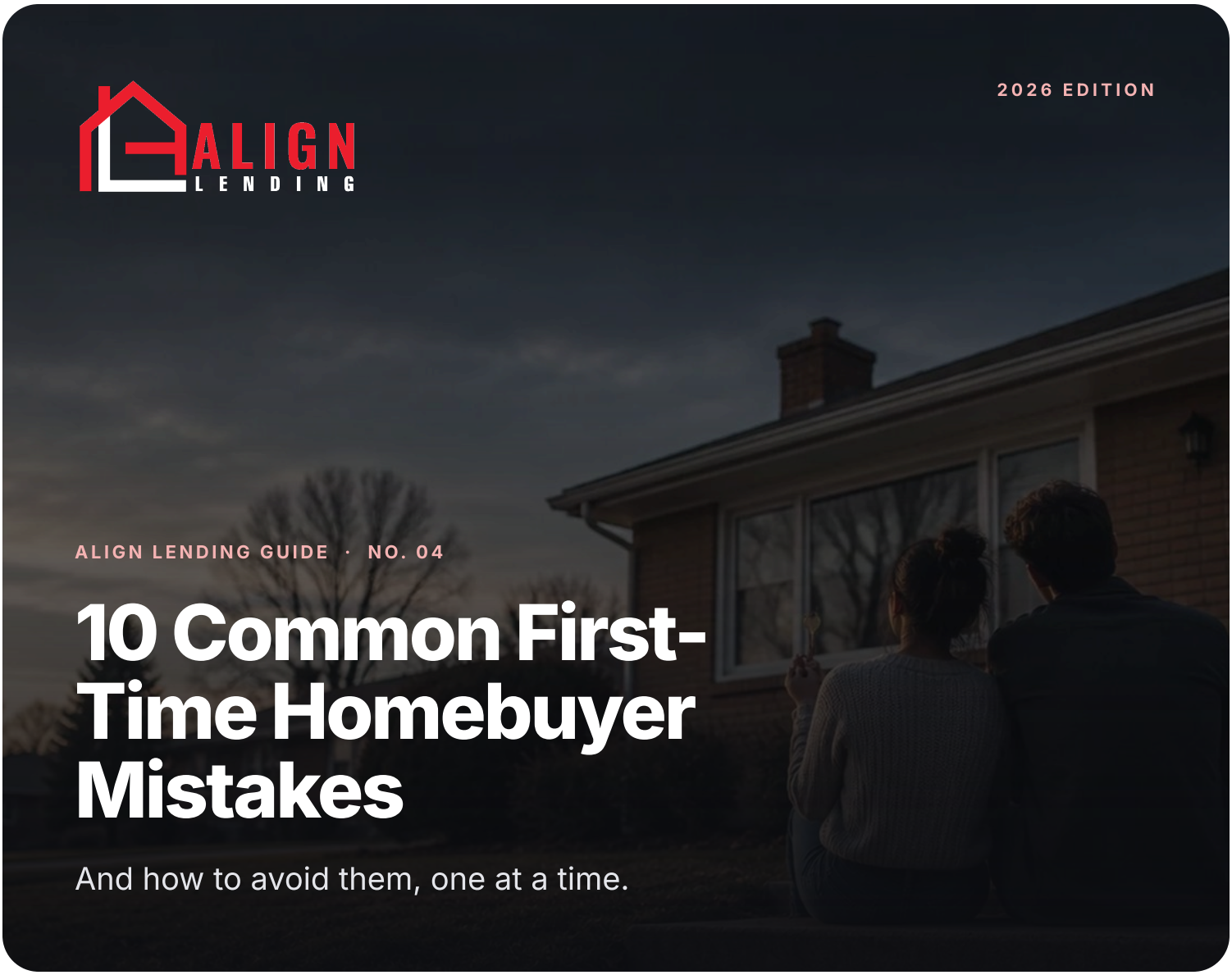
ALIGN LENDING

2026 EDITION



ALIGN LENDING GUIDE · NO. 04

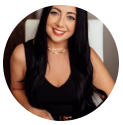
10 Common First-Time Homebuyer Mistakes

And how to avoid them, one at a time.

INSIDE THIS GUIDE

- Not getting preapproved for a mortgage early
- Waiving the home inspection
- Only getting one mortgage quote
- Spending all your savings on the down payment
- Not working with a real estate agent

For first-time buyers in Southeast Michigan and anyone helping one.



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Questions about your situation?

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None of these mistakes come from being careless. They come from not knowing what you did not know yet. Here are the ten that come up most, what to do instead, and where a broker can help.

01

Not getting preapproved for a mortgage early

- Work with a lender to get preapproved before you start house hunting.
- Gather your income, credit and financial documents to streamline the process.
- Understand that preapproval strengthens your offer in competitive markets.

Tip. Align Lending can help you get preapproved so you can start shopping knowing your numbers.

02

Waiving the home inspection

- Always hire a professional home inspector to check for hidden issues.
- If repairs are needed, negotiate with the seller to cover costs.
- If a major issue arises, be prepared to walk away from the deal.

Tip. Even newer homes can have hidden problems. A thorough inspection can save you a great deal in repair costs.

03

Only getting one mortgage quote

- Compare loan options from at least three lenders.
- Look at interest rates, closing costs and loan terms together, not one in isolation.
- Consider working with a local lender who understands your market.

Tip. An independent broker does this comparison for you, across a network of wholesale lenders, from one application.

04

Spending all your savings on the down payment

- Keep an emergency fund for unexpected expenses.
- Explore down payment assistance programs to help cover costs.
- Remember, you will also need cash for closing costs, moving expenses and home maintenance.

Tip. Align Lending can help you look at down payment options that do not drain your savings.

05

Not working with a real estate agent

- Find an experienced real estate agent who specializes in first-time buyers.
- Your agent will help negotiate offers, navigate contracts and find homes that match your budget.
- Agree how your agent is paid in writing before you start touring. Since the 2024 industry rule changes, buyer agent compensation is negotiated between you and your agent, and may or may not be covered by the seller.

Tip. Ask your agent to explain their fee and how it is handled in an offer. Align Lending can connect you with agents in your area.

06

Underestimating homeownership costs

- Set aside at least 1 to 3 percent of your home's value annually for maintenance.
- Budget for utilities, lawn care and unexpected repairs.
- Consider a home warranty for added protection.

Tip. Align Lending helps buyers understand the full financial picture of homeownership, not just the payment.

07

Buying more home than you can afford

- Use a home affordability calculator to estimate your monthly payments.
- Consider property taxes, insurance, HOA fees and maintenance costs.
- Stick to a mortgage payment that fits comfortably within your budget.

Tip. The year after a Michigan home sells, its taxable value resets to half of the assessor's market value, so the seller's tax bill is not your tax bill. Ask for your number, not theirs.

08

Ignoring future resale value

- Research the local real estate market for long-term trends.
- Choose a home with features that appeal to future buyers.
- Avoid buying the most expensive house in the neighborhood.

Tip. Align Lending provides insights into the Southeast Michigan market.

09

Not monitoring your credit score

- Check your credit report and dispute any errors before applying.
- Avoid taking out new loans or credit cards before closing.
- Continue making on-time payments to maintain your score.

Tip. Your credit score plays a large role in mortgage approval. Talk to Align Lending about how to work on yours before applying.

10

Overlooking closing costs

- Ask your lender for a Loan Estimate to understand all costs upfront.
- Negotiate seller concessions to help cover some closing costs.
- Look into first-time homebuyer assistance programs.

Tip. Align Lending provides transparent cost breakdowns so you know what to expect.

What to do in the next two weeks

Ten mistakes is a lot to hold at once. If you do nothing else, do these five, in this order.

- [ ] **Pull your three credit reports** Free at AnnualCreditReport.com. Read them before anyone else does.
- [ ] **Start the document pile** Two years of W2s or returns, thirty days of paystubs, and complete bank statements with every page.
- [ ] **Have one conversation with a lender** Before you tour anything. It costs nothing and it changes what you look at.
- [ ] **Ask an agent how they are paid** Get it in writing before you start touring, not after you find a house you want.
- [ ] **Freeze your credit activity** No new accounts, no big purchases, no closed cards until you have keys.

THE ONE THAT MATTERS MOST

The most common first-time buyer mistake is waiting until you think you are ready before you ask any questions. You do not need to earn the right to talk to a lender. Most of what feels like a prerequisite is the thing the conversation is for.

NEXT STEP

Talk it through before you decide anything

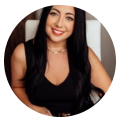
The first conversation does not have to turn into anything. No application, no credit pull, and no obligation to go further.

Tell Samantha what you are trying to do and she will tell you what actually matters in your situation. If the answer is that you should wait, she will say that too.

Open the First-Time Homebuyer guide →

alignlending.com/purchase/first-time-homebuyer/

Scan to open the First-Time Homebuyer guide



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