

# HOME BUYING PROCESS PRIMER

Buying a home is for many the most complex and important transaction they'll ever do. Key steps involved in the home buying process include:

## **Check your credit**

Your credit score plays a huge part in your ability to secure a mortgage and improving your credit score can take months of healthy spending habits and paying down debt. Check your credit with your credit card company, online, or with a major credit bureau such as Equifax or Experian. Typically, if your score is below 700, you will likely pay more for your mortgage.<sup>1</sup>

## **Figure out what you can afford**

You need to sit down and decide how much you can afford to spend on a down payment, monthly payments and expenses. A mortgage lending rule of thumb is that your total monthly home payment should be at or below 28% of your total monthly income before taxes.<sup>2</sup> However, lenders still have the ability to provide you more or less depending on your overall financial history.

## **Hire a professional**

Having an expert, local professional to manage the process is more important than ever before. The internet only does so much--real estate agents help people traverse complicated, data-heavy and voluminous information, details and decisions.

## **Find your dream home**

Through local MLS broker marketplaces, REALTORS® have instant exposure and access to the largest, centralized database of residential real estate listings in your area to find the perfect home for you within your budget. Local MLS broker marketplaces make it possible for all kinds of brokerage services to compete on a level playing field because they all have access to the same information. This gives consumers a lot of different choices about what broker they want to work with in terms of everything from the commission model to their particular expertise to their customer service approach.

## **Choose a lender and mortgage type**

In a typical year, most buyers take out a mortgage to finance their home purchase, most commonly 30-year, fixed-rate financing using a conforming loan. However, there are other options including an adjustable-rate mortgage (ARM), where your payments often start out lower, but could increase over time. When choosing your mortgage you need to acknowledge and be aware of the risks you are taking on when making this decision.

## **Make an offer**

Once you've found the right home and financing option, the next step is to make an offer to purchase your new home.

## **Home inspections**

To ensure that the home is safe and won't incur large, unexpected expenses in the future, be sure to get a home inspection before closing on your new home.

## **Closing**

Once the inspection is complete and you've come to an agreement with the seller, you will then close on the deal and sign all of the necessary paperwork. It typically takes a couple of days for your loan to be funded.

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<sup>1</sup> [https://homeownershipmatters.realtor/wp-content/uploads/2016/01/201503\\_cfpb\\_your-home-loan-toolkit-web.pdf](https://homeownershipmatters.realtor/wp-content/uploads/2016/01/201503_cfpb_your-home-loan-toolkit-web.pdf)

<sup>2</sup> [https://homeownershipmatters.realtor/wp-content/uploads/2016/01/201503\\_cfpb\\_your-home-loan-toolkit-web.pdf](https://homeownershipmatters.realtor/wp-content/uploads/2016/01/201503_cfpb_your-home-loan-toolkit-web.pdf)