

FIRST-TIME HOME BUYERS GUIDE

FHA EDITION • 2026

A practical, step-by-step roadmap from “I think I’m ready” to the keys in your hand.

Prepared as an educational guide. Loan terms, FHA requirements, taxes, insurance, assistance programs, and closing costs vary by borrower, property, lender, and location. Always confirm current requirements with your lender and the appropriate government or local agency.

Prepared for you by Shawna Calvert, REALTOR | The Calvert Home Team at 27North Realty
509-294-6818 | shawna@27northrealty.com | RelocatingToParadise.com

Your Homebuying Roadmap

The goal is not just to qualify. It is to buy a home you can comfortably afford and keep.

01 Prepare

Know your income, debts, credit, savings, and realistic monthly budget.

02 Get Preapproved

Compare lenders and understand the loan—not just the maximum price.

03 Build Your Team

Choose a lender, real estate professional, inspector, insurance provider, and closing professionals.

04 Shop Smart

Search by payment, condition, location, and long-term fit—not emotion alone.

05 Make the Offer

Use contract protections such as inspection and financing contingencies when appropriate.

06 Due Diligence

Inspect, appraise, review title, finalize insurance, and complete underwriting.

07 Close

Review your Closing Disclosure, verify funds safely, sign, and receive the keys.

08 Own Well

Protect your credit, maintain the property, build reserves, and review your mortgage over time.

1. Are You Ready to Buy?

Homeownership is more than qualifying for a mortgage. It is an ongoing financial commitment.

A strong starting point is a stable income, manageable debt, cash available for the transaction, and enough room in your budget for repairs and surprises. The CFPB recommends considering income stability, credit, debt, down payment savings, taxes, insurance, closing costs, moving costs, repairs, and improvements before buying.

Money Check

☐ I know my monthly take-home income.
☐ I know my recurring debts and minimum payments.
☐ I have funds for down payment and closing.
☐ I can keep an emergency reserve after closing.

Life Check

☐ I plan to stay long enough for buying to make sense.
☐ I am comfortable handling repairs and maintenance.
☐ I have budgeted for taxes, insurance and HOA dues.

A lender’s preapproval is not a command to spend the maximum amount. It is an estimate of what the lender may be willing to lend. Your personal budget should determine what you are comfortable paying.

A useful rule: build your budget around the total monthly housing cost, not just principal and interest.

2. FHA Loans: The Basics

FHA insurance is designed to make home financing more accessible, but it is not “free money” and it is not automatically the cheapest loan.

The FHA 203(b) program is the basic FHA-insured mortgage for a principal residence. Eligible properties can include one-to-four-unit structures that meet FHA requirements. FHA-insured financing can be as high as approximately 96.5% of the property value, which corresponds to a 3.5% minimum required investment in qualifying cases.

FHA feature	What it means for a buyer
Minimum investment	Typically 3.5% with an FHA-eligible credit profile; 500–579 credit scores generally require at least 10% investment under FHA policy. Lender overlays may be stricter.
Upfront MIP	Most FHA purchase loans have a 1.75% upfront mortgage insurance premium based on the base loan amount. It may generally be financed into the loan.
Annual/monthly MIP	FHA also charges an annual mortgage insurance premium, collected monthly. The amount and duration depend on loan term, loan-to-value, and loan amount.
Property	The home must meet FHA property standards and be an eligible property type. The appraisal is not a substitute for your independent inspection.
Loan limits	FHA loan limits vary by county and property size. For 2026, the national one-unit floor is $541,287 and the national one-unit ceiling is $1,249,125; your county may be different.

Important: FHA does not mean “no money down.” You still need cash for the required investment, closing costs/prepaids, inspections, moving, and reserves unless an eligible source or assistance program covers some of those costs.

3. Build Your Real Homebuying Budget

Use this page as your personal affordability worksheet.

Monthly housing costs to estimate	Your estimate
Principal + interest	$ _____
FHA mortgage insurance (MIP)	$ _____
Property taxes	$ _____
Homeowners insurance	$ _____
HOA/condo dues, if any	$ _____
Other property-specific costs	$ _____
Total monthly housing estimate	$ _____

Cash-to-close usually includes more than the down payment. CFPB notes that closing costs excluding the down payment often run roughly 2%–5% of the purchase price, depending on the transaction and location.

Cash You May Need

Down payment / required investment
Closing costs
Prepaid taxes and insurance
Inspection(s)
Appraisal
Moving expenses
Initial repairs or purchases

Cash You Should Try to Keep

Emergency fund
Home repair reserve
Utility deposits / setup costs
Furniture and household needs
Unexpected underwriting or closing adjustments

4. Credit, Documents & Preapproval

The cleaner your financial file, the easier it is to explain your story to underwriting.

Before applying, avoid making major financial changes without talking to your lender. Do not open unnecessary new credit, finance a car, move large sums without documentation, or change jobs casually during the mortgage process. Ask your lender before doing anything that changes your debt, assets, income, or credit profile.

Typical documentation may include:

- Government-issued identification and Social Security information.
- Recent pay stubs and employment/income documentation.
- W-2s and/or tax returns when required for your situation.
- Bank and investment account statements showing funds for closing and reserves.
- Documentation for other income sources, debts, child support/alimony obligations, or large deposits when applicable.
- A complete explanation for unusual credit, employment, or asset issues.

Shop your mortgage. CFPB recommends getting at least three preapprovals/loan offers and comparing rates, loan terms, and programs. Multiple mortgage inquiries made within a short period are generally treated differently from unrelated credit shopping, but ask lenders how their process works.

Questions to ask every lender:

- What is my estimated rate, APR, monthly payment, and cash to close?
- What are the lender fees and what can change before closing?
- How much is the FHA upfront MIP, and is it being financed?
- What will my monthly FHA MIP be, and for how long under this loan structure?
- What credit score and debt-to-income requirements are you using?
- What down-payment assistance or grant programs do you accept?
- What happens if the appraisal is lower than my offer?

5. Find the Right Home—not Just the Right Price

Your first home should fit your life, budget, and future plans.

Location

Commute and transportation
Schools and services
Property taxes
Insurance availability/cost
Neighborhood conditions
Future development

Property

Roof, HVAC, plumbing, electrical
Foundation/drainage
Windows and insulation
Age and condition of major systems
Permit history where available
Flood/fire/disaster risks

Lifestyle

Parking
Storage
Yard/maintenance
Noise
Pets
Accessibility
HOA rules

Future

How long you may stay
Resale appeal
Potential repairs
Room for changing needs
Ability to build savings after closing

FHA-specific reminder: an FHA appraisal evaluates the property for FHA eligibility and value, but it is not a complete home inspection. CFPB recommends an independent inspection so you understand the home's physical condition and have time to address problems.

Never waive due diligence casually just to win a house. If you are considering waiving an inspection or other protection, understand the financial risk first and discuss the contract with your real estate and legal professionals as appropriate.

6. Making an Offer

A good offer is more than a price.

Your offer can address price, financing, earnest money, closing date, contingencies, seller credits, included items, and other contract terms. Exact rules and customs vary by state and contract.

☐ Purchase price: What is the home worth to you based on comparable sales and condition?

☐ Financing: Specify the loan type and required financing terms.

☐ Inspection: Establish the inspection period and your rights if major issues are found.

☐ Appraisal: Understand what happens if the appraisal is below the contract price.

☐ Earnest money: Know when it is due, how it is held, and when it could be at risk.

☐ Closing date: Coordinate with your lender, seller, movers, and lease expiration.

☐ Seller concessions/credits: Ask your lender what is permitted and how credits can be used.

☐ Personal property: Put agreed appliances or other items in the contract.

Do not send earnest money or closing funds based solely on an email. Mortgage closing scams can involve fake wiring instructions. Independently verify wiring instructions using a trusted phone number you already have—not the phone number in a suspicious email. CFPB specifically warns buyers to be alert for mortgage closing scams.

7. Inspection, Appraisal, Title & Insurance

These steps protect both you and the lender, but they serve different purposes.

Inspection

Looks at the physical condition of the home for your benefit. It can uncover defects and help you decide whether to negotiate or proceed.

Appraisal

Provides an independent opinion of value for the lender and helps determine whether the property supports the loan amount. It is not the same as an inspection.

Title

Checks ownership history, liens, claims, and other title issues. Ask what title insurance policies are being issued and what they cover.

Homeowners insurance

Protects against covered losses under the policy. Shop early and confirm the home is insurable before you are too far into the transaction.

Survey / specialty inspections

Depending on location and property, you may need termite/pest, sewer scope, well/septic, structural, roof, chimney, flood, or other specialized inspections.

If the inspection or appraisal reveals major repairs, the lender may require repairs or other conditions before closing depending on the loan and property.

8. Underwriting & Closing

Once your offer is accepted, your job becomes documentation, communication, and verification.

Your lender may request additional documents right up to closing. Respond quickly and keep copies of everything you send. CFPB describes closing as the final phase where you complete underwriting, choose/confirm closing services, and sign the documents for the home and mortgage.

Your closing checklist:

☐ Review the Loan Estimate and compare it with the final Closing Disclosure.

☐ Confirm the final purchase price, loan amount, interest rate, credits, and cash to close.

☐ Confirm homeowners insurance is bound and effective as required.

☐ Complete the final walkthrough and verify agreed repairs/items.

☐ Ask how and when you will receive final wiring instructions, then verify them independently.

☐ Bring required identification and any certified funds requested by the closing agent.

☐ Read the documents before signing. Ask questions if a number or term is unexpected.

☐ Keep your Closing Disclosure, deed/recording documents, note, mortgage/deed of trust, and other closing papers in a secure place.

Closing costs can include lender fees, appraisal, title services, government charges, prepaid interest, property taxes, and homeowners insurance. The exact mix depends on the transaction and location.

9. Your First 90 Days as a Homeowner

Closing is the beginning of ownership, not the finish line.

First Week

Change locks/codes if appropriate
Locate water/gas/electrical shutoffs
Test smoke/CO alarms
Save emergency contacts
Confirm insurance documents
Set up utilities and mortgage autopay

First Month

Create a home maintenance file
Replace HVAC/filter as needed
Learn the HVAC/plumbing/electrical systems
Review warranty documents
Build a repair reserve
Meet key neighbors/service providers

First 90 Days

Schedule routine maintenance
Review property tax/escrow setup
Track repair costs
Avoid unnecessary new debt
Update your budget after real utility bills
Consider basic security and disaster preparedness

Every Year

Review homeowners insurance
Check smoke/CO alarms
Service HVAC as recommended
Inspect roof/gutters/drainage
Review escrow and property taxes
Keep receipts and maintenance records

Homeownership costs continue after closing. CFPB highlights repairs, property taxes, insurance, and HOA dues as ongoing costs to plan for.

10. FHA Myths vs. Reality

Use these reminders when you hear conflicting advice.

“FHA means no down payment.”

False. FHA generally requires a minimum investment; 3.5% is common for eligible borrowers, and some borrowers require more.

“FHA is only for first-time buyers.”

False. FHA is available to eligible borrowers who meet program requirements; being a first-time buyer is not the sole qualification.

“The FHA appraisal is the inspection.”

False. The appraisal and inspection have different purposes. Get an independent inspection.

“I should buy the most expensive home I’m approved for.”

False. A preapproval is not a spending recommendation. Choose a payment that works with your full budget and goals.

“FHA has one loan limit everywhere.”

False. FHA limits vary by county and property size. 2026 limits include national floor and ceiling amounts, with county-specific limits in between.

“Closing costs are just the down payment.”

False. Closing costs and prepaid expenses are separate from the down payment and can be substantial.

11. First-Time Buyer Master Checklist

Print this page or use it as your running to-do list.

Before Preapproval

☐ Review credit reports and correct errors.

☐ Create a monthly budget based on the payment you want—not the maximum you qualify for.

☐ Gather income, asset, debt, and identity documents.

☐ Save for down payment, closing costs, moving costs, and reserves.

☐ Research FHA and local down-payment assistance programs.

Before House Hunting

☐ Compare at least three lenders/loan offers.

☐ Get a written preapproval.

☐ Choose your real estate professional.

☐ Define must-haves, deal-breakers, and target areas.

☐ Set a maximum comfortable purchase price.

Under Contract

☐ Deposit earnest money as required.

☐ Schedule the independent inspection immediately.

☐ Complete appraisal and lender-requested documentation.

☐ Shop homeowners insurance and title/closing services.

☐ Track deadlines for financing, inspection, appraisal, and closing.

Before Closing

☐ Review the Closing Disclosure.

☐ Confirm cash to close and acceptable payment method.

☐ Complete final walkthrough.

☐ Verify wire instructions by phone using a trusted number.

☐ Bring identification and required documents/funds.

After Closing

☐ Save all closing documents.

☐ Set up mortgage autopay and escrow review reminders.

☐ Update insurance/estate/financial records as appropriate.

☐ Build a home repair reserve.

☐ Start a maintenance calendar.

12. Quick Glossary & Trusted Resources

Keep this page handy when mortgage language starts getting complicated.

APR: Annual Percentage Rate. A broader measure of borrowing cost than the interest rate alone.

Appraisal: An opinion of property value used in the mortgage process.

Closing Disclosure: A standardized form showing your final loan terms and closing costs. Review it carefully before closing.

DTI: Debt-to-income ratio, a comparison of your qualifying monthly debts to your qualifying income.

Earnest Money: A deposit made under the purchase contract that can be credited toward the purchase if the deal closes. How it is handled depends on the contract.

Escrow: An account used to collect and pay items such as property taxes and homeowners insurance when required.

MIP: Mortgage Insurance Premium charged on FHA loans. FHA generally has an upfront premium plus an annual premium collected monthly.

Preapproval: A lender's tentative indication that you may qualify up to a stated amount, based on the information reviewed.

Principal: The amount borrowed, not counting interest and certain financed costs.

PITI: Principal, Interest, Taxes and Insurance, the core parts of a mortgage payment.

Trusted starting points

• HUD / FHA: official FHA program information, loan limits, mortgage insurance, and lender resources.

• Consumer Financial Protection Bureau (CFPB): mortgage shopping, down payment, closing, inspection, and consumer-protection guidance.

• Your state/county housing agency: local down-payment assistance, grants, and first-time buyer programs.

Official sources used for this 2026 guide:

HUD — FHA 203(b) Basic Home Mortgage Loan
https://www.hud.gov/hud-partners/single-family-sfh203b

HUD — 2026 Nationwide Forward Mortgage Limits
https://www.hud.gov/sites/dfiles/hudclips/documents/2025-23hsgml.pdf

HUD — FHA Mortgage Insurance Premium Structure
https://answers.hud.gov/FHA/s/article/What-is-the-FHA-Mortgage-Insurance-Premium-structure-for-forward-mortgage-loans

CFPB — Ready to buy a home?
https://www.consumerfinance.gov/consumer-tools/mortgages/ready-to-buy-a-home/

CFPB — Shopping for a mortgage
https://www.consumerfinance.gov/consumer-tools/mortgages/shopping-for-a-mortgage/

CFPB — Closing on your new home
https://www.consumerfinance.gov/owning-a-home/close/
CFPB — Schedule a home inspection
https://www.consumerfinance.gov/owning-a-home/close/schedule-a-home-inspection/

EDUCATIONAL DISCLAIMER

This guide is general educational information and is not a loan commitment, appraisal, legal opinion, tax advice, insurance advice, or financial recommendation. FHA requirements and lender overlays can change. State and local contract rules also vary. Verify all loan terms and program requirements with your licensed mortgage professional and the appropriate government or housing agency before making a purchase decision.

Ready to take the first step?

Buying your first home is a big step, and I would love to help you take it. I will walk you through every part of it, from getting preapproved to the day you get your keys, and I will make sure you understand each decision before you make it.



Tell me a little about the life you are picturing. Is it a backyard for the dog, a short drive to work, or a pool to come home to? That tells me where to start looking.

Shawna Calvert, REALTOR
The Calvert Home Team at 27North Realty
509-294-6818 | shawna@27northrealty.com
RelocatingToParadise.com