

10 Steps in the Homebuying Process



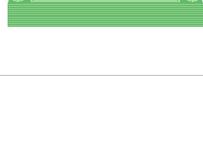
Looking to buy your first home? There are several steps first-time homebuyers need to take before they can become a homeowner. This infographic will walk you through the ten steps to buying your first house and getting a mortgage.

STEP 01

Save up for your down payment & closing costs

Traditional Home Loans

require 20% of the home's purchase price as a down payment for a mortgage.



FHA Loans

require much less, but the down payment percentage required is based upon your credit score. Here are the down payments needed according to the 2021 guidelines:



Do the Math to buy a \$200,000 home, you'll need to put down:



Closing costs are on average 2-5% of the purchase price of a home. For a \$200,000 home, you'll want to save:

\$4,000 - \$10,000.

Down Payment & Closing Costs Snapshot

	Traditional Home Loan	FHA Loan
Down Payment	\$40K	\$7K-\$20K
Closing Costs	\$4K - \$10K	\$4K - \$10K
TOTAL	\$44,000 - \$50,000	\$11,000 - \$30,000

STEP 02

Clean up your credit

Get a free copy of your credit report and review it for errors. By law, you can get a free copy of your credit report every 12 months at annualcreditreport.com. Cleaning up your credit can sometimes take a while for the credit bureaus to change the incorrect information.

Top 3 Credit Report Errors



- 1 Identity error, such as wrong name
- 2 Incorrect account details, such as accounts being closed or open, or incorrect credit limits
- 3 Fraudulent account

STEP 03

Determine how much home you can afford

Before you start shopping for houses, you'll want to figure out your budget to get a good idea of how much home you can afford.



STEP 04

Get pre-approved or pre-qualified for a mortgage

Before house shopping, get pre-approved or pre-qualified for a home loan to show sellers you are serious.



STEP 05

Shop for a home within your budget

Now you can start shopping for your new home. Look online and find a real estate agent so you can start seeing homes in person. Be sure to know your wants, needs and budget.



STEP 06

Make an offer on the house you want



When you find the home of your dreams, now's the time to put in an offer. Make sure you know what other comparable homes have recently sold for, too, so you can negotiate accordingly.

5% - the minimum amount to ask below the listing price.

STEP 07

Put a deposit down

Once you've come to an agreement with the seller on the home's purchase price, you'll need to put down a deposit to secure the home. This money will go into an escrow account.



STEP 08

Submit your mortgage application

If you already got pre-approved and pre-qualified, you'll simply finish up the application that was started during that process.



STEP 09

Prepare for closing



Before you can move in, you'll need to get a home inspection, and then you can close on your new home.

STEP 10

Move into your new home

Congratulations, you did it! Now you can move into your new house. Don't forget to throw a housewarming party.



Sources: Nerd Wallet | Zillow | USNews

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