

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. Ask the following:

- 1.** Has the buyer been prequalified or preapproved (even 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 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.