

My FirstHomeSM

Key steps in the homebuying process

Examining your finances

- Check your credit score and credit report.**

To improve your score, make sure you pay your bills on time and reduce your credit card debt, if possible.
- Save for a down payment and other closing costs.**

Some ways to save including cutting unnecessary spending and saving extra income like tax refunds or work bonuses. Other ideas include bringing in more money by starting a side gig or selling things you don't use anymore.
- Know how owning a home may change your budget.**

Take a close look at maintenance costs, insurance, and taxes and make sure you'll be able to cover them in your monthly budget.

Researching home loans

- Meet with a home mortgage consultant.**

The home mortgage consultant will explain home loan options and answer your questions.
- Start your research.**

Look into the different types of conventional mortgages available, such as fixed-rate or adjustable-rate, and 15-, 20-, or 30-year loans.
- See if you qualify for specialty mortgage types.**

These include government-backed Federal Housing Administration (FHA) and U.S. Department of Veterans Affairs (VA) home loans.
- Learn about down-payment assistance.**

Explore your eligibility for homebuying aid, which can include grant programs offered by community and nonprofit organizations.
- Understand the costs of repaying the loan.**

Your future monthly payment may include the loan principal, interest, and mortgage insurance, as well as installment payments for homeowners insurance and taxes, depending on your loan and how your lender handles escrow.
- Get the basics on closing costs.**

You'll have to pay some costs the day you sign to purchase your home, which is your closing. Make sure you have money saved for these costs.

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Searching for a home

- Find a real estate agent.**

They will represent you, teach you about different neighborhoods and what to look for in a home, and even help you negotiate with the seller if you find a home you like.
- Make your wish list.**

Write a list of the most important features you want in a home to help narrow your search.
- Get preapproved.**

Work with your home mortgage consultant to get prequalified and/or preapproved as a borrower. This helps you determine what purchase price and closing costs you may be able to borrow and feel comfortable with, and may make you a more attractive buyer to sellers because they know you can get approved for a loan.
- Double-check your budget.**

Get an estimate of the monthly payment (including taxes and insurance) and then revise your monthly budget to see how it will work with that estimate.

Making an offer

- Work with your real estate agent to craft an offer.**

Be aware that there may be negotiations with the seller's real estate agent.
- Pay your earnest money (also called a good faith deposit).**

This money, which is typically 1% or 2% of the purchase price, shows the seller that you are serious about purchasing the home.
- Use an accepted offer to finalize your choice of a lender and loan.**

Your home mortgage consultant will help you compare multiple loan options, determine your down payment amount, and prepare for closing.

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Crossing the finish line

- Schedule a home inspection.**
You'll learn whether parts of the home, such as the electrical system, HVAC, roof, and foundation are in good shape.
- Negotiate based on the inspection results.**
If needed, negotiate with the seller on the cost of any needed repairs uncovered in the inspection.
- Get an appraisal.**
Work with your home mortgage consultant to have the home's value estimated (appraised). Lenders require an appraisal.
- Purchase homeowners insurance.**
You'll need homeowners insurance on your home and its contents. You may need to prepay some insurance costs at closing.
- Review the closing documents.**
Meet in person or communicate electronically with your real estate agent and home mortgage consultant to review closing costs and prepare your payment.
- Close on your home.**
Sign the home purchase and borrowing documents in the presence of a lawyer and notary — and move into your new home.