

A *Complete* Look at Buying a Home



12 Steps to Get You Started

There's so much that goes into buying a home! Use these 12 easy steps to understand the complete home-buying process.

- 1 Figure out how much house you can afford.**

Your house payment shouldn't cost more than 25% of your take-home pay. Use SmartDollar's [Mortgage Payoff Calculator](#) to help you come up with a loan amount and terms that work best for you.
- 2 Save for a down payment.**

You should save 10–20% of the total home price for a down payment. On top of that, set extra money aside to cover your closing costs and moving expenses.
- 3 Pick out your favorite neighborhoods.**

Don't waste time and gas driving all over town. Instead, narrow down your home search to a few of your favorite areas.
- 4 Get preapproved for a 15-year fixed-rate conventional loan.**

Unless you can pay for your house in full with cash, you'll need to qualify for and [get a mortgage](#).
- 5 Find an expert real estate agent.**

Choose an agent you can trust—one who cares about your money goals and guides you through each step of the home-buying process.
- 6 Meet with an agent and discuss your list of must-haves.**

These meetings will help you and your agent get on the same page. They'll also help you [finding affordable houses](#) that match what you're looking for.

7

Go house hunting.

The average home buyer spends about 10 weeks looking at 10 homes before finding the one they want.¹

8

Make an offer on a house.

Once you find a home you love, have your [real estate agent](#) help you make an offer and negotiate with the seller for the best price.

9

Pay the security deposit and start the mortgage process.

If the seller accepts your offer, you'll need to pay a security deposit (otherwise known as earnest money). Then let your lender know the exact amount to process for your mortgage.

10

Get a home inspection and appraisal.

A home inspection protects you from buying a house that isn't safe. The appraisal protects you from getting ripped off on such a major purchase.

11

Be patient as your lender finalizes your loan documents.

There's a lot of paperwork that goes into getting a mortgage. It typically takes 40–60 days to close on a home.²

12

Close on your house—finally!

Review your closing costs, sign a small mountain of paperwork, and make any final payments. On closing day, you'll become an official homeowner! Congratulations!



Now that you know the steps,
are you *really* ready to buy a house?

Check out [this article](#) from SmartDollar for guidance.

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¹ Relator (2018)

² static.elliemae.com/pdf/origination-insight-reports/ICE_OIR_JAN2021.pdf