

Quick Start Checklist: Smart Home Buying Actions



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Before You Start Shopping

Fix Your Credit (3-6 months before buying)

- Get free credit reports from all three bureaus
- Dispute any errors you find in writing
- Pay down credit cards to under 30% of limits
- Set up automatic payments for all bills
- Don't close old credit cards
- Don't apply for new credit while house shopping

Build Your Team

- Find mortgage broker who knows assumptions and 203(k) loans
- Find real estate agent with investment property experience
- Get contact info for real estate attorney
- Find accountant who understands rental properties

Know the Numbers

Learn seller concession limits for your loan type:

- FHA: 6% of loan amount
- VA: 4% plus reasonable costs
- Conventional: 3-9% based on down payment
- USDA: 6% of loan amount

When You Find a Property

Standard Purchase Questions

- Is this property in an area that allows rentals?
- Can this be converted to multiple units legally?
- Are there any HOA restrictions on rentals?
- What are the zoning laws for this area?

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For Assumable Loans

- Does seller have VA, FHA, or old conventional loan?
- What is the current interest rate on existing loan?
- How much do they still owe?
- Are they willing to let you assume the loan?
- How much cash will you need for the difference?

For House Hacking Properties

- How much rent can each unit generate?
- What renovations are needed to add rental units?
- Do you need permits for any changes?
- What will insurance cost for rental property?
- Can you qualify using projected rental income?

Making Your Offer

Basic Offer Strategy

- Research recent comparable sales
- Know maximum seller concessions you can request
- Decide if you want rate buydown or closing cost help
- Have backup properties in mind

Seller Concession Requests

- Ask for maximum allowed concessions
- Specify what you want concessions to cover:
 - Closing costs
 - Rate buydown points
 - Prepaid expenses
 - Required repairs

Sample Concession Language

"Seller to contribute \$[amount] toward buyer's closing costs, prepaid expenses, and discount points. Amount not to exceed [loan type] guidelines."

During the Loan Process

Required Documents

- Two years of tax returns
- Two months of bank statements
- Pay stubs for last 30 days
- Employment verification letter
- Rental agreements (if using rental income to qualify)

For 203(k) Renovation Loans

- Get bids from licensed contractors
- Submit plans for lender approval
- Set up inspection schedule
- Arrange for funds to be held in escrow

Stay Organized

- Keep all documents in one folder
- Respond quickly to lender requests
- Don't make major purchases during loan process
- Don't change jobs during loan process

After You Buy

First 12 Months (If House Hacking)

- Live in property for required 12 months
- Complete any permitted renovations
- Get proper insurance for rental units
- Screen tenants carefully
- Keep detailed records of income and expenses
- Save money for maintenance and vacancies

Building for the Future

- Track all expenses for tax purposes
- Build relationship with property management company
- Start looking for your next property after 12 months
- Keep improving your credit score
- Save money for next down payment

Red Flags to Avoid

Never Do These Things

- NEVER lie on loan applications
- NEVER fake rental agreements
- NEVER misrepresent your income
- NEVER plan to move out before required occupancy period
- NEVER hide the true purchase price

Warning Signs of Bad Deals

- Seller won't provide loan details for assumption
- Property needs major structural work
- Area doesn't allow rentals
- Numbers don't work even with best-case assumptions
- Pressure to make quick decisions

Emergency Contacts

Keep These Numbers Handy

- Mortgage broker: _____
- Real estate agent: _____
- Attorney: _____
- Accountant: _____
- Inspector: _____
- Insurance agent: _____

Monthly Action Items

Every Month While Building Credit

- Check credit score
- Pay all bills on time
- Keep credit card balances low
- Save money for down payment
- Research properties in target areas

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Every Month After Purchase

- Collect rent on time
- Track all income and expenses
- Set aside money for maintenance
- Review market values of your property
- Look for your next opportunity

Remember: These strategies work, but they take time and patience. Don't rush into deals. Take time to understand what you're doing. Get help from professionals when you need it.

Legal Note: Always follow all laws and regulations. This checklist is for education only. Get professional advice before making major financial decisions.