



HOME BUYER'S CHECKLIST

Check your credit

- Before applying for a loan you should review your credit report to avoid any surprises. The report includes a list of any credit cards or loans you may have, how regularly you make your payments, and whether you've ever been sued or filed for bankruptcy.

Figure out what you can afford

- Decide how much of your savings you can spare for your down payment and closing costs. However, the larger your down payment, the smaller the mortgage loan you'll need.
- Next, figure out how much you can afford to spend on monthly housing expenses such as mortgage principal, interest payments, property taxes and homeowner's insurance. As a general guideline, your total housing expenses shouldn't be more than 28 percent of your gross monthly income.

Consult a real estate professional

- They are a great source of information about schools, zoning, and communities. They can also help you find a lender that offers the type of financing you need.

Find a lender

- You may want to choose a lender who offers "one-stop convenience" for all your financial needs, including investments, banking and insurance.

Get a pre-approved for a loan

- Using a credit report, total income and debt information, your lender will pre-approve the maximum amount you can borrow (you may be charged a fee for this service). The pre-approval will help your real estate agent find a home in your price range.
- Ask your lender about the different types of loans available, and which is right for you. For example, you could have a fixed rate mortgage, with a payment that is always the same for the life of a loan; or an adjustable rate mortgage, with which your rate and monthly payments may increase or decrease depending on future interest rates.

Decide what kind of home you need

- Your ideal home will depend on how much space you need, where you want to live, the home style (Georgian, split-level, etc.) and what you can afford.

Start your search

- Your real estate agent can use the Multiple Listing Service (MLS) database to find homes in your price range for sale in the neighborhoods of your choice. You can also look for homes with "For Sale By Owner" signs, which won't be listed in the MLS.
- When you find a home you really like, your real estate agent will arrange for you to see it. If the house is "for Sale By Owner," you will need to arrange the visit.

Make an offer

- Once you've found your dream home, work with your real estate agent to determine your best offer.

Sign a contract

- Your real estate agent can provide you with a contract which, when signed by you, will take the home off the market and reserve it for you.
- This is usually when you make a good faith earnest money deposit, usually a percentage of the purchase price. This percentage varies by market.

Get a home inspection

- Ask your real estate agent about arranging a home inspection and include a provision for it in the purchase contract. A trained home inspector will review the home's heating system, central air conditioning system (temperature allowing), plumbing and electrical systems; the roof, attic and visible insulation; walls ceilings, floors, windows, and doors; the foundation, basement, and exterior.
- You'll find out about any problems or major repairs that need to be made. The cost of an inspection now may save you money later.

Secure your loan

- Contact your lender to notify them that you have contracted to a property purchase. They'll order an appraisal of the property, to make sure that the purchase price compares favorably to other recent sales of similar homes in the area. They will also order a title policy that insures you will get a clear title to your property.
- Talk to your lender about setting up an escrow account for your loan. A portion of your mortgage payments will be deposited into this account to pay your insurance premiums and real estate taxes.

Make a final walk-through

- The previous owner has moved out. Now's your chance to look your new home over from top to bottom and make sure everything is as it should be. This may be arranged by your real estate agent.

Buy a homeowners' insurance policy

- You'll need proof of homeowners' insurance during closing.
- You also may want to look into flood insurance and personal liability insurance, for even more protection.

Close the deal!

- Now it's time for the closing, when you'll actually become a homeowner.
- The closing usually takes place at a title and trust company or attorney's office.
- You'll sign the loan documents, pay the loan closing costs, make your down payment, and officially take possession of the home.

--Article provided by State Farm Insurance