

The Complete First-Time Home Buyer Checklist

A step-by-step guide for USA buyers — from getting your finances in order to closing day and beyond.

Buying a home typically takes 3 to 12 months from start to finish. Work through the phases in order, but expect overlap. Check off each item as you complete it, and keep all documents in one organized folder (digital and/or physical).

Timeline at a Glance

Phase	Typical Duration
1. Financial Preparation	3–12 months before
2. Mortgage Pre-Approval	1–2 weeks
3. Define Needs & Find an Agent	1–2 weeks
4. House Hunting	2 weeks – 3 months
5. Making an Offer	A few days
6. Under Contract (Due Diligence)	30–45 days
7. Closing	1 day
8. After Closing	Ongoing

1. Financial Preparation (3–12 Months Before)

Assess Your Finances

- ☐ Calculate your total monthly income (after taxes)
- ☐ List all monthly debts (student loans, car, credit cards, etc.)
- ☐ Calculate your debt-to-income (DTI) ratio — lenders want total DTI at or below 43%, ideally under 36%
- ☐ Review monthly spending to find room for a mortgage payment
- ☐ Build an emergency fund (3–6 months of expenses) separate from your down payment

Check & Improve Your Credit

- ☐ Pull free credit reports from all three bureaus at AnnualCreditReport.com
- ☐ Check your credit score (aim for 620+ conventional; 580+ most FHA; 740+ for the best rates)
- ☐ Dispute any errors on your credit reports
- ☐ Pay down credit card balances (keep utilization below 30%)
- ☐ Avoid opening or closing credit accounts before and during the mortgage process
- ☐ Do NOT make large credit purchases (cars, furniture) until after closing

Save for Upfront Costs

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| ☐ | Save for your down payment (0% for VA/USDA, 3–3.5% for FHA/first-time programs, up to 20% to avoid PMI) |
| ☐ | Save for closing costs (typically 2–5% of the purchase price) |
| ☐ | Budget for earnest money deposit (usually 1–3%, applied toward your costs at closing) |
| ☐ | Set aside money for moving, immediate repairs, and new furnishings |
| ☐ | Research down payment assistance (DPA) programs in your state and local area |
| ☐ | Look into first-time buyer grants and state Housing Finance Agency (HFA) programs |

Set Your Budget

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| ☐ | Use the 28/36 rule: no more than 28% of gross income on housing, 36% on total debt |
| ☐ | Use online affordability calculators to estimate a price range |
| ☐ | Factor in ALL ownership costs, not just the mortgage (see Hidden Costs) |

2. Get Mortgage Pre-Approval (1–2 Weeks)

Understand Loan Types

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| ☐ | Conventional — not government-backed; good credit; PMI if down payment < 20% |
| ☐ | FHA — lower credit/down payment requirements; popular with first-time buyers |
| ☐ | VA — for eligible veterans/service members; often 0% down, no PMI |
| ☐ | USDA — for rural/some suburban areas; 0% down for eligible buyers |
| ☐ | Compare fixed-rate vs. adjustable-rate (ARM); compare 15-year vs. 30-year terms |

Shop for Lenders

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| ☐ | Get quotes from at least 3–5 lenders (banks, credit unions, online, brokers) |
| ☐ | Compare interest rates, APR, fees, and loan terms side by side |
| ☐ | Ask about lender credits and points |
| ☐ | Note: multiple mortgage inquiries within a 45-day window count as a single credit pull |

Gather Documents for Pre-Approval

☐	Pay stubs (last 30 days)
☐	W-2s and/or tax returns (last 2 years)
☐	Bank statements (last 2–3 months)
☐	Investment / retirement account statements
☐	Proof of additional income (bonuses, alimony, side income)
☐	Government-issued photo ID and a list of debts/monthly payments
☐	If self-employed: profit/loss statements and 1099s

Get Pre-Approved

☐	Submit a full application to your chosen lender(s)
☐	Obtain a pre-approval letter (stronger than a pre-qualification)
☐	Review your estimated interest rate and monthly payment
☐	Keep your finances stable — don't change jobs or make big purchases

3. Define Your Needs & Build Your Team (1–2 Weeks)

Decide What You Want

☐	List must-haves vs. nice-to-haves (bedrooms, baths, yard, garage, etc.)
☐	Choose property type: single-family, condo, townhouse, multi-family
☐	Identify preferred neighborhoods and commute requirements
☐	Research school districts (affects resale value even without kids)
☐	Consider crime rates, walkability, future development, and property taxes by area
☐	Decide between move-in ready vs. fixer-upper

Hire a Real Estate Agent

☐	Interview 2–3 buyer's agents
☐	Choose an agent experienced with first-time buyers and your target area
☐	Understand the buyer-broker agreement and how your agent is compensated
☐	Confirm their availability and communication style

4. House Hunting (2 Weeks – 3 Months)

☐	Set up automatic listing alerts (MLS via your agent, Zillow, Redfin, Realtor.com)
☐	Attend open houses and schedule private showings
☐	Bring a checklist/notes to each viewing to compare objectively
☐	Take photos and notes at every property
☐	Inspect for red flags: water stains, foundation cracks, roof condition, old systems, odors
☐	Note the age of major systems (roof, HVAC, water heater, electrical, plumbing)
☐	Visit the neighborhood at different times of day and on weekends
☐	Check commute times during rush hour
☐	Research recent comparable sales ("comps") in the area
☐	Stay within your budget — don't fall in love with homes you can't afford

5. Make an Offer (A Few Days)

☐	Review comps with your agent to determine a fair offer price
☐	Decide on offer price and terms with your agent
☐	Include contingencies: financing/mortgage, home inspection, appraisal, clear title
☐	Add a sale-of-current-home contingency (if applicable)
☐	Determine your earnest money deposit amount
☐	Set your proposed closing date and which items/appliances are included
☐	Submit the written offer through your agent; be ready to negotiate counteroffers
☐	Get the accepted offer in writing (purchase agreement) — you are now "under contract"

6. Under Contract / Due Diligence (30–45 Days)

Deposit & Loan

☐	Submit your earnest money deposit to escrow
☐	Formally apply for your mortgage and lock in your rate
☐	Promptly provide any additional documents the lender requests
☐	Avoid any changes to your financial situation

Home Inspection

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| ☐ Hire a licensed, independent home inspector; attend in person if possible |
| ☐ Review the inspection report carefully |
| ☐ Order specialized inspections if needed (radon, mold, termite/pest, sewer, roof, structural) |
| ☐ Negotiate repairs, credits, or price reductions based on findings |
| ☐ Decide whether to proceed, renegotiate, or walk away (using contingencies) |

Appraisal

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| ☐ Lender orders the home appraisal |
| ☐ Review the appraised value vs. your offer price |
| ☐ If the appraisal comes in low: renegotiate, pay the difference, or invoke the contingency |

Title & Insurance

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| ☐ Title company performs a title search |
| ☐ Purchase title insurance (lender's policy required; owner's policy recommended) |
| ☐ Shop for and secure homeowners insurance (required before closing) |
| ☐ If in a flood zone, obtain flood insurance |
| ☐ Set up the escrow account for taxes and insurance (if applicable) |

Final Steps Before Closing

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| ☐ Review your Closing Disclosure (lender must provide it at least 3 business days before closing) |
| ☐ Compare the Closing Disclosure to your original Loan Estimate; question unexpected fees |
| ☐ Get final loan approval ("clear to close") |
| ☐ Conduct a final walk-through (within 24 hours of closing) |
| ☐ Confirm all included items are present and systems work |
| ☐ Arrange certified/cashier's check or wire transfer (verify wire instructions by phone) |

7. Closing Day (1 Day)

☐	Bring a government-issued photo ID
☐	Bring your cashier's check or proof of wire transfer for closing costs/down payment
☐	Bring proof of homeowners insurance
☐	Review and sign all closing documents (promissory note, deed of trust/mortgage, Closing Disclosure)
☐	Read carefully before signing; ask questions about anything unclear
☐	Pay closing costs and down payment
☐	Receive the keys and get copies of all signed documents
☐	Confirm the deed will be recorded with the county

8. After Closing (Ongoing)

☐	Store all closing documents in a safe place (and digital backups)
☐	Change the locks and garage codes
☐	Set up or transfer utilities (electric, gas, water, internet, trash)
☐	Update your address (USPS, employer, banks, DMV, subscriptions)
☐	Set up automatic mortgage payments
☐	Keep records of all home improvements (important for taxes when you sell)
☐	Create a home maintenance schedule (HVAC, gutters, filters, etc.)
☐	Build a repair/emergency fund (budget ~1% of home value per year)
☐	File for a homestead exemption if available in your state (reduces property taxes)
☐	Save documents for tax season — mortgage interest and property taxes may be deductible

Don't Forget: Hidden & Ongoing Costs

Cost	Notes
Property taxes	Varies widely by state/county; often paid via escrow
Homeowners insurance	Required by lenders
Private Mortgage Insurance (PMI)	Required on conventional loans with < 20% down
HOA fees	For condos and planned communities; can be substantial
Utilities	Often higher than renting
Maintenance & repairs	Budget ~1–2% of home value annually
Flood / hazard insurance	If applicable to your area
Closing costs	One-time, 2–5% of purchase price

Key Terms to Know

APR	Annual Percentage Rate; the true yearly cost of the loan including fees
Contingency	A condition that must be met for the sale to proceed
DTI	Debt-to-Income ratio
Earnest money	Good-faith deposit showing you're serious
Escrow	A neutral third party holding funds/docs; also an account for taxes/insurance
Equity	The portion of the home you actually own
PITI	Principal, Interest, Taxes, and Insurance (your full monthly payment)
PMI	Private Mortgage Insurance
Points	Upfront fees paid to lower your interest rate
Pre-approval	A lender's verified commitment to lend up to a certain amount
Underwriting	The lender's process of verifying and approving your loan

First-Time Buyer Tips

1. Get pre-approved before you shop — you'll know your budget and look more serious to sellers.
2. Don't skip the inspection — it can save you from costly surprises.
3. Leave room in your budget — don't max out your pre-approval amount.
4. Keep your finances frozen during the process — no new debt, job changes, or big purchases.
5. Shop your mortgage rate — even 0.25% can mean thousands over the loan's life.
6. Look into assistance programs — first-time buyer and down payment help is often left on the table.
7. Think about resale from day one — location and layout matter for future value.
8. Read everything before you sign — never feel rushed at the closing table.

This checklist is for general educational purposes and does not constitute financial, legal, or tax advice. Programs, requirements, and figures vary by lender, state, and over time. Consult a qualified mortgage professional, real estate attorney, and tax advisor for guidance specific to your situation.