

**Now**  
is the time  
to get things  
in order for a  
home search  
next year.



If you're thinking about buying a home in 2018, this is the perfect time to warm up for the house hunt so you can hit the ground running in the new year. Regardless of where you're looking for a home, the prep work is relatively the same. Here, we offer advice about what prospective homebuyers should do to ready themselves for buying a home. From organizing your finances to save money to finding a real estate agent and mortgage lender, there is plenty to keep you busy!

## 7 Steps to Be Ready to Buy a House in 2018

### 1. CHECK YOUR CREDIT SCORE

A credit score is a numerical representation of your credit report. FICO scores range from 300 to 850, and the higher your score, the better. Typically, you'll get the best interest rate on a loan if your score is 740 and above. A higher credit score should net you a lower mortgage rate. A lower rate, even if it's only 1 or 2 percent lower, can mean saving thousands of dollars per year. If your credit score falls short, get busy repairing it. Correct any errors that might be on your report, start paying all your bills on time, and get your credit limit raised. Note, though, that you shouldn't max out your card each month. It's best to use 30 percent or less of your total available credit.

### 2. DON'T OPEN NEW CREDIT CARDS

Turn down offers to open a credit card. Tempting as saving money at checkout can be, opening new credit may hurt your chances of getting a mortgage, or at least of getting the best rate on a loan.

By opening the account, you have created another line of credit. That credit line, and what is borrowed, can change the application numbers and jeopardize the application. What could save you a few dollars now could cost you far more in the long run if your mortgage payments will be higher.

### 3. SUGGEST FINANCIAL GIFTS FOR THE HOLIDAYS AND YOUR BIRTHDAY

Besides the mortgage loan, you'll need a sizable amount of cash to buy a house. There's the down payment to consider, closing costs, and moving costs. You should also set aside money for unexpected repairs and costs.

A potential solution? Bulk up that emergency fund. Instead of getting gifts for the holidays, prospective homebuyers can suggest cash to put toward their home.

And remember, you might be getting some money back after you file your tax return. Don't blow it on vacation!

A tax refund is a great way to add to your cash reserves for a down payment.

### 4. INTERVIEW POTENTIAL REAL ESTATE AGENTS

If your neighbor, relative, or friend of a friend happens to know (or is) a real estate agent, that's great. This person might be perfect for you. But you owe it to yourself to look for an agent who is knowledgeable, experienced, and can assist you in reaching the goal of homeownership. Make sure they are not a novice, or just unaware of how to do a specific transaction. The end of the year is usually a slow time for agents, so chances are they'll be more accommodating to making an appointment on your schedule.

### 5. KEEP TABS ON INTEREST RATES

If you hear that interest rates are at historic lows or that interest rates are on the rise, you should not assume that you can get the rock-bottom rate. Not everyone gets the same interest rate on a mortgage loan. It depends on your financial picture and on the lender you choose. To some extent, home prices are usually negotiable, but loan rates are competitive. Homebuyers should not just shop around for the lowest interest rates. Other key factors for a successful home-buying process other than interest rates are using knowledgeable mortgage professionals who provide a high level of customer service (due to regulations, mortgage loans are complex) and a solid record for deals not falling through, and on-time closings.

### 6. FIND A MORTGAGE LENDER

Before you even start looking for a home, look for a mortgage lender to find out if you can afford to buy a home. If you can't right now, there's no use torturing yourself by finding your dream home that's just out of reach. Ask your bank. Once you know how much home you can afford, perform your home search based on your pre-qualification amount or less.

### 7. GET PRE-QUALIFIED

When a lender gives your financials the once-over and pre-qualifies you for a mortgage, you'll be able to show sellers that you really can buy their house. But how do you get pre-qualified? By preparing a few documents, which you can do in advance of the actual purchase.

#### Here's what you need to buy a house:

- Tax returns for the past two years
- W-2 forms for the past two years
- Paycheck stubs from the past few months
- Proof of mortgage or rent payments for the past year
- A list of all your debts, including credit cards, student loans, auto loans, and alimony
- It's good advice also not to change jobs, make big purchases, or miss any debt payments as you prepare to get a mortgage.

*Adapted from Trulia.com*