

STEPS TO SUCCESS WHEN FINANCING A HOME



01 MONITOR YOUR CREDIT SCORE

If you're not already monitoring your credit score, now is the time to start. You can obtain your credit report for free once per year from the major credit monitoring agencies, or you can access your credit score and credit report through free apps like Credit Karma.

02 IDENTIFY YOUR PRICE RANGE

Be realistic about your budget, and determine what you can realistically afford to pay as a monthly mortgage payment. Your home buying budget depends on your current income, credit score, debt, savings, and the amount a lender is willing to let you borrow.

03 CHOOSE THE RIGHT MORTGAGE

Now's the time to determine exactly what mortgage loan is best for you. Most lenders offer 10-year, 15-year, and 30-year loans. You'll also need to decide between an FHA loan and a conventional loan, VA if applicable, and USDA in certain areas. Consider meeting with a trusted loan officer to learn more about your options.

04 SELECT A LENDER

Check current interest rates and do some research on mortgage origination fees. Then meet with several lenders to compare their offerings. Lenders are required to provide loan estimate forms that break down the fees and payments involved in a loan, so you can easily compare the hidden costs.

05 GET PRE-APPROVED

Once you've chosen a lender, it's time to get pre-approved. A pre-approval is valid for 60-90 days and shows agents that you are qualified and ready to buy. Additionally, having a current pre-approval letter may give you an advantage over other home shoppers.

06 SHOP FOR YOUR NEW HOME

If you haven't already, target a neighborhood, and identify the wants and needs for your future home. Partner with a Realtor to view homes that meet your criteria, and sign up to receive alerts about new homes in your price range. When you find the right one, make an offer!

07 SUBMIT YOUR APPLICATION

After your offer is accepted, you'll need to gather all necessary documents, including W-2s, pay stubs, debt details, and bank statements for your lender to begin the underwriting process.

08 CLOSE ON YOUR HOME

You may be tempted to sit back and relax until closing day, but there's still a little left to do. Learn what closing costs to expect, and get familiar with all closing documents. Now is also the time to negotiate the closing costs for your new home.

