

Buying A Home

Purchasing a home is one of the biggest decisions most people will make in their life. It involves a long-term commitment financially and emotionally, but it can also be a very exciting and rewarding experience.

When buying a new home, there are a few things to consider:

- What monthly payment can I afford?
- What am I looking for in a home?
- Should I work with a REALTOR®?
- Once I find a home to purchase, what do I need to do next?
- How much cash do I need at closing?
- How do I obtain a mortgage loan?

Before You Begin Your Search

Before you actually begin the process of looking at homes, you should complete the following:

Get Pre-Qualified: Unless you are able to pay cash for your home, most buyers will need to go through the process of applying for a mortgage. By contacting a mortgage loan specialist before you begin your search, you are able to determine the amount of loan for which you qualify. Typically, a borrower is pre-qualified for a loan that amounts to 28%, or less, of their gross monthly income. In addition, if you know the amount of the monthly payment you would be comfortable paying, a mortgage specialist can calculate the price range for

your home search. Getting pre-qualified for a loan also increases your chances of your offer being accepted. A seller is more likely to accept an offer from a buyer who already has funding versus one who still needs to get a loan.

Prior to getting pre-qualified, you should obtain a copy of your credit report so that there are not any negative surprises when you are ready to apply for your loan. Correct any errors that you may discover on your credit report. Also, you will want to reduce your consumer debt as much as possible by paying down credit card balances.

By going through the pre-qualification process, your mortgage specialist can provide you with an estimate of how much cash you will need for the sales transaction. Cash is needed for the down payment, earnest money, and closing costs of the transaction.

Make an Amenities List: Decide what features are most important to you in a home. By establishing your criteria, you will save time shopping for homes that do not meet your needs. Also, consider what locations you are interested in. When making an amenities list, determine which criteria you absolutely cannot live without and which ones you are willing to budge on.

Some typical criteria may include:

- Price range
- Neighborhood or subdivision
- School districts
- Proximity to work
- Proximity to shopping, restaurants, hospitals, etc.
- Number of Bedrooms

- Number of Bathrooms
- Storage space
- Garages
- Lot sizes
- Pools

Choose An Agent: Once you have decided on the price range and the features you are interested in, your next step will be to decide whether you will search on your own or use the services of a real estate agent. If you choose to use an agent, make sure you enter into a Buyer's Agency Agreement. This ensures that the agent will represent you, as the buyer, in the selling process, and not represent the interests of the sellers.

Talk to friends and family for their referrals of agents they have worked with. Once you have some names, interview several agents before making a final decision. Select a REALTOR® that you trust and with whom you feel comfortable working.

Remember, there are no out-of-pocket fees that you pay to the buyer's agent. These costs are incurred by the seller. Your agent will research property listings for potential matches to your criteria and schedule showings for you at a convenient time. In addition, they will provide guidance to you during the contract negotiation phase of the selling process. Many times, they will also coordinate and schedule the home inspection, appraisal, and closing for you, as well as provide you with referrals for mortgage lenders.

Beginning Your Search

Once you have selected an agent and determined what you are looking for in a home, it is time to begin your

active search for homes that interest you. Based on your criteria that you provide your REALTOR®, he/she will be able to search their listing database for homes that meet your needs.

While visiting properties that are on the market, compare homes. Every home is unique! Even if every home you visit has all of the main criteria you are looking for, each will have different characteristics. Bring your Amenities Checklist with you to all homes that you visit. Check off which features each house has. Make notes on each home of what you like and dislike.

Additional things to consider when touring homes:

- Cost of upkeep and utilities
- Amount of maintenance required
- Cost of updating or decorating
- Homeowner's dues
- Traffic patterns in the neighborhood

Taking notes and using your checklist will help you later when you can sit down and compare properties. By comparing notes, this will help to prevent you from making an emotional and impulsive decision.

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Making an Offer

Once you have found your dream home, it is time to prepare an offer to purchase. Your buyer's agent can provide guidance to you on the price you should offer to pay for the property. Have your agent compare prices for similar homes that have sold in the area recently. This will help you to determine a reasonable price to offer.

In addition to the selling price, the other items to include in the terms of the Offer to Purchase include:

- The amount of earnest money (deposit) to offer.
- Concessions that you want the seller to make, such as a carpet or paint allowance, or payment towards the closing costs.
- Home inspection contingencies.
- Financing contingencies.
- A clear definition as to what is to be included with the home, such as appliances or window treatments.
- A closing date.

Don't be surprised if your initial offer is not accepted. Your REALTOR® will represent you in all contract negotiations until an agreement is reached between the seller and you.

Closing the Deal

Once your offer has been accepted, it is time to work on the final details of purchasing your home. There are several tasks that will need to be accomplished during this phase of the sales transaction:

Home Inspection: Arrange to have a professional come out to inspect your home. They are able to spot electrical, plumbing, and structural problems that may not be noticeable to you at first glance. The home inspection is not required, but it is in your best interest to have one done on the home so that you do not receive any surprises once you move in. This is an expense incurred by the buyer and is included in your closing costs.

You may also need to get a pest inspection on the property to make sure there is no structural damage to the property caused by termites. Your REALTOR® can usually make a recommendation of a reputable inspector.

Apply For A Loan: Once an offer has been accepted, you will need to contact your mortgage specialist to officially apply for a loan.

Items that you will need for your loan application include:

- W-2s and/or tax returns from the past 2 years.
- Proof of gross monthly income for the past 30 days.
- Proof of investment income, including rental incomes.
- A list of creditors, including account numbers, balances, and monthly payments.
- Two months worth of banking statements.

The Final Walkthrough: Prior to closing, you should be given access to the house so that you can walk through and give it a final inspection. This should be done as close to the closing date as possible, preferably on the morning of the closing proceedings. When you go to do your final walkthrough, your home inspector will not be with you. It is your responsibility to inspect the home and ensure that everything meets your approval.

Things to look for during your walkthrough:

- The seller has repaired items included on the purchase agreement.
- The house is in "as-was" condition (everything is in the same condition as it was when you signed the purchase agreement).
- The house is vacant and clean. The home does not have to be spotless, but there should be no

remaining trash or junk left behind in the house or in the yard.

- Tenants have moved out prior to your closing unless you have agreed for them to stay.

Closing: Usually at the time an offer is accepted, or after you have a commitment from your lender, a date and time will be arranged for your closing. The closing procedures will be handled by an attorney of your choosing. The day before, you will be told the total dollar amount you will need to bring to closing by the closing attorney. They will also provide you with any additional information you may need to prepare yourself for the proceedings.

On the day of closing, remember to bring:

- A certified check for the total amount of your closing costs.
- A picture ID, such as a driver's license.
- Your personal checkbook.
- Evidence of mortgage insurance (if this information has not already been requested).

During the closing, details of the sales contract will be explained to you. If everything meets your approval, you will sign the contracts to finalize the deal. Congratulations! You are now a new homeowner!!!!!!