

IS YOUR BUYER QUALIFIED?

Unless the buyer who makes an offer on your home has the resources to qualify for a mortgage, you may not really have a sale. If possible, try to determine a buyer's financial status before signing the contract.

1. **Has the buyer been prequalified or preapproved (better) for a mortgage.** Such buyers will be in a much better position to obtain a mortgage promptly.
2. **Does the buyer have enough money to make a downpayment and cover closing costs?** Ideally, a buyer should have 20 percent of the home's price as a downpayment and between 2 percent and 7 percent of the price to cover closing costs.
3. **Is the buyer's income sufficient to afford your home?** Ideally, buyers should spend no more than 28 percent of total income to cover PITI (principal, interest, taxes, and insurance).
4. **Does your buyer have good credit?** Ask if he or she has reviewed and corrected a credit report.
5. **Does the buyer have too much debt?** If a buyer owes a great deal on car payments, credit cards, etc., he or she may not qualify for a mortgage.