



10 Steps to Buy a Home

1. Check your credit report

The first step in researching how to buy a house is to check your credit report. Your credit score is important as it influences whether you qualify for a loan, the type of loan, and what interest rate you'll receive. You might be wondering, what credit score is needed to buy a house? Different mortgage types (Conventional, FHA, VA, USDA, and Jumbo) have different credit score requirements, so it is important to have a credit report completed to identify which home loans you may qualify for.

Generally speaking, a credit score of 620 is the minimum credit score for a conventional loan, although some lenders look for a score of 700 for new homebuyers. It is important to keep in mind that the lower your credit score, the higher your interest rate is likely to be. With a higher credit score, you'll likely qualify for a lower interest rate. If you find that your credit score is lower than you anticipated, you can research how to increase your credit score quickly so you can start house shopping.

2. See how much you can afford

After you know you've checked your credit report, the next step in the homebuying process is to determine your budget. The fastest way to get a sense of how much you can afford is with an online mortgage calculator. A mortgage calculator will estimate your mortgage payment, including the principal and interest, taxes, insurance, HOA, and PMI. You can also find out how much you can afford with a home affordability calculator. Another important cost to factor into your budget is closing costs, which are typically 2%-5% of the purchase price.

After you determine how much house you can afford, you should begin saving for a down payment. The down payment is usually 20% of the home's final sale price, but if you decide to put less money down you may need to pay private mortgage insurance (PMI). Some mortgages for first time homebuyers may not require the full 20% down. In fact, there are little to no down payment home loans out there for those who qualify, such as the VA loan for those that served in the armed forces.

3. Get pre-approved

When researching how to buy a house, you will want to get a mortgage pre-approval. Getting pre-approved initiates the mortgage process with a lender and tells you how much you can borrow. It also allows you to move faster when you're ready to make an offer. It is important to get quotes from multiple lenders, rather than choosing the first mortgage lender you come across or even your current bank. Different lenders offer different mortgage options and rates, so research is key in finding the best rate for your homebuying goals.

4. Find a real estate agent

Choosing the right real estate agent can be the key to finding the right home and getting the best deal. When determining how to choose a real estate agent, it is always important to do prior research and ask a variety of questions to find the best fit for your homebuying journey.

5. Search homes for sale

The next step when buying a house is to start browsing homes for sale in your area. It is important to use your wish list to inform your home search. That way, you'll be able to narrow down your search to the specific price range, style of home, location and neighborhood, and other amenities when searching for homes on the MLS.



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6. Attend open houses and take home tours

You'll then want to start attending in person or virtual open houses and home tours. These tours can help you identify the type of home you like, the layout you want, and the features you want or don't want in your home. When you're touring multiple homes, it's easy to confuse the different features or concerns you have about one house with another you've seen, so take notes as you're touring. Don't forget to pick your agent's brain and ask for their input.

7. Make an offer

Once you've found the house you're looking for it's time to work with your real estate agent to make an offer. Discuss your offer strategy with your agent: Is the home priced fairly? What will make your offer stand out? Your real estate agent will know what is best for the housing market conditions. They will take into consideration your budget and the asking price for comparable homes in your area when making an offer that will stand out to home sellers.

8. Prepare to negotiate

In understanding how to buy a house, know that you'll likely receive a counter-offer and need to negotiate with the seller. Your agent will help you through the negotiation process and decide what the best option is: waiving contingencies, raising your earnest money or overall price, or changing the closing date. Expect that you may go back and forth with the seller before reaching an agreement on the offer.

9. Inspect the home

One of the most important steps to buying a house is a home inspection, which identifies existing structural, electrical, or plumbing issues with the home. You'll want to hire a professional home inspector to conduct a thorough inspection of the home's condition. They will test the operational status of all major systems – plumbing, electrical, heating, and cooling – and check the roof, the foundation, and the home's exterior. If the inspection report indicates any major issues with the home, you can try to negotiate repairs or a lower price with the seller.

10. Get the keys

You've reached the final steps to buy a house. On your closing date the money has been exchanged and the title is now in your name. A title company or real estate attorney will close the transaction and you will typically get the keys after 5 p.m. on your close date. Depending on if your house is turnkey ready or not, there might be some maintenance and remodeling you want to complete before moving in. You'll also want to think about hiring movers, buying new furniture and appliances, setting up your utilities, etc. You'll pay for these after the house is yours but may want to factor them into your budget or create a separate post-move budget.