take? Searching varies. Once an offer is accepted, inspections, appraisal, underwriting, and closing usually take several weeks. Contract deadlines and repairs may change that. I'll keep us on track.

Underwriting verifies your finances and the home. Keep paying bills on time, and ask your lender before opening credit or making a major purchase. I'll help you through each step.



A bright, modern kitchen interior featuring white cabinetry, gold-toned pendant lights, and wooden stools. The scene is well-lit, with natural light coming from a window on the left. The text is overlaid on a white rectangular background in the center of the image.

02.

What Kind of Mortgage Is *right* for Me?

Types of Mortgages

MORTGAGES & INTEREST RATES

CONVENTIONAL LOANS

01.

Some conventional options allow low down payments. Credit and loan limits vary by program and lender. Mortgage insurance may apply under 20% down.

FHA LOANS

02.

FHA may allow 3.5% down for eligible borrowers. Credit requirements depend on the lender and loan. FHA mortgage insurance has its own rules.

VA LOANS

03.

- Zero down payment for military members/veterans
- No PMI; flexible credit requirements
- Funding fees apply, can be rolled into the mortgage





FIXED-RATE VS. ADJUSTABLE-RATE MORTGAGES

A fixed-rate mortgage keeps the same interest rate for its term, so principal and interest stay predictable. Taxes and insurance can still change the total payment.

An adjustable-rate mortgage (ARM) has an initial fixed period, then can change under the loan's terms. The starting rate is not always lower. Ask the lender about adjustment dates, caps, and the highest possible payment.

Compare the full terms and your ability to handle a higher payment after an ARM adjusts. Your plans may change, so do not assume you will sell or refinance before that date.

Example: On a \$300,000 home with 20% down, you borrow \$240,000. At 6% fixed for 30 years, principal and interest are about \$1,439/month. At an initial 5% ARM rate, they start around \$1,288/month. Taxes, insurance, and any HOA dues are extra; an ARM payment may later change.

Interest Rates and Your Costs

Even a small rate difference can change your monthly payment and long-term interest cost. Ask lenders for Loan Estimates on the same loan scenario so you can compare rate, APR, closing costs, points, and lender credits.

Your income alone cannot tell you how much house you can afford. Debts, down payment, credit, taxes, insurance, and HOA dues all matter.

GETTING PRE-APPROVED AND SHOPPING RATES

Shop more than one lender and compare the complete loan offer. Paying points may lower the rate but increases upfront costs; ask how long it would take to break even. A rate lock lasts for a specified period, so confirm its expiration and any extension cost with your lender.



03.

How *much*
Down Payment
Do I Need?

Common Down Payment Amounts

LOAN OPTIONS & DOWN PAYMENTS

CONVENTIONAL LOANS

01.

Some options start at 3% down.
20% down may avoid PMI.
Credit rules vary by lender and loan.

FHA LOANS

02.

FHA often starts at 3.5% down for eligible buyers.
FHA mortgage insurance is generally required.
Lender and program credit rules vary.

VA LOANS

03.

- 0% down payment option for military/veterans
- Funding fee can be rolled into the loan amount
- No monthly mortgage insurance required



Down Payment Strategies

LOW OR NO DOWN PAYMENT OPTIONS



FHA LOANS

As mentioned, you can qualify with just 3.5% down through this government-backed program.



VA LOANS

For military members, veterans, and eligible spouses, VA loans provide 100% financing with zero down payment required.



USDA LOANS

In specified rural areas, income-eligible buyers can get a USDA home loan with no money down



DOWN PAYMENT ASSISTANCE PROGRAMS

IHCDA's First Step and Next Home may help eligible Indiana buyers. Ask a participating lender about current rules and repayment.



KNOW THE TERMS

Assistance may be a repayable second mortgage. Keep cash for closing costs and reserves.

Even with low/no down options, having some reserves for closing costs, prepaid expenses (taxes, insurance) and emergency funds is still advisable.





Tips for Saving Your Down Payment

WAYS TO BUILD YOUR HOME BUYING FUND

- ☐ Set up automatic transfers to dedicated savings accounts
- ☐ Cut back on discretionary expenses like dining out, entertainment, etc..
- ☐ Get a side gig or temporary second job
- ☐ Bank employment bonuses, tax refunds, and cash gifts
- ☐ Use financial apps to track spending and set saving goals
- ☐ Keep an emergency fund after buying; discuss retirement withdrawals with a qualified advisor.
- ☐ Look into down payment assistance programs in your area

The more you cut costs and increase your income, the quicker you'll save for a down payment. Remember to budget for closing costs and other buying expenses.



04.

How Do I Choose the *right* Home for Me?

Finding the Right Home

DEFINING YOUR MUST-HAVES

With your budget and pre-approval ready, start the exciting search for your first home!

To find the right fit among many options, make two lists of your must-have features and nice-to-haves. This helps prioritize essentials and identify areas for compromise.

MUST-HAVES:

(ex: # of bedrooms, location, home office, etc.)

- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐

NICE-TO-HAVES:

(ex: fireplace, patio, pool, gym, fence)

- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐

Neighborhoods & Location

WHAT TO CONSIDER FOR YOUR LIFESTYLE

- **SCHOOL DISTRICTS**
Check school boundaries, ratings, and reviews.
- **COMMUTE TIMES**
Assess distance and traffic patterns to work or public transit.
- **NEIGHBORHOOD VIBE**
Visit at different times to observe traffic, parking, and upkeep.
- **AMENITIES**
Identify nearby essentials like grocery stores, parks, and hospitals.
- **HOMEOWNER ASSOCIATIONS**
Check dues, rules, and special assessments.
- **CRIME RATES**
Review local crime statistics and safety data online.
- **PROPERTY TAXES**
Check the taxing district, estimate your bill, and ask about homestead deduction eligibility.





05.

How Can I Craft
a *strong* Offer &
Negotiate
effectively?



Making an Offer and Negotiating

QUESTIONS BEFORE YOU OFFER

A strong offer starts with comparable sales, your budget, and the home's condition. We'll ask about seller disclosures, inspection access, HOA rules, property taxes, and timing before choosing terms.

The list price is only a starting point. I'll explain the tradeoffs of price, earnest money, financing, appraisal, inspection, and closing date so you can make an informed offer.

MAKING A COMPETITIVE OFFER

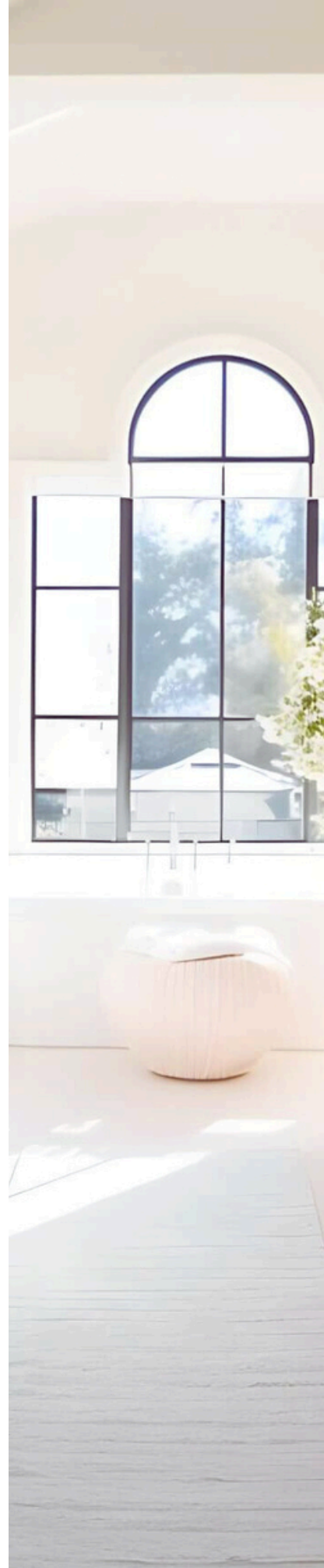
Before we make an offer, we'll review comparable sales, the property's condition and disclosures, tax and HOA costs, financing and appraisal terms, and what you'll need in cash.

A competitive offer should still fit your budget. If the price or risk stops making sense for you, I'll help you understand your choices. My job is to advocate for you through the decision—not pressure you into a house.

Making a Competitive Offer

TIPS TO MAKE YOUR OFFER MORE COMPETITIVE

- **COME IN STRONG**
Analyze recent comparable sales and offer a competitive price from the beginning.
- **CHOOSE EARNEST MONEY**
We'll choose a deposit you can provide and understand when it could be at risk.
- **REALISTIC CLOSING DATE**
Offer a closing date your lender and the seller can realistically meet.
- **PLAN CONTINGENCIES**
Keep inspection, financing, and appraisal deadlines clear. Know each protection before changing it.
- **ESCALATION CLAUSE**
If appropriate, we can discuss an escalation clause with a clear maximum and proof requirements.
- **KNOW YOUR PRICE LIMIT**
We'll weigh comparable sales, appraisal risk, and your budget before deciding.
- **PROTECT THE INSPECTION**
An appraisal is not a home inspection. Protect your chance to learn the home's condition.



Navigating Negotiations

COMMON ITEMS TO FURTHER NEGOTIATE INCLUDE

CLOSING COSTS

We can request a seller credit toward eligible closing costs, subject to loan and contract limits.

REPAIRS

After inspections, request sellers to make necessary repairs or provide repair credits.

INCLUDED ITEMS

Negotiate for appliances, equipment, furnishings, etc. to convey.

OCCUPANCY TERMS

Set rent back or lease back terms if one party needs to remain for a period.

CONTINGENCIES

Set reasonable timeframes for contingencies like appraisal and mortgage approval.



THE HOME STRETCH:

After your offer is accepted, the lender moves through underwriting and orders an appraisal. Underwriting verifies your finances and the property. You may be asked for updated documents, so respond promptly and avoid new debt or major financial changes without talking to your lender.

A home inspection is for you: an independent inspector evaluates the home's condition and can identify issues that need a closer look. The appraisal is for the lender and estimates value. If it comes in below the purchase price, we'll review your contract and options, which may include negotiating, challenging the appraisal through your lender, or covering a gap.

Near closing, we'll do a final walkthrough to check the property's condition and any agreed repairs. Your lender and closing team will provide the final numbers and instructions. I'll keep track of the dates with you, explain what is happening, and make sure your questions are answered before you sign.

A modern bathroom with white cabinetry, a large mirror, a walk-in shower, and a bathtub. The room features light-colored walls, a white ceiling, and a large window with a white frame. The floor is covered in light-colored wood-look tiles. The text is overlaid on a white rectangular background in the center of the image.

06.

What Should I Expect *during* the Closing Process?

The Closing Process

After months of preparation, you've reached the closing stage of your home purchase. Before receiving the keys, it's crucial to understand what the closing process entails.

UNDERSTANDING CLOSING COSTS

Your down payment is separate. Compare estimated closing costs with final cash to close, including prepaids and credits.

LENDER FEES

- Origination and discount points
- Appraisal and credit report

PREPAIDS / ESCROW

- Prepaid mortgage interest
- Initial tax escrow deposit
- Homeowners insurance premium

Title/Recording Fees:

- Title search and examination
- Lender's title insurance policy
- Transfer taxes and recording fees

Other Settlement Charges:

- Survey fee
- HOA fees (if applicable)
- Home warranty premium





The Final Walkthrough

ENSURING EVERYTHING IS IN ORDER

A few days before closing, you'll get to do one final walkthrough of the property. This is your last chance to ensure:

- ☐ No new damage has occurred since inspections
- ☐ All contracted repairs have been completed
- ☐ All appliances, fixtures and other inclusions are still present
- ☐ Systems and utilities are operational
- ☐ The home is vacated and cleaned out by sellers

Use the walkthrough to confirm the condition promised in the contract and document concerns promptly. If something is wrong, we'll review the agreement and contact the other side before closing.



Closing Day Logistics

BEFORE YOU GET THE KEYS

On closing day, you'll attend a meeting to finalize paperwork and actually transfer ownership of the property. The closing agent or attorney will review and have you sign the mortgage, deed, transfer documents, and disclosures.

Plan for the closing to take about 1-2 hours as you thoroughly review and sign all documents. The seller may be there too, or you may just be signing separately.

After signing and securing funds, you'll receive the deed and keys—congratulations on your new home!

You'll need to bring:

- Photo ID
- Confirmed cash-to-close payment, following your closing company's instructions

Confirm possession and arrange utilities and insurance. Call the closing company at a trusted number to verify wire instructions.

Thank you!

Buying your first home is exciting, but I know it can feel overwhelming. I'll explain each step and help you make decisions with confidence.

I'm here as your advocate, looking out for your best interests from our first conversation through closing. The process doesn't have to be scary when you're informed and have someone you trust in your corner.

Questions? Call or text 219-313-0692, email hollyfurdo@gmail.com, or visit hollybrummfurdo.com. No pressure—just honest guidance.

Holly Brumm Furdo

YOUR LOCAL REALTOR®

Serving Northwest Indiana and surrounding communities

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