



TFD's First-Time Homebuyer Checklist



In partnership with SoFi, we've put together this essential checklist for anyone looking to buy their first home. SoFi is a different kind of finance company whose goal is to help people get their money right. Schedule a complimentary call with a SoFi Financial Planner to help you get financially ready to purchase your first or next home – an exclusive TFD offer!

Determine how “much” house you can afford

- Determine your monthly housing costs maximum: experts recommend trying to keep housing costs to less than 30% of your gross income. Housing costs to consider:
 - Mortgage payment
 - Property taxes in your area
 - Homeowners association fees
 - Homeowners insurance
 - Private mortgage insurance
- Based on your income, what is the total maximum amount you could afford to spend on housing, including all of the above categories? \$_____
- Here is a great [home affordability calculator](#) you can use.
- Keep in mind, the 30% rule is a starting point and will vary depending on your finances. The key is to make sure that you can maintain your quality of life and upkeep your financial goals along with your new housing expenses.

Make a savings plan for all of your potential home-buying costs

- Your down payment (up to 20% of your total purchase price, depending on the type of mortgage you get).
- Closing costs, which can be about 2-5% of the loan principal and can include:
 - Application fee
 - Appraisal fee
 - Credit check fee
 - Origination and/or underwriting fees
 - Title insurance
 - Title search fee
 - Transfer tax (if applicable)
- A home emergency fund that's at least 1-3% of your future home's total value.



Gather your mortgage pre-approval documents

- Gather your pay stubs for at least the last three months.
- Pull together your tax returns – 2-3 years' worth.
- Show your rent payments for the last 12-24 months, to prove you can make payments on time.
- Take stock of your savings – do the math on how much you have stashed:
 - Amount I have in savings: \$_____
 - Goal savings amount: \$_____
 - Get it in writing – if you're borrowing money from a friend or family member.
 - Run a credit report and fix any errors.
 - Prove it – make sure you have your social security card, driver's license, and any other documents that will help you prove your identity to a potential lender.

Comparison shopping: get the best mortgage rate for you

- Look at different kinds of lenders, from traditional banks to credit unions, and their different loan options. Some popular loan options to research:
 - USDA Loan
 - FHA Loan
 - Adjustable rate mortgage
 - Fixed rate mortgage
- Timing is everything – how long will your mortgage term be?
 - A 15-year mortgage means you will be debt free sooner and lowers the amount of interest you'll pay.
 - A 30-year mortgage comes with lower monthly payments so you can save up for other expenses at the same time.
- If possible, request quotes for a mortgage interest rate from several potential lenders.
- Read the fine print on every contract.
- Compare closing costs and fees among your options.
- Make the right choice for your situation, and celebrate this fun milestone!

