



GET IN-THE-KNOW ABOUT THE HOMEBUYING PROCESS

**Freddie Mac**
Single-Family

Buying a home is an exciting experience, but it can be challenging if you don't understand the process. Knowing what to expect, and the people involved, will help in your decision-making and make the mortgage process less intimidating.

**ALL FOR
HOME**



By following these eight steps, buying a home can be a rewarding experience.

Understand What You Can Afford Buying a home requires getting a firm handle on your finances, gathering documentation and answering a handful of questions about your financial standing. You'll want to work closely with your lender to determine what you can comfortably afford.

Know Your Down Payment Options Most homebuyers think they need a down payment of 20% or more to purchase a home, but the reality is you can put down as little as 3%. However, if you choose to put down less than 20%, you'll be required to pay Private Mortgage Insurance (PMI) each month until you build up sufficient equity in your home.

Find Your Team The success of your homebuying journey largely depends on the company you keep. As you set out to find the right home for you, be sure to select experienced, trusted professionals who will help you make informed decisions and avoid pitfalls. The three primary people who make up a successful homebuying team are a housing counselor, real estate agent, and lender.

Find the Right Home Talk with your real estate professional to decide the location where you want to live and the type of home you want. Options to consider are single-family homes, townhouses, manufactured homes and condominiums.

Work With Your Lender and Housing Counselor Once you've selected your lender, they'll work with you on two key items: obtaining a pre-approval letter and finding the right loan that fits your needs. Getting a pre-approval letter is not a loan guarantee, it simply states how much your lender is willing to offer you and demonstrates to the seller that you're a serious buyer. Once you find your home, your lender will guide you through the lending process – from finding the right loan to completing your application. You'll also want to work closely with your housing counselor to determine what you can comfortably afford. It's their job to cover all bases and make sure your final number is within your means and aligns within your financial goals.

Make Your Offer You've found your home and it's time to make an offer—congratulations! You'll work closely with your real estate agent in determining your price, submitting the offer, negotiating if the seller makes a counter-offer, and finalizing the purchase contract.

Appraisal and Inspection The appraisal is necessary in getting your financing secured and protects you and the bank by making sure the home's value matches the agreed upon sale price. A home inspection gives you peace of mind by having the home thoroughly examined by a professional before purchasing it.

Loan Closing The closing, also referred to as settlement, is a meeting where the final documents are signed, the closing costs are paid, and ownership of the home is officially transferred to you.

By following these steps and understanding what to expect, you'll get the confidence you need to make the best decisions for your home purchase.