OUTLIER MORTGAGE | CLIENT GUIDE

Top 10 Things to Do Before Buying a Home

For the Savvy Buyer Who Wants to Borrower Efficiently and Protect Capital

This guide walks through the ten steps that separate a smooth, well-priced closing from a stressful, expensive one — from getting your credit file in order before you apply to interviewing your mortgage broker like the professional they are.

620+ Typical Conventional Min Credit Score	**580+** FHA Min Credit (3.5% down)	**2 yrs** Tax Returns Generally Required	**60 days** Bank Statements Required

1 Get Your Credit File in Order — Not Just Your Score

Pull your credit details through AnnualCreditReport.com and review it as an underwriter would. Look for inaccuracies in payment history, accounts you don't recognize, outdated negative items, and duplicate accounts. Dispute and correct errors before you apply — the dispute process takes 30 days, and a dispute flag on a tradeline can complicate underwriting.

More importantly, review utilization on every revolving account. If any card is above 30% of its limit, pay it down before your lender pulls credit. A 20-point improvement in your score can translate to a meaningfully lower rate and real dollars saved over the life of the loan.

Why your mortgage score is different from what you see online: Sites like Credit Karma, Experian, and most bank apps show your VantageScore or FICO Score 8 — consumer-facing products designed for general credit monitoring. Mortgage lenders use a different, older set of models: FICO Score 2 (Experian), FICO Score 4 (TransUnion), and FICO Score 5 (Equifax). These models weight factors differently — they place more emphasis on mortgage and installment loan history — and can score meaningfully higher or lower than your FICO 8 or VantageScore. It is not unusual for a borrower to see a 20–40 point gap between Credit Karma and their actual mortgage score in either direction. Some lenders will accept VantageScore, but not all.

A lender pulls a tri-merge report from all three bureaus and uses the middle score for each borrower (not the highest, not the average — the middle). When there are multiple borrowers on the loan, the lender qualifies based on the lowest middle score among all borrowers — regardless of who is considered the primary. A co-borrower with a lower score sets the qualifying score for the entire file. Before you assume your score qualifies you for a program, verify your actual mortgage scores with a lender — not a consumer credit app.

2 Organize Two Years of Financial Documentation Before Anyone Asks

Mortgage underwriting is a documentation exercise. Gather: two years of federal tax returns if requested by your loan officer (all schedules, all pages), two years of W-2s or 1099s, 60 days of bank statements (all pages, including blank pages), 30 days of recent pay stubs, and two months statements for any bank, investment or retirement accounts you'll use for down payment or reserves.

If you're self-employed, also gather business tax returns and a year-to-date P&L. Business owners with aggressive write-off strategies often find their qualifying income is significantly lower than their actual cash flow — a painful discovery to make after you've fallen in love with a property.

3 Understand Exactly How Much House You Can Afford — and How Much You Should Buy

These are different questions. How much you can qualify for is determined by your DTI, credit, and documented income. How much you should buy is a financial planning question: opportunity cost of capital, liquidity after closing, monthly cash flow, anticipated timeline, and portfolio allocation.

Before you start shopping, build a simple model: at your target purchase price, what does principal, interest, tax and insurance payment (PITI) look like? What do you have left in liquid assets after closing? How long do you plan to stay? Running these numbers gives you conviction when you make an offer.

4 Decide on Your Down Payment Strategy — Not Just the Amount

Down payment size is a capital allocation decision, not just a threshold to clear. A larger down payment can reduce or eliminate PMI and payment but ties up capital. A smaller down payment preserves cash but adds PMI cost.

On conventional loans, PMI cancels automatically at 78% LTV based on the original purchase price and the scheduled amortization — not your actual payoff progress. If you make extra payments and reach 78% ahead of schedule, the servicer does not recalculate automatically; you must proactively contact them to request cancellation. Under the Homeowners Protection Act (HOPA), you can also request removal at 80% LTV based on the current appraised value if your home has appreciated. Map your actual post-closing financial picture for each scenario, then decide. Don't assume 20% is optimal just because it's conventional wisdom.

5 Choose the Right Loan Program Before You Start Shopping

Different loan programs have different implications for offer strength, closing timeline, property eligibility, and total cost. Conventional loans work for most buyers, but it's not the only option. Work with your loan officer to explore what term, loan program and loan structure makes sense for you.

USDA loans, for example, are available in eligible rural areas and offer zero-down financing — a program most people don't know exists. Knowing which program fits your profile before you start shopping prevents falling in love with a property that doesn't qualify for your intended financing.

6 Get Pre-Approved — Not Pre-Qualified

A pre-qualification letter is essentially worthless in a competitive offer situation. A full pre-approval — with documentation reviewed, credit pulled, and automated underwriting run — is a credible document that tells sellers and agents your financing is real.

In competitive mountain markets, sellers often receive multiple offers. A buyer with a full pre-approval is meaningfully more competitive. More importantly, the pre-approval process surfaces issues before you're under contract — when there's still time to fix them.

7 Understand the Total Cost of Ownership — Not Just the Mortgage Payment

The full ownership cost includes: property taxes (which vary dramatically by county), homeowner's insurance, HOA dues if applicable, PMI if your down payment is under 20%, and an annual reserve for maintenance and capital improvements.

The traditional rule of thumb is 1% of home value per year for maintenance; in older homes or high-altitude environments, that can run higher. Run your full PITI including all ancillary costs before you decide what you can afford.

8 Select Your Team — Agent, Inspector, Title — Before You Need Them

In a fast market, you don't have time to research a buyer's agent when you're standing in a driveway you want to buy. Your buyer's agent should have specific experience in your target market — in rural and mountain markets, this means someone who understands rural property nuances: well and septic, water rights, mineral rights, acreage valuation.

Your inspector should be thorough and willing to walk you through findings verbally. Your title company should be one your lender has a relationship with. Some contracts give the choice of title company to the seller, however.

9 Get Clarity on Your Timeline — and Protect Your Financial Profile

The period between pre-approval and closing is financially sensitive. New debt — a car loan, a new credit card, a furniture financing deal — increases your monthly obligations and can push your DTI over program limits.

Job changes can complicate underwriting, but not all changes are equal. A promotion or lateral move within the same employer and field is generally not a problem. The situations that genuinely trigger documentation burdens or waiting periods:

- W-2 to self-employed — lenders want two full years of self-employment income.
- Salary to commission — commission income requires a minimum 2-year documented history (W-2s plus tax returns) before it can be fully used in qualifying; with less than 2 years of commission history, lenders typically use only base salary.
- Changing industries entirely.

If you're considering a career move, discuss it with your lender before it happens.

10 Interview Your Mortgage Broker Like the Professional They Are

Not all mortgage professionals are equal, and the difference is measurable in dollars. Before you choose a lender, ask:

- How many wholesale lending partners do you work with?
- What loan programs do you have access to beyond conventional?
- How do you communicate through underwriting?
- What's your average time to close?
- Can you walk me through your fee structure in detail?

A mortgage broker has access to dozens of wholesale lenders and can shop your loan across multiple sources — a bank loan officer has one product shelf. In a complex loan scenario, the difference in outcome can be substantial.

Schedule your pre-approval consultation today. Desiree Hope walks every client through these ten steps before a single document is submitted. 970-326-3425 | desiree@outliermtg.com

Loan Program Disclosures

Any payment amounts shown are principal and interest only and do not include taxes and insurance premiums (including mortgage insurance); the actual payment obligation will be greater. Examples are fixed-rate; the APR will not increase after consummation.
Down payment minimums, loan limits, and program features described in this guide are general agency guidelines, not offers of credit or commitments to lend; not all borrowers or properties will qualify. All loans are subject to credit approval, underwriting, property eligibility, and program guidelines. Rates, terms, and fees change frequently without notice; request a Loan Estimate for terms specific to you.
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