

# Home Buying Checklist

Congratulations on your decision to invest in a new home. It's a big decision with many complex steps. Follow these steps in your home buying journey to guarantee a smooth transaction.

## Determine Your Budget and Get Prequalified

- Establish a realistic budget based on your income, expenses, and savings
- Understand the difference between prequalification and preapproval
- Improve your credit score and save for a down payment

## Find a Skilled and Professional Real Estate Agent

- Look for an experienced buyer's agent who can guide you through the process
- Discuss your agent's communication style and references
- Understand the benefits of working with a buyer's agent and your responsibilities regarding buyer's agent commissions

## Start Your Home Search

- Identify your must-haves, nice-to-haves, and deal-breakers in a home
- Work with your agent to set up custom search alerts and schedule property tours
- Evaluate properties and learn about neighborhoods, schools, and local amenities

## Make an Offer and Negotiate

- Work with your agent to determine a fair offer price based on market conditions, comparable home sales, and the unique features of the home
- Understand the components of a strong offer and how to make your bid stand out
- Consider contingencies, such as home inspections and appraisals, and their potential risks and benefits

## Get a Home Inspection

- Hire a reputable home inspector to conduct a thorough inspection of the property
- Attend the inspection with your agent (if possible) and review the findings
- Consider additional assessments, such as a radon test, septic inspection, pool inspection, etc., as needed

#### Finalize Your Mortgage

- Respond quickly to your lender's requests for additional documentation and information
- Review and understand the Closing Disclosure or ALTA statement with your agent in advance of closing
- Know the amount of funds you need to bring in order to close
- Coordinate with your agent, lender, and title company for a smooth closing experience

#### Close on Your New Home and Celebrate Your Success

- Attend the closing meeting and sign the necessary documents
- Receive the keys to your new home and celebrate your achievement
- Stay in touch with your agent for ongoing support and resources as you settle into your new home

## Dos & Don'ts While Under Contract

Now that you are under contract to purchase your new home, there are some common mistakes buyers sometimes make that can kill a transaction. Be aware of and avoid these common mistakes as you progress through the final stages of your home buying journey.

### **✗ Don't Buy a Car or New Furniture**

It's an exciting time to dream of living in your new home, with all new furniture, and driving that new car. But until the lender has fully vetted your finances, making big purchases can disrupt your debt-to-income ratio and boot you out of qualifying for your home loan. Wait until you close on your home to go shopping.

### **✗ Don't Make Large Cash Deposits or Move Money Around**

Don't mislead your lender when asked about your regular income, additional sources of income, or anything that might affect your ability to qualify for a loan. Be upfront and honest. Don't make large cash deposits into your bank account or move finances from one account to another while the lender is still vetting your financial stability. When in doubt, contact your lender and ask for advice. Be forthcoming with all financial information so your lender can go to work for you.

### **✗ Don't Apply for Credit or Increase Your Limits**

When underwriting is working on verifying your income, debt-to-income (DTI) ratio, and ability to repay the loan, they take a snapshot of your financial situation. If you apply for additional credit or increase credit limits, you're just throwing a wrench into their process. You could throw your DTI off, which might disqualify you from the mortgage loan.

## Dos & Don'ts While Under Contract

### ✗ Don't Co-sign for Anyone

It doesn't matter if it's your brother or sister, aunt, cousin, or closest friend; don't co-sign anything when trying to qualify for a mortgage. When you co-sign—from a rental application to a car note—you're putting yourself on the hook for anything that might go wrong, which could kill your dreams of home ownership in a flash. Anyone who needs your creditworthiness to get a new apartment will need to wait until you close on your home.

### ✗ Don't Get Behind on Your Payments

Qualifying for a home loan is no small thing, and it's typically a longer process than many think. Now is not the time to skip a payment on your existing car note or your light bill. Those payments keep your credit score up. If you miss any of these payments, your credit score could be negatively affected quickly. So, keep those payments on time.

### ✗ Don't Change Jobs or Careers

This is a big one, especially if you're relocating. If you don't need to change your job, wait until you close on your new home. You may need to change jobs if you're moving to another city, but don't do it in the midst of buying a new home. You can count the last couple of years as income when you change jobs within the same field. But when you change to a new career, you're starting over. None of your previous income counts toward your new career, which could hurt your chances of getting that house.

### ✗ Don't Change Banks

Don't change banks in the middle of qualifying for a loan. Your lenders don't want to search for your money after they start working on your loan. If you don't like your current bank, wait until after you've closed on your home to migrate to a different one.

### ✗ Don't Close Credit Cards or Max Them Out

Believe it or not, closing a credit card can negatively impact your credit score. In essence, you're losing some of your credit ceiling when you close a credit card, which, in turn, upsets your DTI ratio. For the same reason, don't overuse your credit cards. Keep your credit usage to a maximum of 30% of your credit limit, and try to pay it off each month. Anything that negatively impacts your credit score could cost you your dream home.

## Dos & Don'ts While Under Contract

### ✓ Do Save Enough Money for Closing

Make sure you save enough money for closing costs in addition to your down payment. A good amount to save is around 10% of the home's purchase price. You should get a final amount needed for the closing the week prior. Set that money aside and don't spend it.

### ✓ Do Be Cautious When Consolidating Debt

When you start working with a lender, they will coach you to get into a better position to qualify for a mortgage. But don't go outside of their advice. Ask your lender about debt consolidation before you do anything with an outside company. Sometimes, consolidating can affect your credit score negatively, and that could set your timeline back by months.

### ✓ Do Wait Until You're Fully Funded Before Making Big Financial Changes

Wait until you have signed the papers on your new home and it is fully funded before making any significant changes in your finances. Disrupting your finances before your loan closes could disqualify you from the loan, and you won't be able to close on your new home.

### ✓ Do Hire a Skilled and Professional Real Estate Agent

You probably have a cousin or aunt who used to be a real estate agent, but you need someone who will work for you, protect your interests, and know the local market. For most home buyers, this is the single most significant investment, and you want someone who knows the market, is a skilled negotiator, and will work with you to help you achieve your homeownership dreams.

## Remember...

Buying a home is a considerable investment and will take patience and understanding on your part. Rely on your real estate professional to guide you through the process. They will represent you in the negotiations and through the transaction. When you have questions, they will share their knowledge and professional opinions to help you make the best decision possible.