

# The First-Time Homebuyer's Field Guide.

A plain-English walkthrough of buying your first home, from "can I even do this?" to the keys in your hand.

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# Most people have never been taught how this works.

If buying a home feels confusing, that is not a personal failing. Nobody teaches this in school, the industry is full of jargon, and a lot of people in it are happy to keep it that way. I am not. I would rather you understand exactly what is happening at every step, because a buyer who knows the plan makes better decisions and sleeps better at night.

I spent ten years as an Air Force officer, most of it in work where a missed detail was never an option. I bring that same habit to mortgages. This guide is the explanation I would give you over the phone, just written down so you can read it at your own pace.

You do not need to memorize any of it. You do not even need to understand all of it before we talk. Read what is useful, skip what is not, and call or text me with the rest. That is what I am here for.

## Haldeman Shelbourne

### HOW TO USE THIS GUIDE

The first half explains whether you are ready and what a mortgage really is. The second half breaks down your loan options and what closing actually costs. The last pages are the questions worth asking and what happens once we start.

# Can I even afford this?

The honest answer is usually "more than you think, but not the way you think." Here is how a lender actually looks at it.

## It is not about the price of the house. It is about the monthly payment.

Lenders do not really ask "can you afford a \$350,000 house?" They ask "can you comfortably make the monthly payment that house creates?" That payment is made of four parts, and people usually only think about the first one:

### Principal

The chunk that pays down what you borrowed

### Interest

What the lender charges to lend it

### Taxes

Your property taxes, collected monthly and held for you

### Insurance

Homeowner's insurance, and sometimes mortgage insurance

Together these are called **PITI**, and it is the number that actually matters. A house that looks affordable on the sticker can have surprisingly high taxes or insurance, which is why a real payment estimate beats guessing.

## The number lenders watch most: your debt-to-income ratio

Your debt-to-income ratio, or **DTI**, compares your monthly debt payments to your monthly income before taxes. If you earn \$6,000 a month and your debts plus your new house payment would total \$2,400, your DTI is 40 percent. Lower is better, and many loan programs look for a ratio at or below the low-to-mid 40s, though there is real flexibility depending on the loan and the rest of your picture.

### THE PRACTICAL TAKEAWAY

Before you fall in love with a house, it helps to know your comfortable monthly payment and your DTI.

That is a ten-minute conversation, and it is the first thing I will help you figure out. You do not need to have it solved before you call.

# Get pre-approved before you shop.

This is the single most useful thing you can do early, and most first-time buyers do it backwards.

A pre-approval is a lender's documented review of your income, credit, and assets that says, in writing, roughly how much you can borrow. It is not a loan yet, but it is far stronger than a "pre-qualification," which is just an estimate based on what you say.

## Why it matters so much

- › You shop with a real budget instead of guessing, so you never fall for a house you cannot get
- › Sellers take your offer seriously, because it shows you can actually close
- › You find any credit or documentation issues early, when there is time to fix them, not in the middle of a contract
- › You move faster when you find the right place, which matters in a competitive market or on a tight timeline

## What you will typically need

Nothing here is unusual, and you do not need it all perfectly organized before we talk. A rough version is enough to start:

- › Recent pay stubs and the last two years of W-2s or tax returns
- › Recent bank and asset statements
- › A sense of your monthly debts (car, student loans, credit cards)
- › Permission to pull your credit, which I handle for you

### GOOD TO KNOW

A pre-approval does not lock you into working with me or buying anything. It simply tells you where you stand. Most people feel a lot calmer once they have one.

# You probably don't need 20 percent down.

This is the myth that keeps more people renting than almost anything else. The real minimums are much lower.

Twenty percent down is a useful target because it avoids mortgage insurance on a conventional loan, but it is not a requirement to buy. Here are the actual minimums by loan type in 2026:

LOAN TYPE	TYPICAL MINIMUM DOWN	WORTH KNOWING
<b>Conventional</b>	As low as 3%	Low-down programs exist for qualified buyers; mortgage insurance applies under 20% but can later drop off
<b>FHA</b>	3.5% (credit 580+)	10% if your score is 500 to 579; flexible on credit; mortgage insurance applies
<b>VA</b>	0% for those eligible	No monthly mortgage insurance; a one-time funding fee applies (more on the next page)

## Your down payment does not all have to come from savings

Gift funds from family are widely allowed across loan types, as long as they are documented with a simple signed letter stating the money is a gift and not a loan. Many state and local programs also offer down payment assistance for first-time and lower-income buyers.

### A NOTE ON MORTGAGE INSURANCE

If you put down less than 20% on a conventional loan, you pay mortgage insurance until you build enough equity, at which point it can come off. FHA loans carry their own insurance, and a VA loan skips monthly mortgage insurance entirely. None of this should scare you off a smaller down payment; it is simply part of the math we will walk through together.

# Your loan options, in plain English.

There is no single best loan. The best one is the one that fits your situation, and that is a decision we make together.

## Conventional

The most common path. Good for buyers with steady credit and income. Down payments start as low as 3 percent, and once you pass 20 percent equity the mortgage insurance can fall away. In 2026 a conventional loan stays "conforming" up to \$832,750 in most of the country; above that it becomes a jumbo loan.

## FHA

Backed by the Federal Housing Administration and built for accessibility. It allows lower credit scores and a 3.5 percent down payment for scores of 580 and up. The tradeoff is mortgage insurance, including an upfront premium of 1.75 percent of the loan that is usually rolled in. Often the right call for buyers still building credit.

## VA

For eligible service members, veterans, and certain surviving spouses. Frequently the strongest option available: zero down for those who qualify and no monthly mortgage insurance. It has its own one-time funding fee, which the next page covers in full.

## Jumbo

For loan amounts above the conforming limit, used on higher-value homes. Underwriting is stricter and terms are structured carefully, but it opens the door to properties beyond the conventional ceiling.

### HOW WE CHOOSE

We start from your goals, your credit, your savings, and how long you plan to stay. Then, because I work as a broker, I shop these loan types across a range of lenders to find the best fit and pricing for you.

Sometimes the obvious answer is not the cheapest one over time. I will lay the real options side by side and tell you which I would pick if it were me.

# The VA loan, explained **honestly.**

If you have served, this is a benefit worth understanding. It is also the one I know from the inside.

A VA loan is guaranteed in part by the Department of Veterans Affairs, which lets approved lenders offer terms most buyers never see. The two headline advantages:

- › No down payment required for those with full entitlement
- › No monthly mortgage insurance, unlike conventional and FHA loans

## The funding fee, and who skips it

In place of monthly mortgage insurance, the VA charges a one-time funding fee that keeps the program running. It can be paid at closing or rolled into the loan. The rate depends on your down payment and whether you have used the benefit before:

SITUATION	FIRST-TIME USE	SUBSEQUENT USE
<b>Less than 5% down</b>	2.15%	3.30%
<b>5% to 9.99% down</b>	1.50%	1.50%
<b>10% or more down</b>	1.25%	1.25%

### IMPORTANT EXEMPTION

Veterans receiving compensation for a service-connected disability, certain surviving spouses, and qualifying Purple Heart recipients are generally exempt from the funding fee entirely. If that may be you, it is worth confirming on your Certificate of Eligibility before closing.

Figures reflect 2026 VA rates and may change. Eligibility is determined by the VA. This is a summary, not a determination of your individual fee.

# What closing actually costs.

Beyond the down payment, there are one-time costs to finalize the loan. Knowing them up front means no surprises at the table.

Closing costs typically run somewhere around 2 to 6 percent of the loan amount, depending on your loan, your location, and the property. They cover the real work of verifying and recording the purchase. The main pieces:

- › **Loan-related fees:** origination and processing of the loan itself
- › **Third-party services:** the appraisal, title work, and title insurance
- › **Prepays:** the first chunk of property taxes and homeowner's insurance, set aside in advance
- › **Recording and government fees:** making the sale official with the county

## You may not have to pay all of it yourself

Closing costs are often negotiable. Sellers can agree to cover part of them, lenders can offer credits in exchange for a slightly higher rate, and assistance programs can help. We will look at every lever before you bring a dollar to the table.

### THE NUMBER THAT MATTERS MOST

Early on I will give you a clear "cash to close" estimate, which is your down payment plus closing costs minus any credits. That single number tells you what you actually need, and we will work to make it as low as honestly possible.

# Questions worth asking any lender.

Including me. A good lender welcomes these; be cautious with one who dodges them.

- 1 What loan types do I actually qualify for, and which do you recommend for my situation and why?
- 2 What is my estimated monthly payment, all four parts included?
- 3 What is my realistic cash to close?
- 4 Will I have mortgage insurance, and if so, can it ever come off?
- 5 What could change my rate or payment between now and closing?
- 6 Who will I actually be talking to during the process?
- 7 How long will my loan realistically take to close?
- 8 What is the one thing most likely to slow my file down, and how do we prevent it?

## Common first-time mistakes, and how to avoid them

- › **Shopping before pre-approval:** you risk loving a home outside your real budget
- › **Opening new credit mid-process:** a new car loan or card can change your approval; hold off until after closing
- › **Forgetting closing costs:** budgeting only for the down payment leaves a gap
- › **Moving money around without telling your lender:** large unexplained deposits create paperwork; just keep me in the loop
- › **Assuming 20% down is required:** it is not, and waiting for it can cost you years

# What happens after you call me.

Here is the whole journey, start to finish, so the process feels less like a black box.

1

## **We talk.**

A no-pressure conversation about your goals, your timeline, and your numbers. This is where most of your questions get answered.

2

## **We pre-approve you.**

I review your income, credit, and assets and give you a real budget and a cash-to-close estimate in writing.

3

## **You shop with confidence.**

You and your agent look for homes inside a number you trust. I am a text away for any "what would this cost?" question.

4

## **You make an offer.**

Your pre-approval makes it credible. Once it is accepted, we go to work.

5

## **We process and underwrite.**

The appraisal is ordered, documents are verified, and the loan is reviewed. I keep your file moving and tell you what I need before it becomes urgent.

6

## **You close.**

You sign, the loan funds, and you get the keys. From the first call to this moment, you are working with me.

### THAT'S THE WHOLE THING

It is genuinely that straightforward when someone walks it with you. You do not need to be an expert. You just need one person who is, in your corner, answering the phone.

LET'S GET YOU HOME

# When you're ready, or just have a question, reach out.

You will talk to me directly, not a call center. The first step is a conversation, and it does not commit you to anything.

CALL OR TEXT

**(843) 743-4713**

EMAIL

**[hshelbourne@evolutionmortgage.com](mailto:hshelbourne@evolutionmortgage.com)**

GET PRE-APPROVED

**[shelbourneloans.com](https://shelbourneloans.com)**

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