LENNAR MORTGAGE

First-Time Homebuyers' Guide

Everything you need to know about finding and financing your first home.



Creating the World's *Simplest* Path to Homeownership

LENNAR MORTGAGE



Looking to buy your first home? Start here.

Buying a home is more than a smart financial investment—it's an investment in yourself and your family.

At Lennar Mortgage, LLC, we want you to enter the home market with confidence—no questions unanswered and no concerns unaddressed.

In this guide, you'll learn about the basics of finding and securing your dream home.

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After reading through this guide, you'll be able to:

- Determine how much home you can afford
- Understand and improve your credit score
- Determine a reasonable down payment
- Plan for future home expenses
- Find a home that fits your lifestyle

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Your Path to Homeownership



Owning vs. Renting

Learn More

Why Paying A Mortgage Is Better Than Paying Rent

Owning a home comes with many benefits you may not have while renting: equity building, financial stability, tax benefits, the ability to renovate and more.



Discover Your Buying Power

Learn More

How Much Home Can You Afford?

Several financial components influence your purchasing power. Learn more about how your credit, debt-to-income ratio and down payment will influence your homebuying opportunities.



Down Payments & Closing Costs

Learn More

Breaking Down Your Upfront Expenses

Your down payment is the initial payment toward your home's purchase price. This is separate from closing costs, which are fees paid on settlement of the transaction.



Finding Your Dream Home

Learn More

Writing Your New Home Wishlist

Before searching for your perfect home, list out your wants, needs and desired location.



Closing Thoughts

Learn More

Simplifying Your Path to Homeownership

At Lennar Mortgage, LLC, it's our mission to make sure all of your homeownership questions are answered.

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Owning vs. Renting

Why Paying A Mortgage May Be Better Than Paying Rent



You're going to have to pay to live somewhere—whether you choose to rent or buy a home.

So which is right for you?

While renting does have its perks, owning your home may help you build a better financial future in the long run.

Renting may seem like the less-expensive option—especially considering the one-time, upfront expenses associated with homebuying.

However, the path toward financial independence is a marathon, not a race. The benefits of ownership in the long-term may outweigh those short-term expenses. With each mortgage payment you make, you could be building equity and increasing your net worth.

The years of homeownership will fly by, with each payment acting as an investment in your future.

Pros of Owning Your Home

- Payments bring you closer to owning your home outright, not lining your landlord's pockets
- Fixed-rate mortgage options mean predictable payments—say goodbye to yearly rent hikes
- Renovations and personalizations can improve your day-to-day life as well as your home's value
- Though you will be paying for repairs, you can choose your vendors and keep track of important home maintenance without relying on a landlord

Mortgage Payment Calculator →

7 Reasons to Buy A Home Now →

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Discover Your Buying Power

How Much Home Can You Afford?



Purchasing a home can seem intimidating or overwhelming at times. We're here to help you make sense of the path ahead, starting with your buying power.

To better understand how much home you can comfortably afford, we'll consider a few important financial factors.

Credit Score

Your credit score is one of the primary metrics used to determine if you qualify for a mortgage. It also plays a huge role in determining your loan terms.

Don't be surprised by your credit report after submitting your loan application—do your homework ahead of time. Use the resources below to check your credit score and understand what it means!

The Pre-Qualification Process

Getting pre-qualified for a home loan gives you an advantage when putting in an offer on your dream home.

During pre-qualification, your lender will look closely at your credit score and income.

A pre-qualification letter doesn't guarantee your loan will be approved, but it does give home sellers insight into your ability to meet down payment and income requirements.

Get Your Free Credit Report →

Understanding Your Credit Guide →

THIS NOTICE IS REQUIRED BY LAW. You have the right to a free credit report from AnnualCreditReport.com or 877-322-8228, the ONLY authorized source under federal law Requesting a loan pre-qualification and making a loan application does not constitute a loan approval or otherwise indicate that a consumer has or will qualify for a loan from Lennar Mortgage. Pre-qualifying with Lennar Mortgage is voluntary and is not required in order to obtain a loan from Lennar Mortgage and/or purchase a home from Lennar Corporation or any of its affiliated homebuilders. Pre-qualification does not (a) constitute a loan approval or indicate that you have or will qualify for a loan from Lennar Mortgage, or (b) guarantee you will qualify to purchase a Lennar home.

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Debt-to-Income Ratio

A steady income is a great start—but it isn't everything when it comes to getting a mortgage. Lenders want reassurance that you'll be able to pay your mortgage in addition to any other debts you may have.

To verify your ability to make payments, lenders will look at your debt-to-income ratio—all of your monthly debt payments divided by your gross monthly income.

Down Payments

Perhaps the most important factor in determining your buying power is how much cash you're bringing to the table.

Your down payment, the initial payment you make towards the purchase price, can influence which loan products you qualify for and home much house you can afford.

Putting at least 20% of the home price down eliminates your need for private mortgage insurance (PMI). This benefit is attractive to sellers, which may place you above competing buyers, and saves you monthly PMI payments.

However, there are plenty of loan programs that don't require 20% down. Talk to your Loan Officer to determine which loan type makes the most sense for you.

A large down payment shows you're committed and financially ready to take your next step toward homeownership.

Maximizing your down payment significantly lowers the amount you'll need to pay over the loan term. Make sure to budget for closing costs, miscellaneous first-year expenses and an emergency repair fund before calculating your down payment.

Down Payments: How Much Is Enough? →

Calculating your purchasing power might not be the most exciting part of the homebuying process, but setting reasonable expectations now will help you down the line.

Digging into your finances early gives you more time to improve your credit score, pay down debts and optimize your chances of qualifying for your ideal home loan.

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Down Payments & Closing Costs

Breaking Down Your Upfront Expenses



Saving up enough cash to put down on a home is often the biggest roadblock for hopeful homebuyers.

Down Payments

There are substantial benefits to saving up at least 20% of a home's purchase price as a down payment, but may not always be possible.

Luckily, many loan options allow down payments of less than 20%—some programs even allow 0% down!

So what's the catch? With a down payment of less than 20% on a conventional loan, you'll be required to pay for mortgage insurance – adding to your monthly expenses – until you've reached 20% equity in your home.

Closing Costs

Separate from your down payment, you'll need to budget for closing costs, the expenses associated to processing your home purchase.

Closing costs may include recording fees, loan origination fees, appraisal charges, title insurance and more.

Your Loan Officer can give you a good sense of what your closing costs will look like. They'll typically fall between 2%-5% or your home's purchase price.

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Finding Your Dream Home

Writing Your New Home Wishlist



After doing your research, calculating your buying power and saving for a down payment, it's time to find your perfect home!

This might be the most exciting step on the path to homeownership, but it's not without a few unique challenges.

To narrow down your search, you'll need to make several key decisions at this stage. Do you prefer suburbs or city living? How many bedrooms do you need? What do you value most in your neighborhood?

Your answers to these questions will shape your everyday life for years to come, so be sure to consider them carefully.

Location, Location, Location!

Location is the most important factor in real estate, affecting both the value of your home and your day-to-day experience.

To decide where you'd like to live, consider what's most important for your family's lifestyle. Take a look at these factors when determining your ideal location:

- Average home price
- Career opportunities
- Commute times
- School zones
- Safety
- Proximity to loved ones

Needs vs. Wants

It's essential to be honest with yourself when distinguishing needs from wants.

Be realistic about what you need to live comfortably - the number of bedrooms, accessibility features and more.

After defining your needs, list your wants in order of importance. Different homes may check off different items on your wishlist– prioritizing your desires will help you make tough decisions between available properties.

Keep in mind that some of the items on your wishlist will add value to your home while others indicate personal preferences. Highly desired features will boost the property value of your home for years.

Happy home hunting!

Hidden Savings on New Construction →

Why Buy New? by Lennar →

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Closing Thoughts

Simplifying Your Path to Homeownership



We hope this guide has been helpful to you as you consider this life-changing purchase!

The journey to owning your first home can be confusing or even overwhelming at times.

But with a trusted guide by your side, you can focus on the excitement and joy along with the way. We're here to be that guide.

Since 1973, Lennar Mortgage, LLC has worked to lower the barriers to homeownership. In addition to resources like this one, we offer Lennar homebuyers the most efficient way to secure their dream homes.

Focus on the joy of this major milestone—we'll help you make sense of the rest.

Committed to Seeing You Home

From pre-qualifications to closings, our experienced Loan Officers are ready to answer any questions you may have.

Take the first step on your path to homeownership. Contact us today!

Visit LennarMortgage.com →

Explore More

We want you to have all the tools you need to confidently finance your first home. Check out these online resources at your convenience, or call us anytime!

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