

Do Your Homework to Prepare for Homeownership

1. **Get your finances in order.**
 - Do research to determine if you qualify for any special mortgage or downpayment-assistance programs.
 - Organize all the documentation a lender will need to preapprove you for a loan. Always explore different loan options to determine what's best for you.
 - Review your credit report
 - Be sure you have enough money to cover your downpayment and your closing costs which can average between 2 percent and 7 percent of the home price.

2. **Think long-term.** Are you looking for a starter house with the idea of moving up in a few years or do you hope to stay in this home longer? This decision may dictate what type of home you'll buy as well as the type of mortgage terms that suit you best.

3. **Decide when you could move.** When is your lease up? Are you allowed to sublet? How tight is the rental market in your area?

4. **Be picky, but don't be unrealistic.**
 - Select three or four neighborhoods you'd like to live in. Consider items such as schools, recreational facilities, area expansion plans, and safety.
 - Develop a wish list of what features you'd like your home to have. Then prioritize the features on your list.

5. **Don't let yourself be "house poor".**
 - If you max yourself out to buy the biggest home you can afford, you'll have no money left for maintenance or decoration or to save money for other financial goals.
 - Consider the full cost of homeownership; including property taxes, insurance, maintenance, and association fees, if applicable.

6. **Don't be naïve.** Insist on a home inspection and, if possible, get a warranty from the seller to cover defects within one year.

7. **Find a REALTOR® who's simpatico.** Homebuying is not only a big financial commitment, but also an emotional one. It's critical that the practitioner you choose is both skilled and a good fit with your personality.

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