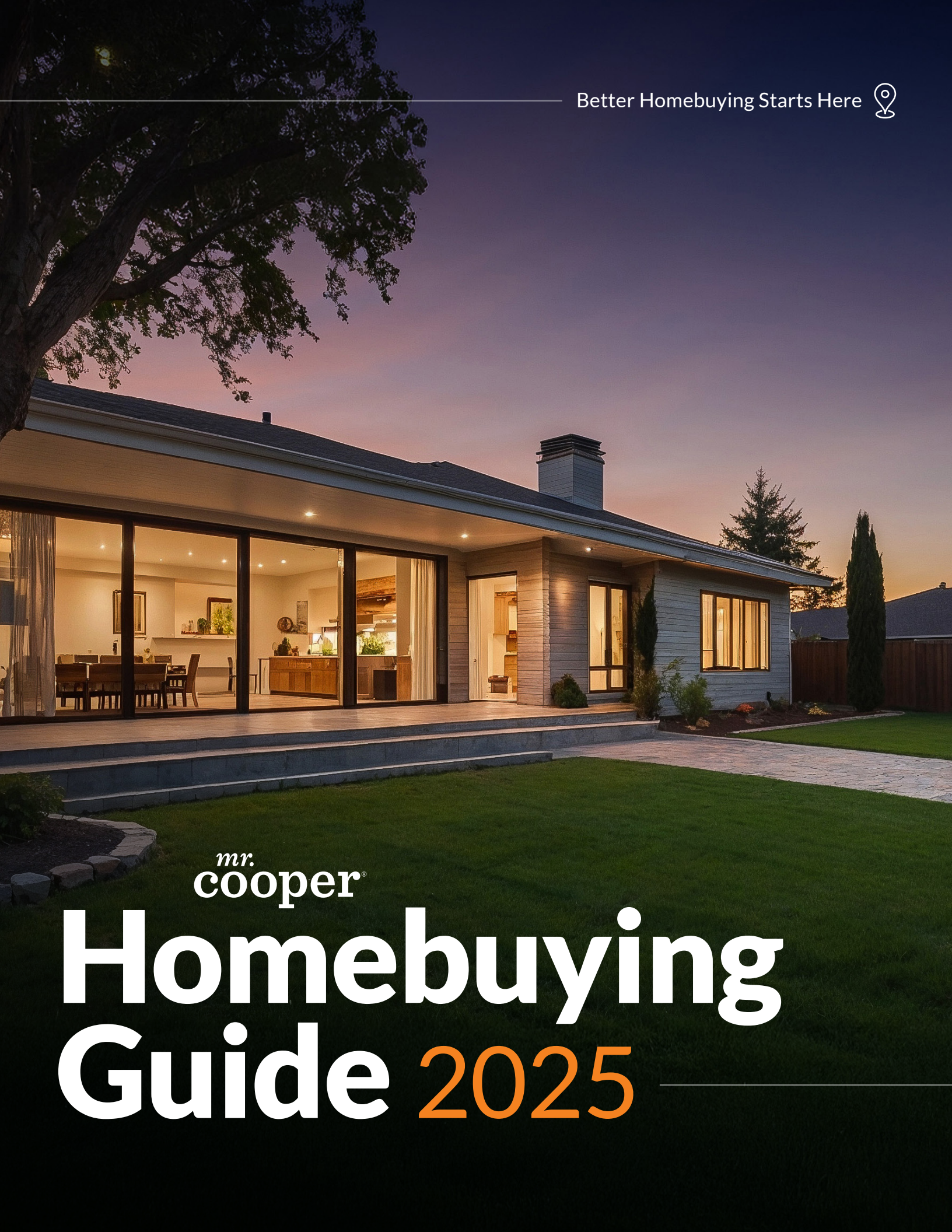

Better Homebuying Starts Here

mr. cooper®

Homebuying Guide 2025

LOOK INSIDE

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SHOP SMARTER. BUY WITH CONFIDENCE.

Better Homebuying Starts Here

Buying a home in 2025 is a lot of things—exciting, empowering, and complex. But we're here to help! This step-by-step homebuying guide is packed with tools and insights to help you navigate the process from preparing to shop to closing on your new home!

How long does it take to buy a house from start to finish?

You can expect between 4-6 months from the start of the process to the time you move in. Timing of the process is mainly affected by key factors like preparation, whether or not you're selling another home, your financial situation, and how long it takes you to find the right home.

Wherever you are in your home search, contact us to chat with a Mortgage Professional today. We are here to help.

833-818-1146

4 Things to Expect in 2025

Mortage Industry experts are predicting 2025[1] could bring positive changes in the housing market. Here are some trends they're forecasting for the year ahead.

- Mortgage rates may stabilize, which could increase buyer confidence.
- Home prices should rise at a slower rate than previous years.
- Bidding wars should remain uncommon.
- Use of **"Mortgage Buydown"** programs that temporarily lower interest rates will be more common.

STEP ONE

Get Prepared for Homebuying.

Picture your new home. Crunch the numbers. Talk strategy with a Mr. Cooper expert.

GET PREPARED FOR HOMEBUYING

Review Your Financial Health

Credit history, total debt, savings, income, and many other factors help determine how much home you can buy. Here are some steps to help determine your readiness to purchase a home.

Check Your Credit Score

Lenders use your credit score as one factor when determining your loan amount and interest rate. Most use credit reports from the three primary credit bureaus (Experian, Transunion, and Equifax) to evaluate your credit score. Generally, homebuyers with higher credit scores qualify for lower interest rates. You can claim a free copy of your three credit reports every 12 months from AnnualCreditReport.com or by calling 877-322-8228.

Prep Your Income and Employment Information

Lenders usually require proof of income and a work history of two years that demonstrates a consistent income. If you suffered a job loss due to the pandemic, lenders may factor that in. Proof of income can come from recent pay stubs, W-2s, income tax returns, proof of alimony, child support documents, or other income statements.

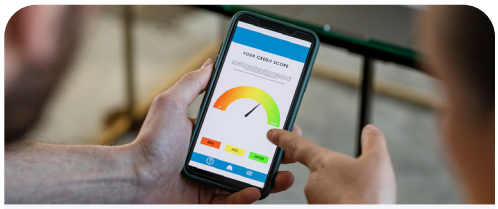
Calculate Your Debt-to-Income (DTI) Ratio

This ratio compares your combined monthly debt payments to your monthly gross income. You'll want to check with your lender for their DTI requirements, but generally speaking, the lower the better!

For example, if you have a $1,500 monthly mortgage payment, a $500 monthly auto loan payment, and pay an additional $400 in student loan payments and other debt like credit cards or personal loans, your combined monthly debt payment would be $2,400 ($1,500 + $500 + $400). If your gross monthly income is $6,000 then your DTI ratio would be 40%. ($2,400 ÷ $6,000 = 0.4 or 40%)

Did You Know?

Home price increases have been cooling since the pandemic. Data firm CoreLogic estimates that annual U.S. home price gains will slow to just 2.4% in 2025, compared to 3.4% in 2024.



Mr. Cooper Blog

Learn How To Boost Your Credit Score →

Review Your Financial Health *(cont.)*

Evaluate Your Options if You Currently Own a Home

If you already own a home, you may be considering several different options. Are you keeping the property and buying a new home or do you need proceeds from the sale to purchase your next home? Whatever the case, understanding your options and getting clear line of sight into the keep or sell scenarios is something you want to explore early.

Mr. Cooper Blog

Getting a Mortgage with a New Job →

Close & $ave

Introducing Mr. Cooper Close & Save. Work with Mr. Cooper and Mr. Cooper Real Estate Services for your next home purchase, the sale of your current home, or both for up to $10,000 in total savings on closing costs.[4]

Calculating Your Budget

As you start your homebuying journey, dream big—but don't forget to think about your wants and needs. Remember that you'll need cash for upfront costs. How much cash you'll need to buy a house will depend on factors such as the price of your home, your financing options, or even what negotiations you make with the seller.

And thinking about what you are actually comfortable paying every month for your home is another way to truly understand what you can buy, which is every bit as important as the loan amount you may be able to qualify for with a mortgage lender. Here are common expenses that may factor in:

Down Payments

Many down payments are between 3% and 20% of the sale price, but the specific amount of down payment required by a mortgage lender varies. Contact a Mr. Cooper Mortgage Professional for more information.

Closing Costs

It's usually smart to prepare for 2%–6% of the purchase price. So, if you're buying a home worth $200,000, you might pay $6,000–$12,000 in closing costs. (Learn more about closing costs on Page 29.)

Property Taxes and Insurance

Property taxes and homeowners insurance can also contribute to how much cash is needed upfront to buy a home. Mortgage lenders often require you to put deposits toward these expenses in an escrow account so the lender can pay them on your behalf later.

Cash Reserves

Some lenders require borrowers to have a cash reserve. Checking and savings accounts are common cash reserve options but lenders might also accept other liquid assets such as money market funds, stocks, and certificates of deposit.

Mr. Cooper Blog

How Much Cash Do You Need To Buy a House? →

Calculating Your Budget *(cont.)*

Moving Costs

Don't forget about non-mortgage-related expenses like moving costs, utility deposits, and new furniture. According to **moving.com**, the average "long-distance move" of 1,000 miles can cost almost $5,000.

Crunch the Numbers

Use our mortgage calculators to find a monthly mortgage payment that makes you feel comfortable. You can plug in the numbers to find your ideal price range, get a sense of your monthly mortgage payment amount, and identify how much you can—and should—borrow.

Mr. Cooper Blog

How Much House Can I Buy? →

Mr. Cooper Blog

What You Need to Know About Making a Down Payment →

STEP TWO

Understand Your Options.

Get familiar with your mortgage options and find your perfect real estate agent.

UNDERSTAND YOUR OPTIONS

Know Your Mortgage Loan Options

No two borrowers are exactly alike—that's why home loans come in so many varieties. Our Mortgage Professionals can help find the type of loan that is right for you. Here's what you need to know to get started.

Each loan option is made up of three elements:
Loan Term, Interest Rate Type, and Loan Type

1. LOAN TERM

This represents how long you have to repay your loan. The most common loan terms are 30 years and 15 years, but there may be other durations depending on your loan type and other factors. Usually, the longer your loan term, the more interest you will pay over the life of the loan and your interest rate may be higher for a 30-year term than a 15-year term. Loans with shorter terms generally have lower interest costs but higher monthly payments than loans with longer terms because you are paying the entire loan off in a fewer number of payments.

2. INTEREST RATE TYPE

The choices are generally fixed rate or adjustable rate. This choice affects whether your rate and payment changes over the course of the loan or remains the same.

Fixed Rate

A fixed-rate mortgage remains consistent over the entire term of the loan. That means monthly payments are more predictable because the total amount of principal and interest that you pay each month does not change. Insurance and taxes, which are often included in your monthly payment if your loan is escrowed, likely will increase over time because these costs generally rise. A fixed-rate option could be best if you value more certainty in long-term costs.

1% Mortgage Markdown

We'll Knock 1% Off Your Rate for a Full Year

Mr. Cooper's 1% Mortgage Markdown[2] discounts your monthly payment by reducing your interest rate by a full percentage point for the first year on your new home purchase.
Get Started. →

**See disclosures on page 33*

Know Your Mortgage Loan Options *(cont.)*

Adjustable Rate

These types of mortgages do exactly what their name suggests—the rates adjust periodically. Adjustable-rate mortgages (ARMs) typically have two periods. During the initial period, often five or seven years, your interest rate is fixed and won't change. But you should be aware that after the initial period, the rates will adjust to current market conditions which means there is a risk of the rate and the monthly payment increasing. During the second phase when your loan is subject to adjustment periods, your rate may go up or down based on market changes. ARM terms vary – contact a Mr. Cooper Mortgage Professional for more information.

Adjustable Rate vs. Fixed Rate: What To Know

Explore the differences between each interest rate type here. **Learn More →**

Did You Know?

In 2025, loan limits for most mortgages are increasing! You can now get a conventional loan for up to $806,500 in most areas of the country and $1,209,750 in Alaska and Hawaii.

Need more? There are Jumbo options available for qualifying borrowers who need higher limits.

3. OTHER POPULAR LOAN OPTIONS AND BENEFITS

Higher Loan Amounts

Loan amounts for most government-backed mortgages are capped based on the county where the property is located. Today, most counties have a limit of $766,550 for "Conventional" loans. But if you need a higher limit, there are "Jumbo Loan" options that can allow qualifying homebuyers to borrow up to $2.5M.

Low and No Down Payment Options

While you might see 20% as the common down payment amount suggested for your mortgage, there are options where qualifying borrowers can put as little as 3.5% or even 0% down. These options are usually available through government programs to help make mortgages more affordable for homebuyers.

Know Your Mortgage Loan Options *(cont.)*

Closing Costs

Some loans and lenders allow homebuyers to roll their closing costs into the mortgage—freeing up cash that would otherwise be paid on the day the loan closes.

Flexible Credit Requirements

Some government-backed programs make it easier for borrowers with lower credit scores to qualify for mortgages. You may hear FHA loans mentioned. These are loans backed by the Federal Housing Administration. But there may be state or local programs available too that help borrowers who otherwise wouldn't be able to afford or qualify for a mortgage.

Veteran Benefits

Former and active-duty service members and qualifying family members, may be eligible to take advantage of special veteran-only benefits such as flexible credit requirements, lower-interest mortgages, and capped closing costs. Make sure to ask one of Mr. Cooper's Mortgage Professionals about this option if you are a veteran.

Stay Up to Date on Rates

Find today's mortgage rates **here →** Uncertain about how changing rates could impact your potential mortgage? Don't worry, Mr. Cooper's Rate Freeze gives you peace of mind in securing your rate while you shop for up to 90-day rate lock to help you move forward with confidence.[3]

UNDERSTAND YOUR OPTIONS

Find the Right Agent

Choosing a great real estate agent is one of the most important parts of the homebuying and selling process. They act as your personal representative, helping look out for your best interests, finding homes that meet your criteria, helping you make and evaluate offers, and even negotiating on your behalf. We recommend spending time to make sure you find the right one.

Here are some questions to ask before hiring one:

"How many homes have you helped buyers purchase and or sell in the past year?

You should get a sense of how much expertise the agent has to navigate the current market and that their experience fits your specific needs. You may also want to understand their local or neighborhood knowledge and whether they specialize in certain types of real estate transactions (land, rentals, or investment properties may or may not be as relevant to your needs).

"How many years of experience do you have and do you work full- or part-time?

A seasoned agent can help you avoid overpaying and spot common problems with a house. But equally important is understanding how much time and effort an agent typically puts toward clients. It can also reveal if an agent will be available for last-minute showings, negotiations, and inspections.

Close & $ave

Get up to $10,000 When You Buy & Sell.

Introducing Mr. Cooper Close & Save. Work with Mr. Cooper and Mr. Cooper Real Estate Services for your next home purchase, the sale of your current home, or both for up to $10,000 in total savings on closing costs.[4]

**See disclosures on page 33*

Mr. Cooper Blog

10 Questions to Ask a Real Estate Agent →

STEP THREE

Get Pre-Approved.

Stay one step ahead in today's competitive market.

GET PRE-APPROVED

Get Pre-Approved for a Mortgage

Learn how much home you can qualify to purchase by getting pre-approved for a mortgage loan. It's a simple, short process that delivers major peace of mind.

What Is a Pre-Approval?

It's a letter from a lender that indicates the type and amount of loan you may qualify for. It gives you a solid idea of how much you qualify for to help you target a specific price range when home shopping.

How To Get Your Pre-Approval Letter

Mr. Cooper offers a simple, fast, and free Pre-Approval process. Just provide some basic information (income, assets, etc.), we'll do a soft credit check that won't impact your credit score, and then we'll either provide your Pre-Approval letter or reach out if we have questions or need additional information. The whole process takes just a few minutes.

There Are No Commitments

Getting Pre-Approved with Mr. Cooper does not obligate you to get a mortgage or buy a house.

It Helps Your Real Estate Agent

The National Association of Realtors says[5]: "Realtors® prefer to work with home buyers who have a pre-approval in hand for two reasons. First, a Realtor® knows the deal isn't likely to fall through, and second, when they know what you want and what you can afford, Realtors are able to do a better job of finding your dream home."

PreApproval

Get Pre-Approved in Minutes

House hunt with confidence! With our new online pre-approval, you can get pre-approved and print your letter in minutes. It's convenient, fast, and free. Plus, your letter is valid for 120 days.

Get Pre-Approved for a Mortgage *(cont.)*

It Speeds Up the Buying Process

Your lender will already have some of the key information they need at other points in the homebuying process and you can focus on houses in your price range to make shopping more efficient.

Your Pre-Approval Letter Lasts 120 Days

Mr. Cooper's pre-approval letters are valid for up to 120 days. Which should give you plenty of time to find and negotiate your new home purchase. And you can always level-up to a Verified Approval when you are ready to make an offer on a house.

A Verified Approval Is Even Stronger

A Verified Approval is a step above a Pre-Approval. Lenders only provide them after verifying your finances, and they can give sellers even more confidence in your bid. If you've already found the right home, a Verified Approval is what you'll want!

STEP FOUR

Shop for Your Home.

From fixer-uppers to new construction, it's time to see what the market has to offer.

SHOP FOR YOUR HOME

Organize Your Priorities

Before heading out in-person, we recommend putting together a checklist of your top priorities and ranking them in order of importance.

LIST OUT NEEDS VS. WANTS

Have your eye on a certain type of home, a list of preferred amenities, or a specific location? It helps to organize your list into Needs and Wants. This can help prevent emotional buying, eliminate homes that likely won't work for you, help you make appropriate compromises, and make your real estate agent's job easier. Here are some things to consider when making your list.

What are your location priorities?

Educate yourself about your target neighborhood—economic conditions, crime rates, family friendliness, schools, neighbors, amenities, utilities, and commute time, to name a few. Do your online research and ask your real estate agent to help you find this information.

What home features are non-negotiable?

Whether you're thinking about architectural styles, or perks like a pool, online listings may help you decide what is a deal-breaker and where you're more flexible.

StreetSmarts by Mr. Cooper®

House Hunt with an Edge

Mr. Cooper's StreetSmarts gives you power to browse millions of listings, get real-time housing market insights, and set up Home Alerts. You'll never have to worry about missing out on your ideal home. **Start searching →**

Organize Your Priorities *(cont.)*

How long do you plan to live in your new home?

The National Association of Realtors says the average homeownership is about **13 years**. But everyone has different goals. Be sure to consider your long-term goals before ruling out any potential homes.

What have you learned from your current living situation?

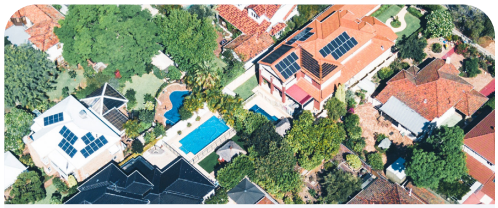
Your current home should inform your checklist for your next home. It's easy to list out the common negative issues (not enough bedrooms, lack of a remodeled kitchen) but try to think positive. What do you love about your existing home? Identifying these details can help you find a home you love.

Mr. Cooper Blog

5 Ways To Win a Bidding War on a House →

Mr. Cooper Blog

New Homeowners' Top 5 Regrets About Buying A House →



Mr. Cooper Blog

Cities or Suburbs: Your Working from Home Options →

SHOP FOR YOUR HOME

Check Out Homes in Person

Once you have a checklist of everything you want in a home, it's time to start touring properties. When viewing a home, be thorough. Test AC & Heating systems, outlets, showers & toilets, and all appliances. Don't forget to check on warranties. Take notes of repairs or upgrades you'll have to consider if you decide to buy the home. Here are some common house-hunting priorities:

Home Condition

Whether you're looking for a renovation project or a move-in ready home, be sure to scrutinize the property's condition. It could affect whether a home will qualify for a mortgage, especially with FHA loans.

Square Footage

Whether you need space for your kids to play and grow, or are downsizing to a smaller footprint, make sure the home fits your needs for now—and the future.

Flexible Rooms

Keep an eye out for opportunities to create spaces you might need—like a home office, gym, or playroom.

Outdoor Space

Think about your lifestyle when you look at outdoor spaces. Whether you love hosting barbecues in the summer, or just need space for your dog to roam, you'll want to think ahead while home shopping.

Hot Tip

Even if you're looking at new homes that you can purchase directly from the builder, having a real estate agent negotiate upgrades and concessions on your behalf could save money and secure amenities you didn't expect or think to ask about.

Mr. Cooper Blog

5 Steps to Downsize Your Home →

Check Out Homes in Person *(cont.)*

Neighborhood Traffic, Noise & Feel

Make sure to look at properties you like at different times of day and different days of the week.

That quiet street close to the school at 10 a.m. on Thursday may be quite different at school drop-off and pick-up time. Are those train tracks just outside the backyard still in use? If so, when? Is the house you are considering one of the first in a new neighborhood? If so, are you OK with construction traffic, noise, and possible service disruptions for the foreseeable future?

Freeze Rates While You House Hunt[3]

Don't let interest rates creep up while you're shopping for a home. With Mr. Cooper, you can freeze your rate for 90 days while you search for a home you love. And, if rates drop during that time, no problem. You'll have the option to float your rate down, too.

Ready to learn more about Rate Freeze? Call a Mr. Cooper Mortgage Professional now at **833-786-2043.**

Mr. Cooper Blog

What to Know About Moving to Another State →

STEP FIVE

Buy Your Home.

Make an offer. Get accepted. Finalize your mortgage application. Prepare to close.

Make Your Offer Stand Out

A rejected home offer can be heartbreaking—but it can happen. While it helps to make the highest offer, there are other ways to help gain an advantage.

Present a Verified Approval letter

This shows sellers you're a serious bidder and your deal is less likely to fall through.

Have a Guaranteed Closing Date

Use a lender who offers a closing guarantee, like **Mr. Cooper's Close On Time Guarantee**[6]. They give sellers and agents added confidence at closing.

Make an Earnest Money Deposit

This "good faith deposit" helps show sellers you're serious about buying. Earnest money deposits typically range from 1%–3% of the purchase price and usually go toward your down payment and closing costs.

Offer Contingencies

Contingencies can sweeten the deal for a seller or buyer. Consult with your real estate agent to learn what could help your offer stand out.

About Negotiations

Keep in mind, negotiations can go on for days or weeks after you submit your offer. Your real estate agent will help you manage your negotiations, but don't be afraid to walk away from a home that's starting to exceed your budget and planning.

Make Your Offer Stand Out *(cont.)*

AFTER YOU MAKE YOUR OFFER, BE PREPARED FOR THE SELLER TO RESPOND IN ONE OF THREE WAYS:

1. Accept the Offer

If they accept your offer, it's time to move on to the next step.

2. Reject the Offer

If they reject your offer, you can try to submit another offer or move on to another home.

3. Counter Your Offer

The seller can also respond with a counteroffer. They could adjust the purchase price or the terms of the sale. You can accept the counteroffer, reject it, or make your own counteroffer.

Mr. Cooper Blog

4 Reasons (Besides Money) Behind a Rejected Home Offer →

Mr. Cooper Blog

Top 5 Homebuying Mistakes in a Competitive Market →

Offer Accepted! Now What?

Imagine this: You find a home you love, you make the best offer, and it gets accepted! Here's the final steps to take before closing on your new home.

Finalize and Submit Your Loan Application

The first step after an accepted offer is to apply for a mortgage. Because you've already done your research to find your best loan options, it's time to notify your lender. And if you've already worked with them for your Pre-Approval or Verified Approval, they should be in a position to get moving quickly.

Mr. Cooper makes the process simple and fast. You can **get started online** or by calling a Mr. Cooper Mortgage Professional at **833-818-1146**.

Pro Tip: Having the required mortgage documents ready to go can help speed up the process. Here's a list of some key documents you might need to submit with your application:

- Purchase contract signed by all parties
- Identification for each borrower (Photo ID)
- Authorization to pull credit report
- 1-2 years of tax returns (personal, business, and/or income)
- 2 years of W-2 forms
- The most recent 30 days' worth of pay stubs
- Most recent 2 months of statements for all accounts listed on application (bank accounts, investment accounts, retirement accounts, credit cards, student loans)
- A declaration of any legal circumstances that may affect your financial situation (divorce, alimony, child support)
- Letter of explanation for any large deposits (gift letters, sale of asset)
- Rental history

A Note About Your Credit

Don't make any big purchases or apply for a new line of credit during the loan application phase. Either could hurt your credit score and may affect your ability to qualify for your loan.

Mortgage lenders typically do a last-minute check of your credit before you go to closing and significant changes can impact loan approval.

Offer Accepted! Now What? *(cont.)*

Get a Home Inspection

Although a home inspection isn't always required by your lender, getting one is always wise. It gives you a better sense of exactly what you're buying. Home inspectors will test electrical and plumbing systems, check appliances, check for anything harmful such as lead paint or mold, and inspect other safety measures. The inspector will then give you a report detailing any issues with the home. Buyers are usually responsible for selecting the inspector and paying for their services.

Obtain a Home Appraisal

A home appraisal determines the value of the property you are buying. If your home appraisal comes back lower than the purchase price, the lender may not lend you the full amount to purchase the property. If this happens, you can ask the seller to reduce the price or you could be liable for making up the difference between the agreed upon sales price and the appraised value. Many buyers include home appraisal contingencies for this reason. This will enable you as the buyer to cancel the purchase contract if the home appraisal comes back lower than the agreed selling price.

Do a Final Walkthrough

A final walkthrough allows you to make sure that the seller has everything in order. You should make sure the seller hasn't left any belongings, check to ensure requested repairs were made, and double-check the home's key components and systems (A/C, heating, irrigation, etc.) to make sure everything is in working order.

Ask for Repairs or Credits

After your inspection, you could ask the seller to correct any problems or issues surfaced in the inspection. Here are a few ways to address the issues with the seller:

- Request that the seller help cover some of your closing costs.
- Ask that the seller repair the problems or issues before you close.

STEP SIX

Close on Your Home.

Finish strong! Know the costs and what you need to close on time.

CLOSE ON YOUR HOME

What To Expect at Closing

Closing is the pinnacle of your mortgage journey. It's finally time to gather your important information and sign the necessary documents that finalize your home loan and transfer the property's title to you. Here's what you can expect during the closing process:

Before Closing Day

In the days leading up to closing day, your lender will send you a Closing Disclosure, which outlines what you need to pay at closing and summarizes your loan details. You'll also need to share various mortgage documents required by your lender. Having those documents prepared ahead of time can help speed up the process and keep you organized.

On Closing Day

Be sure to bring your government-issued ID, a copy of your Closing Disclosure and proof of funds for your closing costs, or in some cases a money order addressed properly. During the meeting, you'll sign all the mortgage closing documents related to the home sale, including the mortgage note and home deed. These documents officially transfer ownership of the home to you.

CLOSE ON TIME GUARANTEE

Close on Your New Home with Confidence

Mr. Cooper is so committed to closing your loan on time, we'll cover your first month's mortgage payment (principal + interest) in the event of a delayed closing through our Close on Time Guarantee[6].

*See disclosures on page 34

Review Documents Carefully

With so many documents to sign, closing day can be a stressful time. Keep in mind that you should closely review all documents and take time to ask questions.

CLOSE ON YOUR HOME

Understanding Closing Costs

Closing costs shouldn't be a surprise. Below, you'll find some of the most common costs to expect.

Escrow Deposit

The money you put in escrow each month is used to pay property taxes and insurance related to your property. Some lenders may require you to escrow depending on the circumstances of your mortgage. If you have an escrow account, you typically need a two-month deposit up front.

Survey Fee

The cost for surveying to confirm dimensions and area of the property. The survey includes the width and depth of the lot, as well as other details. In some states the seller must pay for the survey prior to the closing so that it is presented as part of the loan application.

Private Mortgage Insurance (PMI)

PMI protects the lender against default. It's generally required when the down payment is less than 20%. It's usually included as part of the monthly payment, but in some cases you can pay it upfront as a part of closing costs.

Title Insurance

Under owner's coverage, the title to your home is insured if disputes or claims arise after closing.

Property Taxes

As a buyer, you only pay for the portion of the tax period that you own the home. So, if your new loan starts December 1st, you'll typically only owe for only that month and the previous owner will pay 11 months' worth of taxes at closing. Pro Tip: You could qualify for a Homestead Exemption which helps reduce your tax bill by allowing you to shelter an eligible portion of your home's assessed value from property taxes. Homestead exemption laws vary on a state-by-state basis. For example, some states automatically offer a homestead exemption. In other states, you may have to fill out an application. **NOTE:** If you are buying a new home, be aware that taxes may increase significantly in the next tax year because they likely were only assessed on the land value in the year the home was built.

Beware of Closing Scams

Scammers may pose as your real estate agent, settlement/title agent, or another trusted source to steal your closing funds. **These simple tips can help protect you.**

Did You Know?

Closing costs usually equal 2%-6% of a purchase price, with many homebuyers rolling them into their loan. These costs cover for everything from your initial property taxes and insurance to a home's appraisal and survey.

Understanding Closing Costs *(cont.)*

BREAKING DOWN YOUR MORTGAGE PAYMENT

It might seem like one lump sum, but your mortgage payment is made up of several key parts:

Principal

This is the amount you borrowed for your mortgage loan. A portion of each payment goes toward paying off your outstanding principal. In the early years of your loan, the principal portion is small, but it increases with each payment and helps you build equity.

Interest

This is the amount your lender charges for the money you borrowed. In the early years of your loan, the interest portion is larger, but it lessens with each payment.

Private Mortgage Insurance (PMI)

For conventional loans, unless you have 20% equity in your home, a small portion of your monthly payment goes toward paying for PMI, which protects your lender in case a borrower defaults. Once you've reached 20% equity in your home, PMI may be eliminated from your mortgage payment.

IF YOU HAVE AN ESCROW ACCOUNT

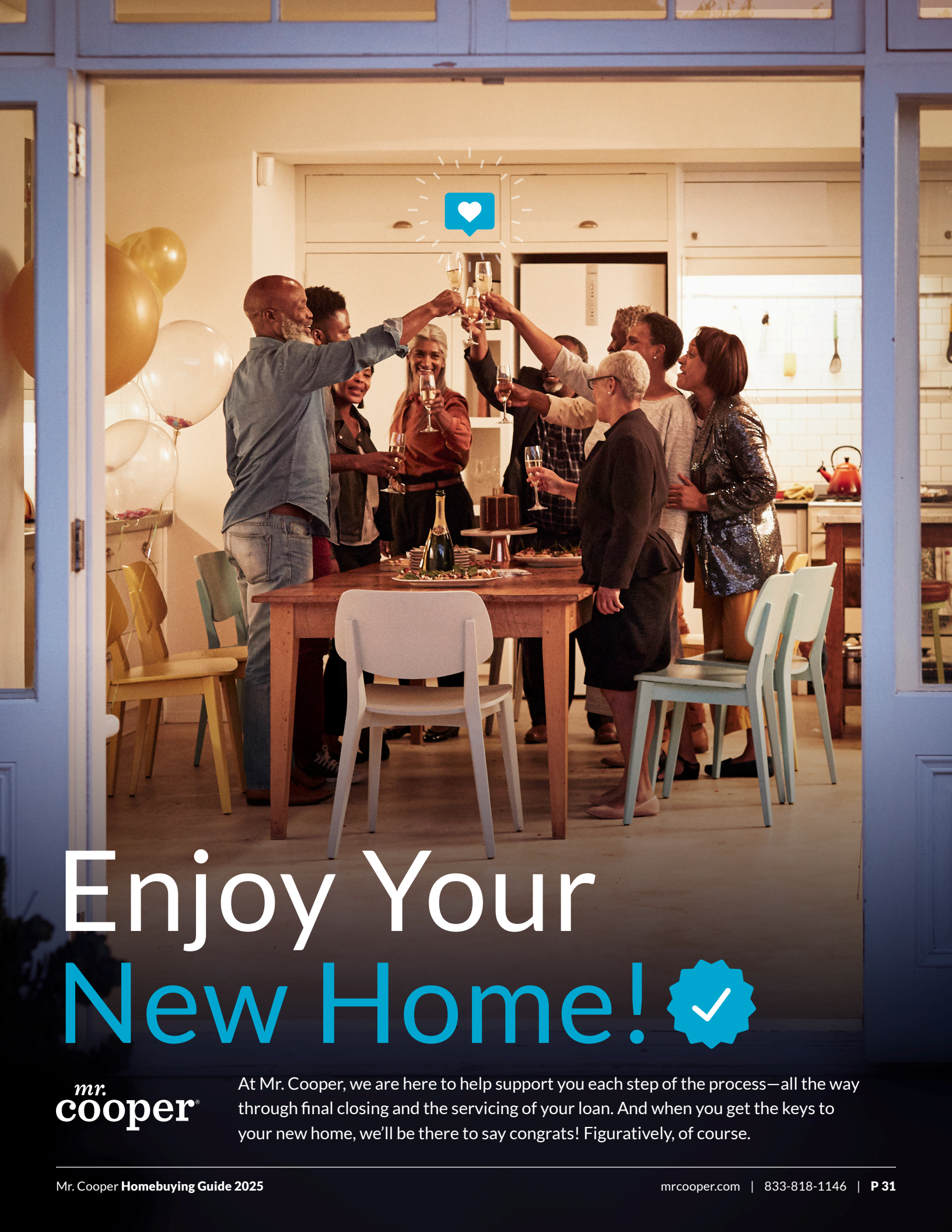
Reminder: An escrow account is where funds are held to pay property tax and insurance bills on your behalf. If your loan is escrowed, a part of your mortgage payment goes into your escrow account every month to make your property tax and insurance payments for you.

Property Taxes

A portion of your monthly payment will be placed in an escrow account for your lender to use to pay your property taxes on your behalf.

Homeowners Insurance

A portion of your monthly payment will be placed in an escrow account for your lender to use to pay your homeowners insurance, which protects against storm damage, fire, theft and accidents that may occur on your property.



Enjoy Your New Home!

mr. cooper®

At Mr. Cooper, we are here to help support you each step of the process—all the way through final closing and the servicing of your loan. And when you get the keys to your new home, we'll be there to say congrats! Figuratively, of course.

Attention Homebuyers!

We'll Knock 1% Off Your Rate for a Full Year.[2]

Mr. Cooper's 1% Mortgage Markdown discounts your monthly payment by reducing your interest rate by a full percentage point for one year on your new home purchase.

- Get one full year of lower payments.
- Lower payments start immediately.
- In some cases, sellers and builders also **"markdown" or "buydown" options**[7], offering other ways to lower your interest rate.

Learn More >

APPENDIX

Legal Disclosures & Third-Party Links

Below, you'll find important citations and disclosures to help you understand the sources and programs mentioned in the Mr. Cooper 2025 Homebuying Guide.

1. https://www.corelogic.com/intelligence/us-home-price-insights-december-2024/

2. Mr. Cooper's Mortgage Markdown is a temporary buydown program that reduces the borrower's effective interest rate and effective monthly payment for a one year period of time by establishing a custodial escrow account, which will be funded partially by the lender and partially by the borrower (in the case of a VA loan the account will be funded entirely by the lender), and funds will be dispersed from the escrow account to cover the difference in interest during the one year buydown period which subsidizes the monthly payment amount. Mortgage Markdown is available for purchase loans that are locked by 09/30/2025. Mortgage Markdown is only available on purchase loans for primary residences. Not available on jumbo loans, second mortgages, or refinance transactions. Offer may not be redeemed for cash or credit and is nontransferable. Offer cannot be retroactively applied to any loans. This offer is subject to changes or cancellation at any time at the sole discretion of Mr. Cooper. Not available on all purchase transactions. Additional restrictions/conditions may apply. Offer is contingent on qualification per full underwriting guidelines.

3. 90 day interest rate locks available only on purchase loans. One interest rate "float down" available within 30 days of the purchase loan transaction closing date upon request. Contact your Mortgage Professional for float down. 90 day locks and float down not available on jumbo loan products. Other conditions and restrictions may apply.

4. Up to $10,000 cashback based on customer purchasing a new home using an agent referred by Mr. Cooper Real Estate Services and obtaining a $1,000,000 purchase loan from Mr. Cooper for a lender credit of $5,000 and selling a $1,000,000 property using an agent referred by Mr. Cooper Real Estate Services and receiving a rebate of $5,000. Lender credit provided by Mr. Cooper. Rebate offered by independent referral brokerage to customers after closing the sale of a property. Lender credit depends on the loan amount and rebate amounts depends on property sale price so individual results will vary. Not available in all states. See full terms and conditions.

Rebate disclosure: to obtain the Mr. Cooper Close & Save rebate, customers must list and sell their property using a real estate agent referred by Mr. Cooper Real Estate Services, a licensed real estate brokerage, and an independent referral real estate brokerage. After closing, the referral brokerage will issue the rebate. Rebate is .5% of the sale price. For example, for a $250,000 sale, a customer would receive a rebate of $1,250 from the referral brokerage. Ask referral brokerage for details. Rebate not available in Alaska or Oklahoma. Rebate not available for employer-sponsored relocations or transactions in Iowa or outside the U.S. In Kansas and Tennessee, consumers will be issued gift card. In Mississippi, New Jersey, and Oregon, a commission reduction may be available at closing. Rebate not available in certain transactions with restricted agent commissions (including many new constructions, For Sale by Owner, or For Sale by iBuyer transactions). The referred agent can identify transactions where the rebate is not available. Customers retain the right to negotiate their individual listing agreement. Additional restrictions/conditions may apply. Offer subject to change or cancellation without notice.

Lender Credit disclosure: to obtain the Close & Save lender credit, customers must purchase a new home using an agent referred by Mr. Cooper Real Estate Services and obtain a purchase loan from Mr. Cooper. Qualifying customers will receive a lender paid credit that is 0.5% of their loan amount. For example, on a home loan of $250,000, a customer would receive a lender credit of $1,250 toward closing costs. Offer does not apply to new loans submitted through a mortgage broker or on nonagency jumbo loans, non-QM loans, second lien products or team member loans. Offer may not be redeemed for cash and is nontransferable. Offer cannot be retroactively applied to loans where the rate has been locked. Additional restrictions/conditions may apply. Offer subject to change or cancellation without notice. This is not a commitment to lend and is contingent on qualification per full underwriting guidelines.

All agents have been independently vetted to meet performance expectations required to participate in the Mr. Cooper Real Estate Services network. You are not required to use a real estate agent referred from Mr. Cooper Real Estate Services as a condition of receiving a loan from Mr. Cooper, and you are not required to obtain a loan from Mr. Cooper to use an agent referred by Mr. Cooper Real Estate Services.

This is an advertisement and not a solicitation for agent representation if your property is currently listed with an agent. HomeSelect Settlement Solutions LLC dba Mr. Cooper Real Estate Services is a Mr. Cooper affiliate. 8950 Cypress Waters Blvd., Dallas, TX 75019. Licensed Texas Broker, license # 588848; Principal Broker Kevin Alaimo. Referrals to Mr. Cooper Real Estate Services may provide a financial benefit to Mr. Cooper. Anywhere Leads Inc.,175 Park Avenue, Madison, NJ 07940. Licensed broker in the state of Texas. Broker license #9009191; Clever Real Estate, 6358 Delmar Boulevard, Suite 300, University City, MO 63130. Licensed Texas Broker. Broker license #9010415; Jason Mitchell Real Estate LLC, 1000 Texan Trail, Suite 150, Grapevine, TX 76051. Licensed Texas Broker, Broker license # 728806; Vylla Home, 7600 Chevy Chase Rd., Suite 3, Austin, TX 78752. Licensed Texas broker, Broker License # 597813.

APPENDIX

Legal Disclosures & Third-Party Links (cont)

TREC: Consumer protection notice
https://www.trec.texas.gov/sites/default/files/pdf-forms/CN%201-50.pdf

Nationstar Mortgage LLC dba Mr. Cooper and HomeSelect Settlement Solutions LLC dba Mr. Cooper Real Estate Services are affiliates and separate legal entities..

5. **https://www.nar.realtor/sites/default/files/documents/2022-home-buyers-and-sellers-generational-trends-03-23-2022.pdf#page=49**

6. The Mr. Cooper® Close On Time Guarantee offers assurance to customers purchasing a home with a Mr. Cooper home loan that the loan will close on or before the contract closing date, or the customer will receive a check equal to their first month's principal and interest payment ("Guarantee Payment"). The customer is still responsible for making all scheduled loan payments according to the loan documents. For NY customers, this may be subject to attorney availability and requires Mr. Cooper approval.

Eligibility: To be eligible for the Mr. Cooper® Close On Time Guarantee,

(1) the customer must:
(a) submit a complete application for a purchase money home loan product directly to Mr. Cooper;
(b) provide a fully-executed purchase contract which must include all pages, addendums, and required signatures;
(c) provide all requested supporting documentation (including income/asset verification documents) needed to make a loan decision and signed initial loan disclosures within 24 hours of submitting the home loan application or within 24 hours of request. All required documents must be submitted electronically using Mr. Cooper's online portal, Loan Tracker; and
(d) remain responsive with any further requests from Mr. Cooper and third party providers (such as appraisers and inspectors) in connection with the processing and underwriting of the home loan by providing any required documentation, access to property, or other response within 24 hours of request; and

(2) The loan application must be for a first lien, conventional, VA, or FHA mortgage loan product. This offer does not apply to non-conventional, or non-QM loan products.

(3) All required appraisals and an acceptable home inspection must be received 10 days before the Guaranteed Closing Date. Title work must be completed 5 days before the Guaranteed Closing Date. Sufficient funds to close must be verified 5 business days before the Guaranteed Closing Date. All required approvals from third parties (e.g. HOA, Condo certifications, etc.) must be received 5 days prior to the Guaranteed Closing Date. If home purchase is dependent on sale of home, proceeds from home sale must be received same day or before the Guaranteed Closing Date. For home loans to be secured by new construction, Mr. Cooper must receive a completed Final Inspection and/or certificate of occupancy at least 72 hours prior to the Guaranteed Closing Date.

Guaranteed Closing Date: The purchase contract closing date ("Guaranteed Closing Date") must be at least 21 days for conventional loans and 30 days for VA and FHA loans after the date that the customer submits the complete mortgage application, purchase agreement, and all requested initial supporting documentation (including income/asset verification documents) to Mr. Cooper's Loan Tracker portal. If the loan does not close on or before the Guaranteed Closing Date (subject to these terms and conditions), the customer will receive the Guarantee Payment in the form of a check following the home loan closing. The customer is responsible for any tax liability related to participating in the program and should consult a tax advisor if there are any questions about their personal tax situation.

Important Restrictions: The Mr. Cooper® Close On Time Guarantee will not apply if: (1) an existing loan application has been submitted by borrower involving same subject property address as of May 19, 2019 (2) changes are made to the original closing date as documented in the purchase agreement; (3) changes are requested to the loan amount, product, or terms requested within 10 days of the Guaranteed Closing Date; (4) there are changes to borrower's income, employment, or debt from time of application to closing; (5) closing date extensions are due to a delay in completion of new construction, improvements, or property repairs; (6) either borrower or seller fails to meet purchase contract terms and requirements including seller-related delays, (7) home loan transaction involves a Co-op, CEMAs, or requires two or more appraisals, and/or (8) delay in closing is due to force majeure events including weather, or natural disaster.

Mr. Cooper reserves the right to amend, terminate, or withdraw the Mr. Cooper® Close On Time Guarantee at any time without prior notice.

7. **https://www.investopedia.com/terms/b/buydown.asp**

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