

YOUR ULTIMATE

How To Buy a Home

CHECKLIST

 the balance

The logo consists of a stylized 'b' shape made of three overlapping colored segments: teal, orange, and red.

STEP

1



WARNING: If you are asked to provide information about your educational history, race, ethnicity, religion, disability, sexuality, or family status at any point, that's a clear violation of the [Fair Housing Act](#). Document the request and push back, or find a new lender. We also recommend notifying your local fair housing agency.

NOTES:

Gather Your Personal & Financial Information

Keep the following information on hand and up-to-date throughout your homebuying journey so you can respond quickly when or if it's requested. Note that in most cases, you'll need digital document files. During this step, digitize any paper-only materials so you are prepared to send your info quickly.

Personal Information

- Government-issued ID (driver's license, state ID card, or passport)
- Basic details including name, birthday, current address, and phone number(s)
- Social Security number
- Previous addresses that cover the past two years (if that is not your current address)
- State where you plan on purchasing your home
- Number and age(s) of dependents

Employment and Income

- Names, addresses, phone numbers, and dates of employment for all employers over the last two years
- 30 days' worth of paystubs
- Last two years of W-2s
- Last two years of personal tax returns
- If you own a business, last two years of business tax returns
- If applicable, copies of Social Security, pension, and/or retirement account payout letters and corresponding 1099s
- If applicable, letter explaining employment gaps, even for things such as parental or medical leave
- If applicable, information about recently closed and/or paid-off accounts listed on your credit report (proof of final payment, reason for payment/closure, and statement of account that paid the final bill showing where the payoff funds came from)

NOTES:

Assets

- 90 days' worth of bank statement for each checking and savings account you have
- 90 days' worth of statements for investment and retirement accounts
- If applicable, documentation of business assets (e.g., account statements, office space, and/or equipment)

Credit/Debt Obligations

- General summary of current credit and loan accounts based on your records. Lenders will pull a copy of your credit report, but it will be good to have this information to double-check that what they see is accurate and up-to-date
- Copy of current rental or mortgage agreement
- If applicable, explanation letter of past-due accounts, accounts in collections, etc.
- If applicable, bankruptcy discharge paperwork
- If applicable, documentation that corrects any errors listed on your credit report



Get Your Money Organized

Before mortgage lenders start asking you questions about your finances, both past and present, familiarize yourself with your money. Arming yourself with all this information will help you feel more comfortable with all the scrutiny that comes with a mortgage application. It's also a good time to be realistic about what you can afford and the funds you have to purchase a home, whatever that looks like for you.

NOTES:

- Check your credit report and score**
 - Is everything you see on your credit report accurate and up-to-date?
 - Where does your credit score fall on the typical FICO credit score range?
 - Is there anything you can do in the short term, before you formally apply for a home loan, to strengthen or boost your credit score? (For example, make an extra credit card payment to reduce your debt-to-income ratio.)
- Determine how much you could afford to pay on a mortgage each month, based on current income. To do so, calculate the following:**
 - How much are you paying for housing now?
 - How much are you putting toward debt payments each month?
 - How much are your typical living expenses each month, including utilities, food, transportation, and medical care?
 - How much remains after all the above?
- Add up and gather your down-payment funds**
 - What sources are you using? (Types of accounts may include CDs, investment accounts, etc.)
 - Note where this money is kept now, and how long it may take to transfer or cash out, if applicable
 - How much do you have altogether?



IMPORTANT: You'll need to put at least 20% down to avoid adding private mortgage insurance (PMI) to your monthly mortgage payment. However, you can buy a home with much less upfront. Minimum down-payment requirements vary based on the type of loan you are applying for and may be as low as 3%-5%.

- Research down-payment assistance programs**
 - What does your state offer?
 - If you are a veteran or active service member, what options do you have?
 - If you are open to buying in a rural area, what options do you have?
- Research what types of mortgage loans may be a good fit for your homebuying goals and your financial situation. Options include:**
 - Conventional loans
 - FHA loans (backed by the Federal Housing Administration)
 - VA loans from the Department of Veterans Affairs
 - Jumbo loans
 - Renovation loans
- Determine how much you are able to put down on a home with enough left to cover closing costs, which are typically 2%-7% of the final purchase price.**



STEP

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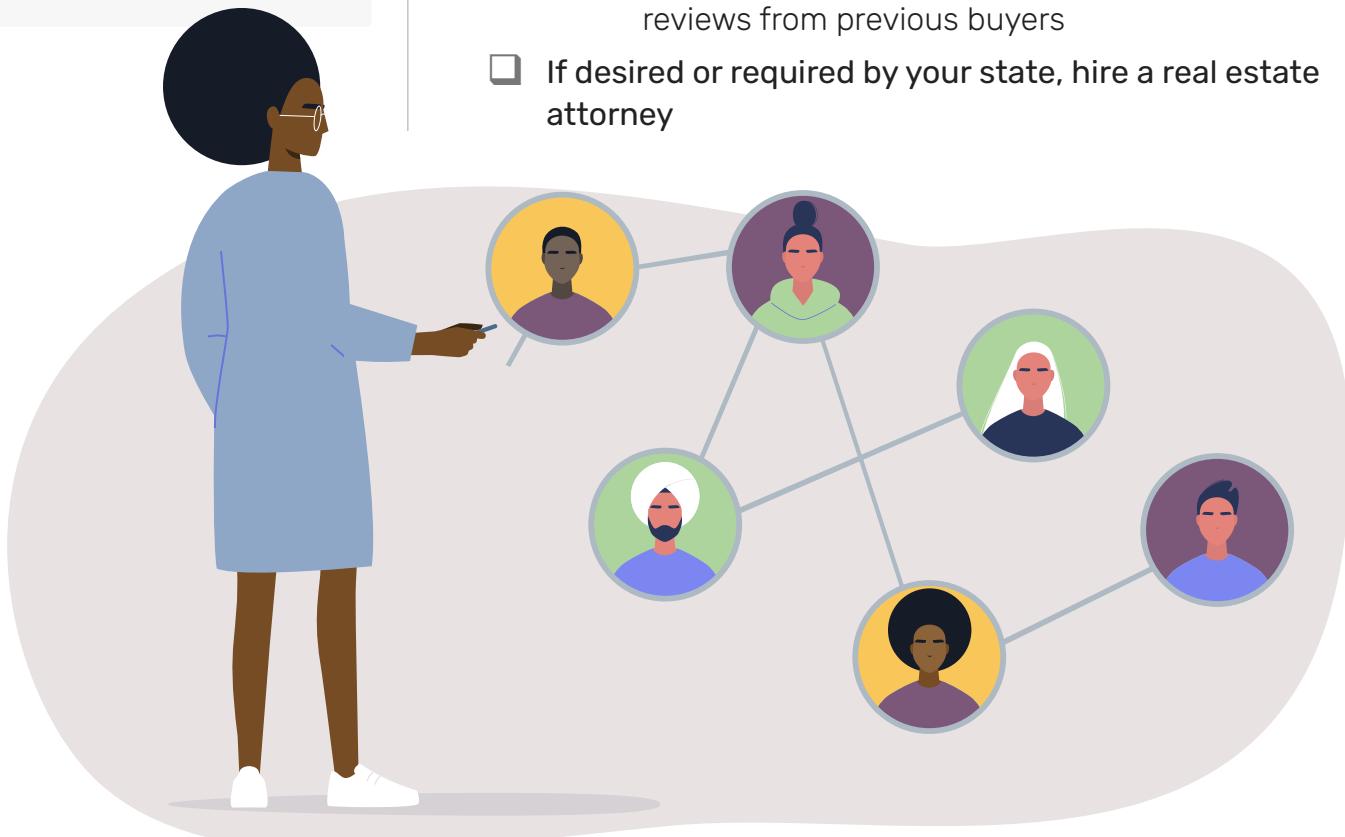


IMPORTANT: Your agent will be your go-to guide throughout this process. Not only should you feel comfortable working with them, but they should be able to provide recommendations for a lender, lawyer, and inspector.

Pick Your Homebuying Team

There are several people you will rely on during the homebuying process. The more you can lean on them and trust them to act in your best interest, the better. This step is all about selecting those key people—an agent, lender, lawyer, and home inspector—and how to do so.

- Find a real estate agent**
 - Ask friends or family for recommendations
 - Introduce yourself to agents at open houses
 - Read online reviews from previous buyers
 - Based on the information available to you, consider how this person will represent you and your homebuying goals
- Pick a lender. But first:**
 - Get lender recommendations from your agent (they likely have a network of trusted mortgage lenders)
 - Compare rates of online mortgage lenders
 - Once you have narrowed down your list, read online reviews from previous buyers
- If desired or required by your state, hire a real estate attorney**

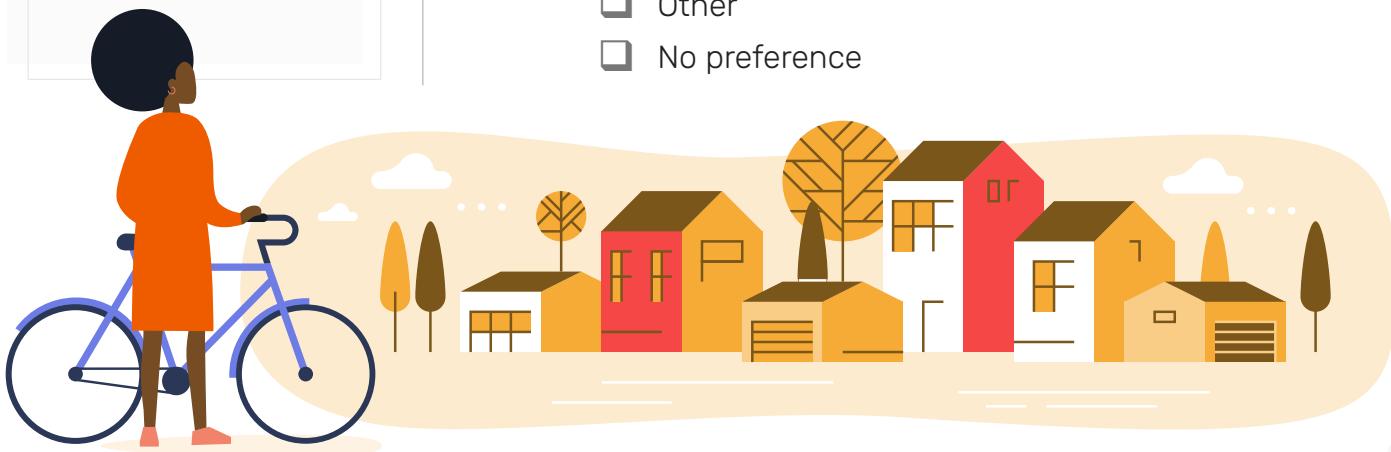


Shopping for a Home

Shopping for a home can be overwhelming, especially in a hot, fast-paced real estate market. There are a lot of features to consider in addition to being mindful of your budget. What matters most when shopping for a home is that the real estate options you are considering feel right for you, your needs, family, budget, and lifestyle. To help you stay focused, do the following:

NOTES:

- Make a list of your “must haves” and your “nice to haves.” Here are some home features to consider:
 - Square footage
 - Number of floors, if applicable
 - Number of bedrooms/bathrooms
 - Outdoor space (e.g., yard, patio, deck, pool, etc.)
 - Garage
 - Basement
 - Closet/storage space
 - Exterior look
 - Energy efficiency and energy options (e.g., gas connections for kitchen)
 - Fireplace
 - What type of home, generally speaking, are you interested in buying?
 - Single-family home
 - Condo/apartment
 - Townhome
 - New construction
 - Fixer-upper
 - Other
 - No preference

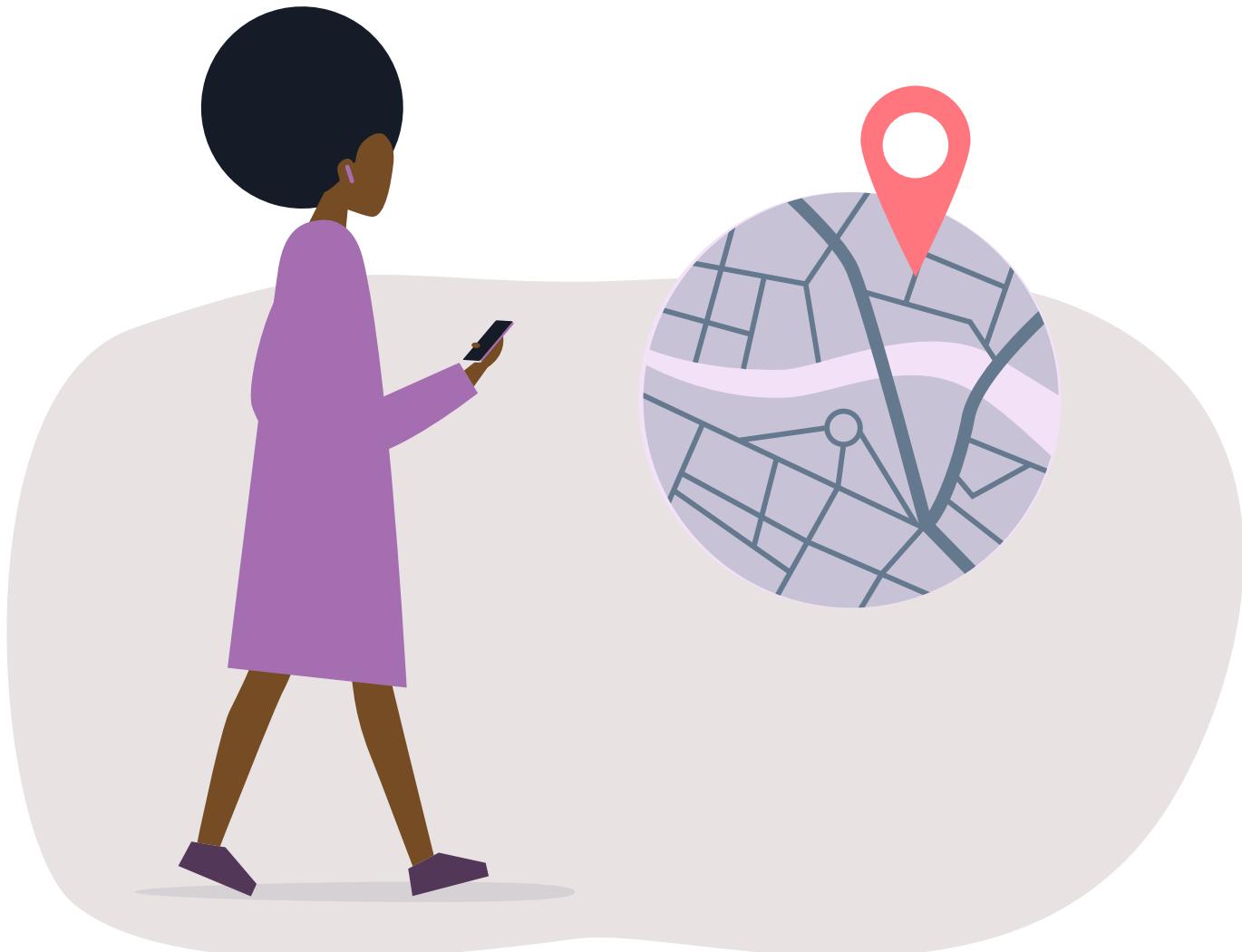


NOTES:

- Make a list of your desired neighborhood qualities/amenities. Here are some items to consider:
 - Schools
 - Neighborhood or zoning restrictions
 - Parking options
 - Road noise
 - Traffic
 - Snow removal
 - Garbage/recycling service
 - Walkability (e.g., are there sidewalks and/or protected crosswalks in the neighborhood?)
 - Access to work, medical care, groceries, and/or public transportation
- Using the lists above, make a list of homes for sale that fit the bill, ignoring price for now. When thinking about those homes, consider the following:
 - Do you like some listings that you were not expecting to find appealing? How does that help refine your search?
 - Can you find a home that fits your budget and checks off everything on your must-have list? If not, how can you make adjustments?
 - Have you discovered any firm “no” qualities based on the listings you have looked at? That’s helpful information to share with your agent, too.
- Tour your top picks or go over the listings again with your agent to see how your expectations should be adjusted or updated based on what you see in real life. Rinse and repeat.
- Questions to ask the seller’s agent/seller when looking at a home for sale:
 - How old is the roof?
 - How old is the HVAC/heating system?
 - Is the house in a flood zone?
 - Are there records of updates/maintenance from the prior owner?
 - How old are the appliances?
 - What appliances are included?
 - Is there any history of flooding/water damage?
 - How quickly is the current owner trying to sell?

NOTES:

- Ask your agent about the offer process so that once you find a house and are ready to make an offer, you know what to expect about the next steps. Ask them to clarify the following in particular:
 - What makes an offer strong and how you can put your best offer forward, based on your preapproval offer and down payment funds
 - Earnest money: What it is, how much to put down, and when it is due
 - How long your option period will be (may vary based on the property, seller requirements, and market conditions)
 - Set expectations about the current state of the market: How fast are transactions moving, when is the best time to make an offer, etc.
 - What will happen when your offer is accepted and you go under contract to buy



STEP

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TIP: It's not uncommon for this entire stage of the buying process to be handled digitally, so access to a computer or mobile device while you have offers out will help move the transaction forward.



NOTE: If the home price rises rapidly and outside of your financial comfort zone – which can happen in a competitive market – don't be afraid to step out and start looking for another house. That's a stressful and emotional situation, but all is not lost. You got close and with a little patience, you will find your home!

Make an Offer and Negotiate

When you find a home you want to buy, it's time to make a formal offer. Depending on the real estate market you are buying in and offers already submitted on the property, you may receive a response quickly and should be prepared to negotiate.

- Your agent will draft the formal offer letter, get your signature on it, and submit it to the sellers.
- If your offer is outbid by someone else, ask your agent to collect data on how your offer lines up to similar property values in the neighborhood. Based on the data, counteroffer your best possible price.
 - If you would like to counter, you will need to sign another offer letter.
 - If the seller is taking the best possible offers, don't overshoot your budget to win. Be realistic about what you can afford and are comfortable with based on all the financial prep you did earlier.

If your offer is accepted, congratulations! Now it's time to:

- Sign intent-to-purchase contract documents
- Notify your lender (your agent or attorney should handle this for you)
- Pay your earnest money to the designated escrow account (it will go toward your cash to close later)
- Ask your real estate agent for their preferred home inspector to get a quote(s) for their services. Inspections are not always required to buy a home, but they are recommended. You will need one general home inspector, but depending on the home, you may need to contact a variety of inspectors to get more expert insight depending on what the general inspector finds:
 - Chimney and/or fireplace
 - Septic
 - Plumbing
 - Roof
 - Electrical
 - Foundation

NOTES:

- Schedule a home inspection before the option period (sometimes called a contingency period) ends
- Based on the inspection report, negotiate any repairs, closing credits, or final sale price adjustments. Your agent and attorney (if applicable) can help with this and make sure that the transaction is fair for you (and potentially save you some money).
 - If seller concessions are offered based on inspection report findings, get clarification in writing how they are being made (your agent/attorney should assist here): Are they making repairs before closing? Are they covering some or all of the closing costs? Are they reducing the final home sale price?



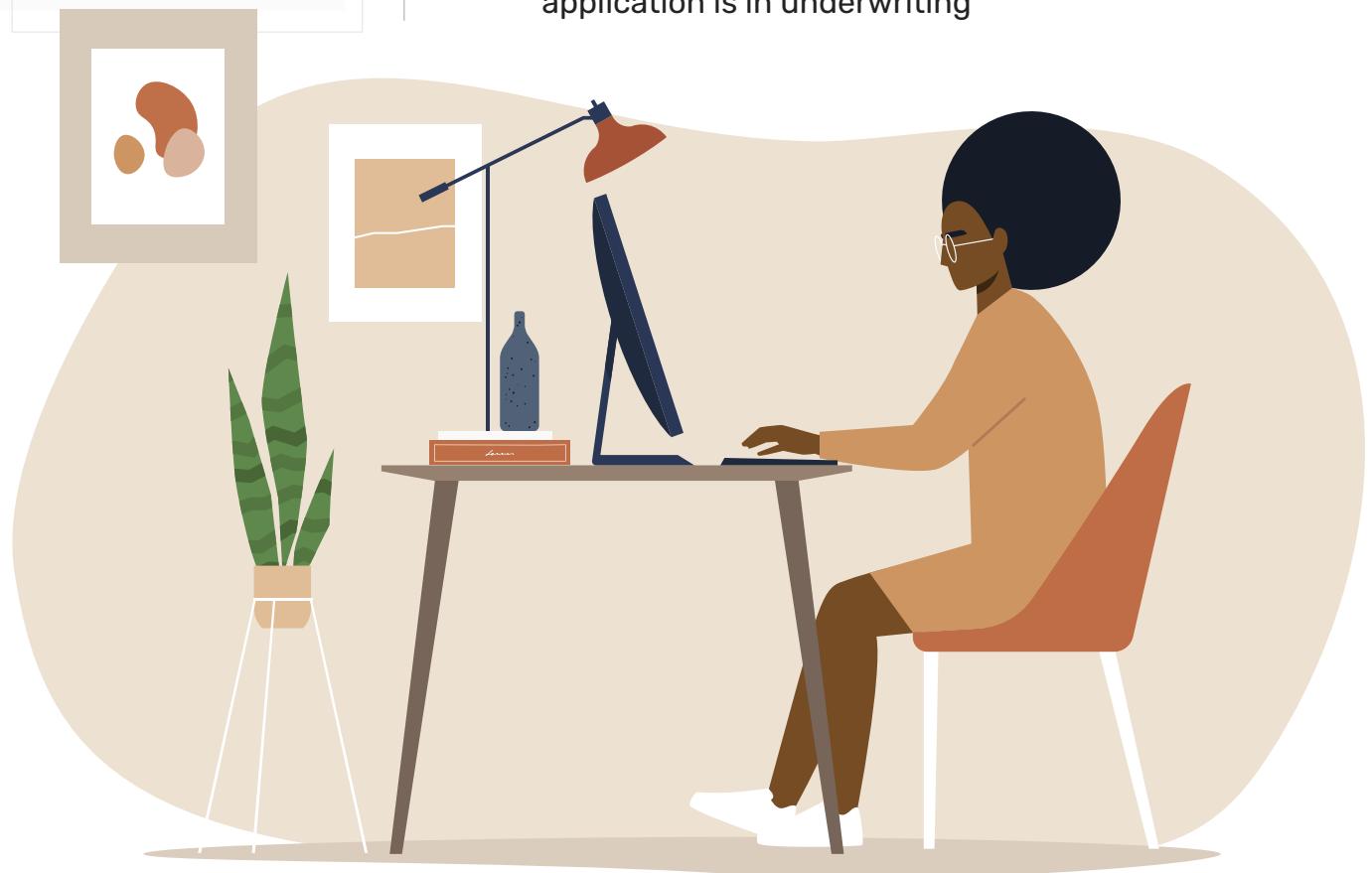
STEP

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Going Under Contract

Once you are under contract, the purchase agreement is set. There are only limited situations in which you or the seller can back out, and not without financial penalty. It also means you are very close to owning your home! Here's what this step entails:

- Sign final purchase contract once negotiation details are ironed out between agents and/or attorneys
- Purchase home insurance. You will need to secure home insurance prior to closing, and your mortgage lender will ask about this
 - Follow up on those home insurance quotes you got earlier
 - Check with your current auto and/or rental insurance provider to see what they would quote you for home insurance (sometimes bundling policies gets you a discount)
- Purchase a home warranty, if desired
- Keep an eye on your home loan status, and provide supporting documentation as requested while the application is in underwriting

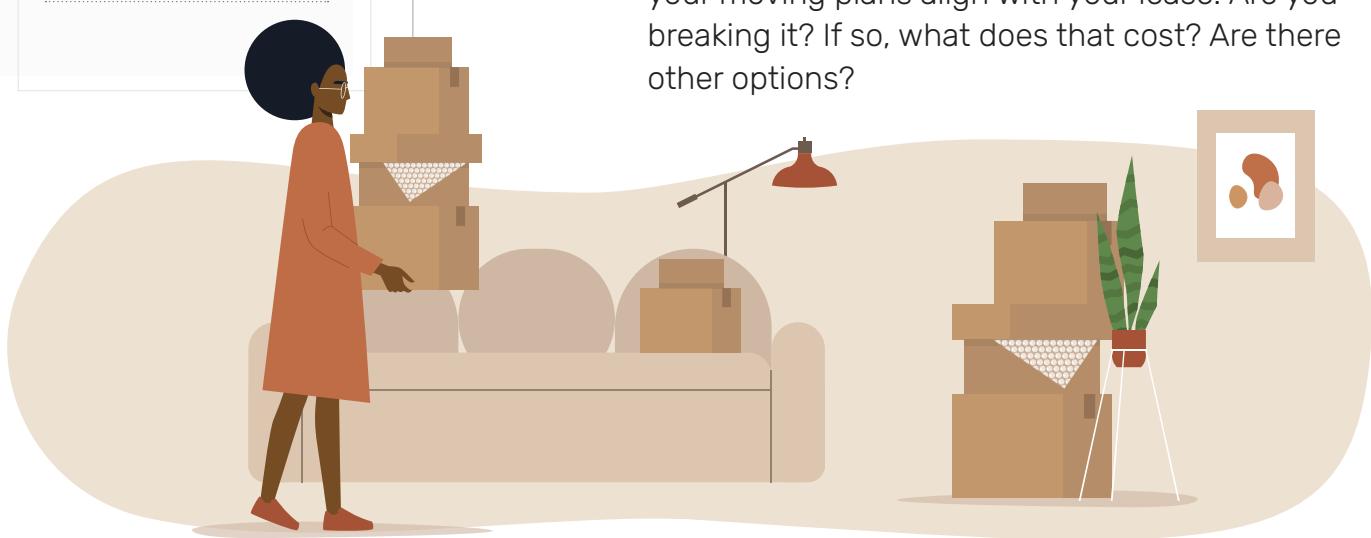


Prepare for Closing

While you are patiently waiting for closing day (typically 30-60 days out from when your purchase contract is signed), there are several things you should do to make sure your mortgage application is complete and you're prepared to take ownership of your new home when the time comes. This period is also called "escrow."

NOTES:

- Sign commitment documents from the mortgage lender when they are ready (these will likely be digital)
- If you can, set up a utilities account to make sure there is not a service gap between the seller and you after closing (in some cases, this may be an account transfer on closing day)
- Sign your closing disclosure documents, which you must receive from your agent at least three days prior to closing day. These documents will detail the final closing costs.
- Get your closing funds in order and ready for closing day. This might mean transferring money to a single account, obtaining wire transfer instructions, or getting a bank check for the final amount due.
- Map out a moving-day plan:
 - Do you need a moving company to help? Friends and family?
 - What do you need to do at your current place of residence before or on move-out day?
 - If you are renting, make sure you understand how your moving plans align with your lease: Are you breaking it? If so, what does that cost? Are there other options?



NOTES:

Final walkthrough of home with your agent. During the walkthrough you should:

- Check all lights
- Turn on/off all faucets
- Flush all toilets
- Test all alarms
- Look for repairs made by owners based on inspection report, if applicable
- Check for move-out damage from previous owners
- Confirm seller's personal belongings are removed
- Confirm all items included in the sale—lighting fixtures, appliances, etc.—are still on the property



STEP**8**

Closing Day

It's finally here! Take a deep breath and celebrate all the work you did to get yourself to this point. Be prepared to read and sign a lot of documents, either in person or virtually.

NOTES:

- Items to bring with you to closing:**
 - Current driver's license or government-issued state ID card; if you are closing virtually, make sure you have scanned, digital copies to submit as requested
 - Bank check or wire transfer information to pay final cash-to-close amount (down payment + closing costs, as outlined in your final purchase contract)
 - Proof of homeowners insurance
 - List of questions to ask notary, seller, attorney, and seller agent, if applicable
- Get your keys**
- Celebrate!**





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