

— BUYER MATH PRESENTS

THE FIRST-TIME HOMEBUYER'S GUIDE TO ARIZONA AND UTAH

Run the real numbers before you fall in love with a house. A plain-English field guide to credit, down payments, loan types, monthly payments, and the mistakes that cost buyers thousands.

YOUR MORTGAGE. MORE OPTIONS. BETTER STRATEGY.



HOW TO USE THIS GUIDE

Most buyers shop for a home first and figure out the financing second. That is backwards - and expensive. This guide flips the order: **run the numbers first**, so every house you tour is one you can actually afford.

Read it in order, do the math in each chapter, and don't skip the last page. By the end you will know your real monthly payment, your down payment options in Arizona and Utah, and the timeline from pre-approval to keys.

What's inside

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A note from Gavin

I'm a mortgage broker and co-owner of **The Mortgage Collective**, an independent brokerage in Mesa, Arizona, backed by 50+ years of combined mortgage experience. I'm licensed in both Arizona and Utah, and I built BuyerMath.com on one idea: **when you understand the math, buying a house stops being scary and starts being strategic.**

Our promise, word for word: a bank sells you its loan, and an online lender sells you its algorithm. **We work for you, and we shop everyone.** This guide is how that idea works in practice. Use it well, and when you're ready, let's run your numbers together.

1. START WITH WHAT YOU CAN AFFORD, NOT WHAT THE INTERNET SAYS

A pre-approval based on your real income, debts, and credit **beats every online calculator**. Online tools guess. A pre-approval measures.

Pre-approval vs. pre-qualification: know the difference

Pre-qualification is a rough estimate based on numbers you report yourself. **Pre-approval** is a full review - income verified, credit pulled, assets checked - with a written letter that tells sellers you are serious. In competitive Arizona and Utah markets, offers without a pre-approval letter get passed over. Prevention is simple: get the letter before you tour.

The number that actually decides your payment

Lenders measure affordability with your **debt-to-income ratio (DTI)**: all your monthly debt payments, including the proposed housing payment, divided by your gross monthly income. Most loan programs cap total DTI around 45 to 50 percent. So affordability is not about your salary alone - it's about what your salary and your debts say *together*.

Buyer Math example. Household income of \$150,000 per year means \$12,500 per month. At a 45 percent DTI cap, total monthly debts can reach \$5,625. Subtract \$800 in car and student-loan payments, and up to \$4,825 remains for housing - but "eligible" is not the same as "comfortable." Most buyers sleep better keeping housing under 30 percent of income, about \$3,750 here.

Your affordability checklist

- Gather 30 days of pay stubs, two years of W-2s, and two to three months of bank statements
- List every monthly debt: car loans, student loans, credit card minimums, child support
- Bring the numbers to a local lender and get the written pre-approval letter
- Set your shopping budget *below* your pre-approval amount - your approval is the ceiling, not the target

2. YOUR CREDIT SCORE SETS THE PRICE OF YOUR MONEY

Small score moves change your rate and your monthly payment by hundreds over the life of the loan. **Fix your credit before you apply, not during.**

What scores you need

- **620+** - minimum for most conventional loans
- **580+** - qualifies for Federal Housing Administration (FHA) loans at 3.5 percent down
- **640+** - usually required to pair down payment assistance with a loan in Arizona
- **700+** - where the meaningfully better rate tiers generally start

Five moves that raise your score before you apply

1. **Pay every bill on time for at least six months.** Payment history is the largest piece of your score. One 30-day late payment can drop it 60 points or more.
2. **Bring credit card balances below 30 percent of each limit** - under 10 percent is better. Utilization is the second-largest driver, and it updates monthly.
3. **Don't open new credit or finance anything** until after closing. New inquiries and new debt are the two fastest score killers.
4. **Don't close old cards.** Older accounts build your credit history length. Zero them out instead.
5. **Dispute real errors now, not later.** Pull your reports free from [AnnualCreditReport.com](https://www.annualcreditreport.com) and fix duplicates, wrong balances, and accounts that aren't yours.

The rule to remember: credit repair takes months, not weeks. If your score needs work, talk to a lender *before* you're ready to buy. A good lender will hand you a dated, step-by-step plan instead of a guess.

3. THE DOWN PAYMENT: YOU HAVE MORE OPTIONS THAN "20 PERCENT"

The 20 percent down payment is a myth that keeps people renting. **Multiple loan types and assistance programs cover Arizona and Utah buyers with far less out of pocket.**

Standard down payment routes

- **Conventional:** 3 to 5 percent down for most first-time buyers; private mortgage insurance (PMI) drops off once you reach 20 percent equity.
- **FHA:** 3.5 percent down with a 580+ score - popular in Maricopa County's starter market.
- **VA:** 0 percent down for eligible veterans and active-duty service members, with no monthly mortgage insurance.
- **USDA:** 0 percent down for homes in eligible areas - including parts of rural Pinal, Yavapai, and southern Utah.

Arizona down payment assistance worth knowing

HOME Plus (Arizona Industrial Development Authority) - statewide program pairing a 30-year fixed mortgage with up to 4 to 5 percent down payment and closing-cost assistance. Structured as a 0 percent forgivable second mortgage - stay in the home about three years and it is forgiven. Requires an 8-hour homebuyer education course and usually a 640+ credit score.

3. THE DOWN PAYMENT: YOU HAVE MORE OPTIONS THAN "20 PERCENT"

Arizona down payment assistance (continued)

Home in Five Advantage - for Maricopa County buyers, part of the Phoenix-area assistance network. Up to 6 percent assistance (sometimes 7 percent for military), structured as a forgivable second mortgage over about seven years. Homebuyer education required.

Pathway to Purchase - extra funding stream for homes in targeted, designated areas. Funding is cyclical and can run out between releases, so timing matters; your lender checks availability before you count on it.

Mortgage Credit Certificate (MCC) - not a loan, but a federal tax credit worth up to \$2,000 per year on mortgage interest, typically combinable with one of the programs above. Meaningful money over the life of the loan.

Utah buyers

The Utah Housing Corporation (UHC) runs first-home loans and down payment assistance for qualifying buyers statewide, including the St. George and southern Utah markets. Terms vary by program and price limits, so get the current figures from a participating lender before you shop. The same rule applies on both sides of the state line: **assistance programs change - confirm today's terms with your lender before counting on a specific number.**

Key takeaway: between low-down-payment loans and assistance programs, most first-time buyers in Arizona and Utah need far less than 20 percent saved. Your real job is choosing the right combination - and that's exactly what a good local lender does with you.

4. LOAN TYPES IN PLAIN ENGLISH

Every loan type solves a different buyer problem. **Match the loan to your situation, not the other way around.**

Loan type	Min. down	Min. score	Best for
Conventional (Fannie Mae / Freddie Mac)	3%	620	Strong credit; PMI removes at 20% equity
FHA (government-backed)	3.5%	580	Lower scores or higher DTI; mortgage insurance usually sticks
VA (Dept. of Veterans Affairs)	0%	Varies	Eligible veterans/service members; no monthly MI; one-time funding fee
USDA (Dept. of Agriculture)	0%	Varies	Eligible rural areas; modest upfront + annual guarantee fees

Rates vs. points vs. fees

A **rate** is what you pay per year to borrow the money. **Points (discount points)** let you buy the rate down - one point equals 1 percent of the loan amount, paid at closing. **Fees** are what you pay the lender for doing the loan. Two loans with different rates aren't comparable until you compare fees too; ask for the total "cash to close" and the monthly payment side by side.

Fixed vs. adjustable

A **fixed-rate** mortgage holds one rate for 30 (or 15) years. An **adjustable-rate mortgage (ARM)** starts lower and then resets after a fixed initial period. Most first-time buyers do best with fixed-rate simplicity; an ARM only earns its keep if you know you will sell or refinance before the reset.

5. BUYER MATH: THE FIVE NUMBERS BEHIND YOUR MONTHLY PAYMENT

Buyer math, before the sales pitch: the mortgage quote is only part of the story.

Your real monthly payment is five numbers added together - this is the math this guide is named for.

- **Principal and interest** - the loan payment. The big one.
- **Property taxes** - paid monthly into escrow. Arizona's effective rates are among the lowest in the country.
- **Homeowners insurance** - required by every lender.
- **PMI / MIP** - mortgage insurance when you put less than 20 percent down (drops off differently by loan type).
- **HOA dues** - common across East Valley and new-build communities.

Why this matters: two homes listed at the same price can differ by hundreds per month once you add taxes, insurance, and HOA dues. The math in the next pages shows you how to compare any two homes apples-to-apples.

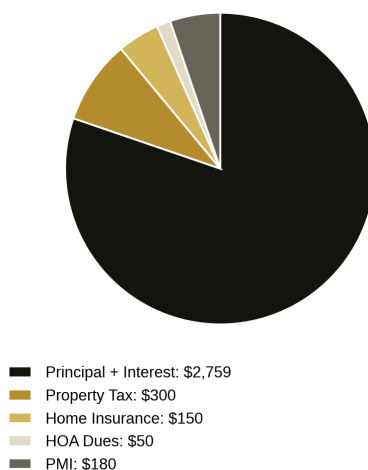
5. BUYER MATH: THE FIVE NUMBERS, WORKED THROUGH

Worked example: a \$450,000 home in San Tan Valley

Purchase price	\$450,000
Down payment (3%)	\$13,500
Loan amount, 30-year fixed at 6.50% (illustrative)	\$436,500
Principal + interest	\$2,759/mo
Property tax (estimated)	\$300/mo
Homeowners insurance (estimated)	\$150/mo
HOA dues (estimated)	\$50/mo
PMI, 3% down (estimated)	\$180/mo
Total monthly payment	\$3,439/mo

Illustrative example only. The rate, taxes, insurance, HOA, and PMI shown are rounded sample figures, not a quote - your numbers will differ by property and borrower.

Illustrative monthly breakdown
\$450K home, 3% down, 6.50% rate



The same example as a breakdown: P&I dominates, but four smaller costs add nearly \$700.

6. CLOSING COSTS YOU CAN ACTUALLY PLAN FOR

Plan for **2 to 4 percent of the purchase price** in closing costs and you will rarely be surprised at the title table.

The typical line items

- **Lender/origination charges** - processing and underwriting fees for the loan.
- **Appraisal** - third-party valuation required by the lender, roughly \$500 to \$800 in AZ.
- **Title and escrow** - title search, lender's and owner's title insurance policies, and escrow services. Arizona is an escrow state; Utah uses title companies.
- **Recording and transfer fees** - county recording charges on the new deed and loan.
- **Prepays** - homeowners insurance, months of property taxes, and the escrow cushion, funded upfront.
- **Discount points** (optional) - paid only if you choose to buy your rate down.

Two things buyers miss

1. Prepays aren't lender profit. More than half of many buyers' "closing costs" are just their own insurance and taxes, funded into escrow before month one. True lender and third-party fees are a smaller slice than most people think.

2. Seller credits are real money. In a buyer's market you can often negotiate a seller credit toward closing costs - commonly up to 3 percent with conventional loans, more on FHA. Your agent and lender structure this together.

7. FROM PRE-APPROVAL TO KEYS IN 30 TO 45 DAYS

Most financed purchases close in 30 to 45 days. Here is the sequence, so you always know what happens next.

1. **Pre-approval (before touring).** Full application, credit pull, income verified. Written letter in hand. Budget set.
2. **House hunt (1 to 3 weeks).** Tour homes with your agent, watch new-build incentive programs if they interest you, and make an offer when the math fits.
3. **Under contract (day 1).** Offer accepted. Earnest deposit goes to escrow. The clock starts.
4. **Inspection period (first 7 to 10 days).** Home inspection costs \$400 to \$600 and routinely finds things your future self pays for. In the desert Southwest, pay attention to roof, HVAC, and pool equipment.
5. **Appraisal (weeks 2 to 3).** The lender orders an appraisal to confirm the home is worth the loan. If it comes in low, your agent renegotiates or you restructure.
6. **Underwriting (weeks 2 to 4).** The underwriter checks everything. Answer document requests the same day they arrive - this is where closings speed up or stall.
7. **Clear to close (about 3 days before).** Final loan approval. Walk the home once more and check that agreed repairs are done.
8. **Funding and recording (closing day).** You sign, the lender wires the money, the county records the deed - and you get the keys.

8. SEVEN MISTAKES FIRST-TIME BUYERS MAKE

1. **They finance a car mid-transaction.** A new car payment can push your DTI over the limit and kill your approval the week before closing. Buy the house, *then* the car.
2. **They make large unexplained deposits.** Cash deposits, Venmo stacks, and "gift" transfers without paper trails all have to be sourced. Keep a clean paper trail for every dollar.
3. **They change jobs - or pay type - mid-loan.** Going from W-2 to 1099 or hourly resets parts of your qualification. If a change is unavoidable, tell your lender before you do it.
4. **They open or close credit lines.** Both move your score at exactly the wrong moment. Freeze your credit profile from application to funding.
5. **They skip the inspection to "save" \$500.** In an Arizona summer, a failing HVAC costs 20 times that. Inspect everything; negotiate what fails.
6. **They shop at their pre-approval maximum.** Your letter states what you *could* borrow, not what keeps your budget intact. Buy the payment you can live with.
7. **They wait for rates to "crash."** If rates drop, you can refinance - you can't retroactively buy at today's prices. Run today's math, buy on strategy, and let the refinance take care of itself.

Notice the pattern? Six of the seven mistakes are about money movement you can control. The one you can't control - rates - is solved with math, not hope.

9. YOUR NEXT STEPS

You now know more than most buyers who are already shopping. **Here's what to do in the next seven days.**

1. **Pull your credit reports free** at AnnualCreditReport.com and dispute any real errors.
2. **Gather your docs:** pay stubs, W-2s, and bank statements. An hour here saves weeks later.
3. **Talk to a lender before you tour a single home.** Get the real numbers and the written pre-approval.
4. **Enroll in an approved homebuyer education course** if you plan to use down payment assistance - most Arizona programs require it.
5. **Set your "comfortable" monthly payment** using the five-number math from Chapter 5.

RUN YOUR NUMBERS - FREE.

Let's get you real answers: what you can afford, which programs you qualify for, and what your monthly payment would actually be. Pick the door that suits you - we'll meet you there.

TEXT US NOW

Fastest way in. Start a text and we'll schedule around your day.

STRATEGY CALL

A 30-minute Strategy Pre-Approval Call. Bring your goals; we bring the options.

APPLY ONLINE

Secure, about 10 minutes, and we follow up the same day.

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Or start at BuyerMath.com - and take the 60-second "Can I buy?" check first: four questions, no credit pull, and you'll see which programs likely fit.

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