A FREE GUIDE FROM DEREK HUIT

# The First-Time Homebuyer Playbook

Everything you need to go from curious to closed — in 30 days or less.

**18 YEARS**
in mortgage lending

**$1 BILLION+**
in loans originated

**NMLS #203980**
licensed & verified

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A NOTE FROM DEREK

I've spent 18 years in this industry and originated over a billion dollars in home loans. And in that time, I've watched first-time buyers lose sleep, lose deals, and sometimes lose the house they wanted — not because they weren't ready, but because nobody walked them through the process in plain English.

This guide is that walkthrough. Ten minutes of reading will save you weeks of confusion and, honestly, thousands of dollars. You'll know what to prepare before you apply, what programs you qualify for, the real costs to expect, and the exact 30-day sequence that gets you from pre-approved to keys-in-hand.

No fluff, no sales pitch hiding in every paragraph. Just the playbook I give my own friends and family when they're ready to buy their first home.

When you're ready to start, my application link is on the last page. Or don't — just use the guide. Either way, I'm glad you're here.

— **Derek Huit**

Loan Originator | NMLS #203980

Anchorage, Alaska

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STEP 1 OF 5

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# The First-Time Homebuyer Playbook

Before you fall in love with a house, fall in love with a number — the monthly payment you can comfortably handle. Lenders use a metric called **Debt-to-Income Ratio (DTI)** to figure this out, and you should too.

- **Front-end DTI** — your housing payment shouldn't exceed **28%** of gross monthly income.
- **Back-end DTI** — all debts combined (housing + car + student loans + credit cards) shouldn't exceed **36–45%**, depending on loan type.

If you earn **$6,000/month** gross, your target housing payment is roughly **$1,680** (28% of 6,000). That covers principal, interest, property taxes, homeowners insurance, and mortgage insurance if applicable — what we call **PITI + MI**.

**Don't confuse pre-approval with affordability.**

A lender may pre-approve you for **$400,000**, but that doesn't mean you should borrow $400,000. Your pre-approval is the ceiling. Your budget is the comfortable middle. Aim 10–15% below the ceiling so life has room to breathe.

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- **Gross monthly income** (before taxes, all sources).
- **Total monthly debt payments** (minimums on every credit line).
- **Credit score** — check all three bureaus. The middle score is what most lenders use.

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STEP 2 OF 5

# THE PRE-APPROVAL

In most competitive markets, sellers won't even consider an offer without a pre-approval letter. A pre-approval tells the seller you're a real buyer — not a tire-kicker — and a lender has verified you can actually close.

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| | Pre-Qualification | Pre-Approval |
|---|---|---|
| Credit pulled? | Soft (or none) | Hard pull |
| Documents reviewed? | No — self-reported | Yes — W-2s, paystubs, bank statements |
| Sellers take it seriously? | Not really | Yes |
| Time to complete | 5 minutes | 24–48 hours |
| What you get | Rough estimate | Actual letter with loan amount |

## Everything you need to go from curious to closed — in 30 days or less.

- Two years of W-2s (or 1099s/tax returns if self-employed).
- Most recent 30 days of pay stubs.
- Two months of bank statements — all pages, *even blank ones*.
- Photo ID and Social Security number.
- Explanation letters for any large deposits, gaps in employment, or recent credit inquiries.

**Pro tip from 18 years of closings:**

Do **not** make large deposits, open new credit, or change jobs between pre-approval and closing. Every one of those moves can blow up your loan. When in doubt, call me first.

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# The First-Time Homebuyer Playbook

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**Earnest money isn't a fee — it's a deposit.**

Your earnest money (typically 1–3% of the price) gets applied to your down payment at closing. You only lose it if you back out for a reason not protected by a contingency. Write the check to the *title company or broker escrow account* — never directly to the seller.

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STEP 5 OF 5

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LOAN PROGRAMS

You don't have to put 20% down. That's an outdated myth. Here are the real first-time buyer programs, side by side.

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| Program | Min Down | Min Credit | Best For |
|---|---|---|---|
| Conventional 97 | 3% | 620 | Strong credit, want to avoid FHA fees long-term |
| FHA | 3.5% | 580 | Lower credit, first-time buyers, higher DTI tolerance |
| VA | 0% | 580* | Active military, veterans, qualifying spouses |
| USDA | 0% | 640 | Rural/suburban areas, income-limited |

*VA loans don't have a set minimum by statute, but most lenders require 580–620.

# Playbook

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If you put less than 20% down on a conventional loan, you'll pay **Private Mortgage Insurance (PMI)** — [illegible] automatically at 78% loan-to-value. FHA works differently — its MIP stays for the life of the loan in most cases, which is why many buyers refinance out of FHA once they hit 20% equity.

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**Don't overlook state and local first-time buyer programs.**

Most states offer below-market rates, down payment assistance, and tax credit programs for eligible first-time buyers — on top of the federal programs above. Eligibility, limits, and benefits vary by state. Ask me what's available in yours; I'll run your scenario and tell you whether stacking a state program makes sense for your situation.

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THE MONEY

"How much do I need saved?" — the #1 question I get. Here's the real answer for a $350,000 purchase with 3.5% down (FHA) as an example.

| Cost Line Item | Typical Range | Example ($350k home) |
|---|---|---|
| Down Payment | 3–20% | $12,250 (3.5%) |
| Loan Origination / Lender Fees | 0.5–1% | $1,500–$3,500 |
| Appraisal | Fixed | $500–$750 |
| Home Inspection | Fixed | $350–$600 |
| Title Insurance + Settlement | 0.5–1% of price | $1,750–$3,500 |
| Prepaid Taxes + Insurance (escrow) | Varies by state | $2,500–$5,000 |
| Recording + Transfer Fees | Varies by state | $200–$2,000 |
| **TOTAL CASH NEEDED** | | **≈ $19,000–$27,000** |

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- **Seller concessions.** Ask the seller to pay 3–6% of closing costs for you.
- **Lender credits.** Accept a slightly higher rate in exchange for the lender paying some closing costs.
- **Down payment assistance (DPA).** Grants and forgivable loans exist in every state. I'll tell you what's available in yours.
- **Gift funds.** Parents, siblings, or grandparents can gift down payment money. Needs a gift letter.

AVOID

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CHECKLIST

Print this. Work it top-to-bottom. When every box is checked, you're ready to apply.

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| | Task | Target |
|---|---|---|
| ■ | Check all 3 credit scores at annualcreditreport.com (free) | Week 1 |
| ■ | Pull 2 years of W-2s (or tax returns if self-employed) | Week 1 |
| ■ | Save 2 most-recent pay stubs (or 2 months of P&L if 1099) | Week 1 |
| ■ | Download 2 months of statements from every bank/retirement account | Week 1 |
| ■ | List every monthly debt payment (minimums only) | Week 1 |
| ■ | Calculate your gross monthly income from all sources | Week 1 |
| ■ | Identify down payment source — savings, gift, DPA program | Week 2 |
| ■ | Pay down revolving balances to <30% utilization if possible | Week 2 |
| ■ | Freeze new credit applications (no car loans, new cards) | Week 2 |
| ■ | Pick a target price range based on 28% DTI rule | Week 2 |
| ■ | Identify 3 target neighborhoods (must-haves only) | Week 3 |
| ■ | Interview 1–2 buyer's agents (ask for references) | Week 3 |
| ■ | Gather explanation letters for any deposits, gaps, inquiries | Week 3 |
| ■ | Apply for pre-approval — derekhuit at USA.loan | Week 4 |
| ■ | Receive pre-approval letter; start touring homes | Week 4 |

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QUICK REFERENCE

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**APR.** Annual Percentage Rate — your interest rate *plus* loan fees, expressed annually. Compare APRs, not rates.

**Amortization.** The schedule showing how each monthly payment splits between principal and interest over the life of the loan.

**Appraisal.** An independent professional's opinion of what the home is worth. Protects the lender (and you) from overpaying.

**Contingency.** A condition in your offer that lets you back out without losing earnest money — typically financing, inspection, appraisal.

**DTI.** Debt-to-Income ratio. Your total monthly debt payments divided by your gross monthly income.

**Earnest Money.** Your good-faith deposit when you make an offer. Applied to down payment at closing.

**Escrow.** An account held by your lender to pay property taxes and insurance monthly, rather than in a lump sum.

**LTV.** Loan-to-Value ratio. Loan amount ÷ home value. Below 80% = no PMI required on conventional.

**PITI.** Principal, Interest, Taxes, Insurance — the full monthly payment.

**PMI.** Private Mortgage Insurance, required on most conventional loans with <20% down. Drops off at 78% LTV.

**Points.** Fees paid upfront to lower your interest rate. 1 point = 1% of loan. Worth it only if you plan to stay 5+ years.

**Pre-approval.** A lender's conditional commitment to loan you a specific amount, based on verified income and credit.

**Rate Lock.** Your interest rate guaranteed for a set window (typically 30–60 days) while you close.

**Title Insurance.** One-time premium that protects you (and your lender) from ownership disputes after closing.

**Underwriting.** The lender's final review of every document before approving the loan. This is where most delays happen.

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WHY ME

You could go to any lender on the internet. I don't take that for granted, and here's the honest pitch for why it's worth working with me.

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I've closed loans in every condition — bad credit, self-employed, divorcing buyers, last-minute job changes, rural properties, luxury purchases, military relocations. There are very few situations I haven't seen before.

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Cardinal Financial Company, Limited Partnership (NMLS #66247) is a direct lender — which means decisions happen in-house, not across three layers of middlemen. Faster closings. Cleaner approvals. Better communication. Plus Cardinal's proprietary Octane platform keeps you looped in at every step.

**Built from Alaska, licensed to**

I'm based in Anchorage and I know the Alaska market inside-out. But Cardinal Financial lends nationally, and I take applications across most U.S. states (except New York). Wherever you are, I'm reachable — text, email, or

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**What you can expect from me, in writing:**

- I answer texts within 1 business hour, 7am–7pm AKT.
- You'll get a real-time status update every Friday during your loan.
- If I tell you something, I'll put it in an email so there's no he-said-she-said.
- If I can't help, I'll tell you that too — and point you to someone who can.

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READY?

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# THE Playbook

## Apply online in 10 minutes

No pressure, no obligation. Get a real pre-approval letter within 24 business hours.

→ **USA.loan**

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- **Website:** USA.loan
- **NMLS Lookup:** nmlsconsumeraccess.org — search #203980
- **Licensing info:** cardinalfinancial.com/nmls-licensing

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Whatever happens, you work with me or not — this guide saves you time, money, and a few gray hairs. That's what it was written for.

— Derek

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