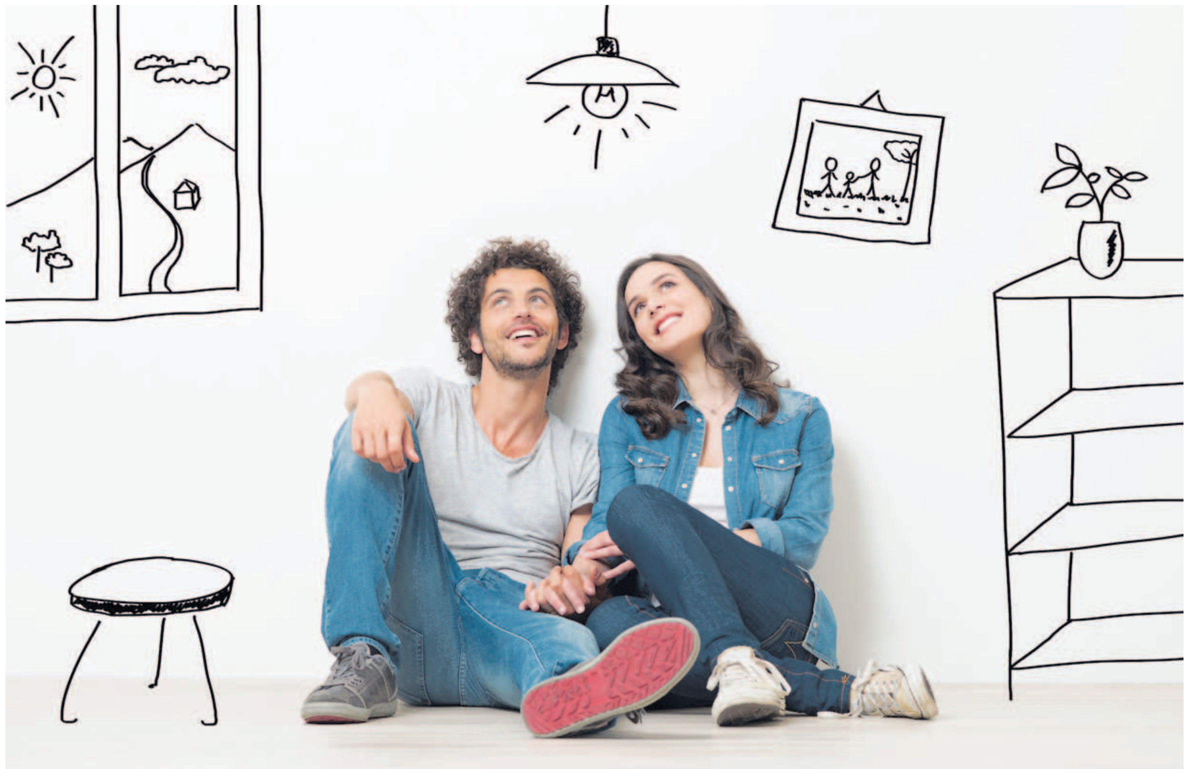
Buying a home: What you need



(GSM) Buying a house is a long, complicated process with lots of paperwork and steps. Whether you're buying for the first time or you've done it half a dozen times, the process can get overwhelming. But there are plenty of available resources to enjoy you check all the boxes, ask the right questions and end up with a home you love and can afford.

U.S. News and World Report released a Guide to Buying a Home, which walks homebuyers through what they need to know when beginning. Start with people. You'll need:

A real estate agent

Especially for first-time homebuyers, a real estate agent is critical to making homebuying more pleasant and less stressful. Your agent has a wealth of knowledge about questions you should ask, the timeline, what to look for as you're looking for houses and more. He or she also will be your negotiator with the seller and handle all the paperwork. You are hiring this person, so look for recommendations from people you trust and don't be afraid to interview a few agents to find someone with whom you trust.

A lender

You can start with your own bank or talk to your real estate agent about good lenders in your area. Find a lender early, even before finding a house; many sellers won't entertain an offer if it doesn't include pre-approval from the buyer's lender. To get that, you'll need several documents and a credit check, all of which can take time.

In the way of paperwork, you'll need bank statements for all of your accounts, including retirement accounts, for all the people whose names will be on the loan. You'll also need income tax returns and pay stubs, as well as documentation for any other income or debt you have. Lenders want to make sure you have the means to make your payments.

Finally, you need to know what you want. Start with your budget; figure out how much you can afford to pay each month, including insurance, property taxes and mortgage insurance and determine how much you can pay up front for a down payment. From there, consider your needs and wants in a house: number of bedrooms and bathrooms, whether you want a garage or a big yard or kitchen, what neighborhood or school district you'd like to live in, the commute to work, and so on.

HOME BUYING FAQS

(GSM) Home buying is confusing, with jargon, unexpected expenses and lots of decisions to make, sometimes with what feels like little information. The Consumer Financial Protection Bureau offers answers to all sorts of process questions about real estate, including questions you didn't know you had until you started talking with the experts.

What is mortgage insurance?

Mortgage insurance decreases the lender's risk when making a loan with less than a 20 percent down payment. Private lenders usually get private mortgage insurance; rates vary according to down payment and credit score but is a percentage of your loan and paid monthly. Mortgage insurance also is required on FHA and USDA loans. Remember, this protects the lender, not the buyer.

What does a title company do?

According to Title Forward, the title company is the intermediary between buyer and seller, gathering and recording all the legal documents, ensuring the property title is free of liens or easements, holding your escrow money, filing the deed with the county and getting all the paperwork signed from both buyer and seller.

What goes into closing costs?

Those fees, which run about 3 to 5 percent of the total cost of the house, include fees for your assessor and your lender's appraiser; the title service fees, which pay for the title search, the premium for your lender's title insurance policy, wire transfers and other costs of the title company; fees you pay to your lending institution for the processing of the loan; prepayment of some insurance, property tax and mortgage insurance; homeowners association fees; credit report fees; and some other processing fees. Usually the buyer pays these fees at the time of closing; you can negotiate for the seller to pay, but expect the cost of the home to increase.

What is the difference between interest rate & APR?

Your lender will provide you two numbers when you secure your loan: interest rate and annual percentage rate, or APR. The Consumer Financial Protection Bureau says the interest rate is the cost you pay annually to borrow the money. The APR accounts for points, mortgage broker fees and other fees you are charged for the loan. Points let the borrower make a tradeoff between upfront costs and monthly payments. You may pay more upfront but receive a lower interest rate.