

# First-Time Home Buyer Checklist

7 steps to buying your first home — in the order that actually saves you time and money.

## HOW TO USE THIS CHECKLIST

Work through these steps in order — each one feeds the next. Steps 1–3 must be done sequentially. After that, some steps can overlap. Print this sheet and check off each item as you complete it.

## STEP 1 GET YOUR FINANCES IN ORDER

### SAVE FOR DOWN PAYMENT & CLOSING COSTS

- Calculate target down payment (0%–20% depending on loan program)  
VA: 0% · USDA: 0% · FHA: 3.5% · Conventional HomeReady/HomePossible: 3% · Conventional: 5%
- Save separately for closing costs  
Budget ~3% of purchase price on top of down payment (~\$9,500–\$12,300 on a \$375K home)
- Add 1% buffer for inspections, appraisal, first insurance premium, moving & repairs
- Research first-time buyer programs and down payment assistance in your state  
Visit [hud.gov/buying/localbuying](https://www.hud.gov/buying/localbuying) — many state HFA programs cover 3%–10% of purchase price

### IMPROVE YOUR CREDIT SCORE

- Pull free reports from all 3 bureaus at [annualcreditreport.com](https://annualcreditreport.com)
- Dispute any errors on your reports
- Pay revolving credit balances below 30% of limit (under 10% is even better)
- Don't open new credit accounts in the 6 months before applying
- Don't close old credit cards (length of history matters)

**Note:** Target 740+ for best rates. FHA accepts 580+ (3.5% down) or 500–579 (10% down). The gap between 620 and 740 can mean tens of thousands over a loan's life.

### CALCULATE YOUR DTI (DEBT-TO-INCOME RATIO)

- Add up all monthly debt payments (car, student loans, credit card minimums)
- Apply the 28/36 rule: housing  $\leq 28\%$  of gross monthly income; total debt  $\leq 36\%$   
Max DTI for most loan programs is 43%, but 36% is the comfort benchmark
- If DTI is too high: pay down debt, increase income, or both

**STEP 2 GET PREAPPROVED & FIND AN AGENT****GET PREAPPROVED (LENDER FIRST, AGENT SECOND)**

- Gather preapproval documents  
2 yrs W-2s & tax returns · 2 mos bank statements · 30 days pay stubs · photo ID & SSN
- Contact at least 3 lenders and rate-shop within a 14–45 day window  
All inquiries in this window count as a single credit hit
- Compare APR (not just rate), origination fees, lender credits, and closing timeline  
Ask each lender their average time-to-close and what causes delays
- Negotiate lender fees — origination fees, underwriting fees are negotiable
- Receive preapproval letter (typically good 60–90 days)

**Note:** Prequalification ≠ preapproval. Preapproval involves verified income, a credit pull, and real underwriting. Sellers take preapproval letters seriously.

**FIND A BUYER'S AGENT (POST-NAR SETTLEMENT)**

- Ask for referrals, check reviews, interview at least 2–3 agents
- Review the buyer's agency agreement before signing  
Contract length, compensation structure, and services are all negotiable
- Ask: How many active clients do you have? How do you handle multiple offers?
- Set your budget by monthly comfort number — not your max preapproval amount  
Tell your agent your monthly limit. Don't let the tour process create payment creep.

**Note:** Need help finding a top buyer's agent? Clever matches you with vetted, local agents — take a short quiz at [listwithclever.com](https://listwithclever.com) to get started.

**STEP 3 START HOUSE HUNTING****BUILD YOUR NEEDS LIST**

- Write your must-haves vs. nice-to-haves list before touring any homes
- Stick to the list — don't let nice-to-haves migrate into must-haves while touring

**RESEARCH NEIGHBORHOODS**

- Check school district ratings (affects resale value even without kids)
- Look up flood zone status at [msc.fema.gov](https://msc.fema.gov) before making any offer
- Test real commute times (not Google Maps best-case)
- Check city planning dept. for zoning changes, road projects, or new development
- Evaluate ingress/egress — how many ways in/out during rush hour?

**EVALUATE PROPERTIES STRATEGICALLY**

- Drive by each serious contender at 3 different times  
Weekday morning rush · weeknight · Saturday afternoon
- In competitive markets: look at homes listed \$25K–\$40K below your budget ceiling  
Leaves room to bid up without blowing past your monthly comfort number
- Ask your agent for sale-to-list ratios in target neighborhoods  
This tells you whether homes go above or below asking in that specific area

**STEP 4 MAKE AN OFFER****PRICING STRATEGY**

- Have your agent pull comps (similar homes sold within 3–6 months, half-mile radius)
- Review sale-to-list ratios before writing the offer price
- Consider an escalation clause in hot markets  
Automatically bids above competing offers up to a cap you set
- Determine earnest money amount (typically 1%–3% of purchase price)  
Higher end signals seriousness in competitive markets; 1% is fine in slower ones

**CONTINGENCIES — KNOW WHAT YOU'RE KEEPING OR WAIVING**

- Inspection contingency: keep it (or offer "for information only" in hot markets)  
Never waive entirely — this is how buyers end up with \$40K foundation surprises
- Financing contingency: keep unless you have rock-solid backup financing or pay cash
- Appraisal contingency: understand the risk before waiving  
If waived and appraisal comes in low, you cover the gap in cash or lose earnest money

**Note:** Every waiver is a calculated risk. Be clear-eyed about which risks you can absorb. Your agent should help you calibrate based on local market conditions.

**STEP 5 INSPECTIONS, APPRAISAL & CONTRACT****GENERAL HOME INSPECTION**

- Schedule general home inspection within 7–14 days of accepted offer  
Costs \$300–\$500. Covers structure, roof, HVAC, electrical, plumbing, visible moisture
- Attend the inspection in person
- Read report with priorities: safety issues → major systems → cosmetic/routine

**SPECIALIST INSPECTIONS (WHEN TO GO FURTHER)**

- Sewer scope — recommended on ALL homes regardless of age  
Sewer line replacement runs \$5K–\$25K. Camera inspection costs ~\$150–\$250
- Roof inspection by a roofer (if roof is 10+ years old or showing wear)  
Roof replacement: \$10K–\$25K
- HVAC specialist (if system is 10+ years old or runs constantly)
- Structural engineer (if foundation cracks wider than ¼ inch or sagging floors)  
Engineer evaluation: \$400–\$700
- Electrical inspection (for homes 1960s or older — aluminum wiring, old panels)
- Termite/pest, radon, mold, well/septic as applicable to the property

**AFTER INSPECTION**

- Categorize issues: which require repair requests vs. credits vs. walk-away threshold
- Request credits at closing rather than repairs when possible (you control the work)
- Confirm appraisal is ordered by lender after contract is signed

**STEP 6 CLOSING****PRE-CLOSING**

- Review Closing Disclosure (CD) at least 3 business days before closing  
Compare every line to your original Loan Estimate — flag any unexpected changes
- Confirm wire instructions verbally by calling the title company at a known number  
Never use a phone number from the wire instructions email — wire fraud is common
- Treat any last-minute wire instruction changes as fraud until proven otherwise
- Arrange certified funds or wire transfer for cash to close

**FINAL WALKTHROUGH (DAY OF OR DAY BEFORE CLOSING)**

- Confirm all agreed-upon repairs were completed
- Test all appliances, HVAC, faucets, and toilets
- Verify personal property included in the sale is present
- Verify excluded items have been removed
- Check that the seller hasn't damaged the property during move-out

**CLOSING DAY**

- Bring government-issued photo ID, homeowners insurance policy, wire confirmation
- Sign promissory note and mortgage/deed of trust

**Note:** Closing costs on a \$375K purchase typically run \$9,500–\$12,300 (lender fees + title + government fees + prepaids). Budget separately from your down payment.

**STEP 7 MOVE IN & SETTLE DOWN****FIRST 30 DAYS**

- Change locks or rekey all exterior doors
- Reprogram garage door openers and smart-home access codes
- Locate main water shutoff, gas shutoff, and electrical panel
- Test all smoke and carbon monoxide detectors; replace batteries or old units
- Change HVAC filter; schedule a system service appointment
- File homestead exemption with county assessor (where applicable)  
Can significantly lower your property tax bill — there's often a deadline after purchase
- Update address: USPS, bank, employer, IRS, DMV
- Set up utilities in your name; confirm previous account closures

**FINANCIAL SETUP**

- Open a dedicated home maintenance savings account  
Target: 1%–3% of home value annually (\$3,750–\$11,250/yr on a \$375K home)
- Contribute monthly to maintenance reserve — don't deplete it on cosmetic upgrades
- Review IRS Publication 530 for first-year homeowner tax deductions  
Mortgage interest and property taxes are typically deductible within limits