

The Home Buying Process Explained (Web Version)

Now that you have decided to buy your first *or* next home, there are some things you should keep in mind to make the process go *smoothly*. This applies to investment properties as well.

1. Pre-Qualification and Good Faith Estimate (GFE): It is in *your best* interests to be financially pre-qualified by a *reputable lender* **BEFORE** getting too involved in searching for a house. This will give everyone a higher level of *confidence* in a sale going to settlement/ closing and will help you *determine the best price range for your comfort level*.

2. Credit Check(s): The lender will run an “in-file” credit report to determine their *ability* to provide mortgage financing as well as to determine the possible *amount* of financing. Do NOT do anything that will negatively impact your credit while looking for a house.

3. The Search: Once I understand what you are looking for (this will likely *evolve* so do NOT get frustrated!), including your preferred “price range”, *we can focus on identifying* properties for you to consider looking at. The “search” is as much about *finding* the *best* home for your needs as it is about *eliminating* those that will **not** meet them. Two *key* words: *focus* and *strategy*.

4. Earnest Money Deposit ("Good Faith" Money): Buyers typically include an “Earnest Money” deposit check with their offer. If an agreement falls through due to no fault of yours (please refer to the actual contract), all deposits will be *refunded* *if* there is no **dispute** over them. However, a *default* by a Buyer *could* result in a dispute and *loss* of deposit money

5. Interest Rates, Lock-ins, Discount Points: Interest rates and discount points (these are used to “*buy-down*” the interest rate) can *vary* from day to day. **NEITHER THE LENDER NOR THE REAL ESTATE AGENT HAS ANY CONTROL OVER THESE VARIANCES.**

6. Estimate of Closing Costs: Your mortgage loan officer will give you an *estimate* of the funds **required** to close/ settle on a home in your desired price range, usually in the form of a “Good Faith Estimate” (GFE). *Typical* Closing Costs are **5-6% of the Sales Price**. Depending on the local market and your financing, a seller may “assist” with your closing costs.

7. Estimate of Monthly Payments: A calculation of your monthly payments based on the principal loan amount, the interest rate, the annual property taxes and the cost of property insurance (PITI payment). This number will be used to “qualify” you.

8. Loan Processing: It is **IMPERATIVE** to *respond* **IMMEDIATELY** to lender requests for information to avoid delays in getting approved. This is a *major* factor buying a house.

9. Home Inspections: A home inspector will look at a home according to a detailed checklist. You will have an opportunity to discuss the report with the inspector to determine what you may want to ask the Seller to correct. We will concentrate on problems that meet the requirements of a “material defect”. A typical home inspection takes about 2 hours and is a *major* factor in *determining whether* a sale will proceed or not.

10. Home Owner's Insurance: You will need to talk to an insurance agent to determine needed coverage for your new home as soon as possible. You **MUST** provide *proof* of insurance at the settlement table or pay for it before settlement concludes.

11. Title Search and Survey: The Title Company will order a title search to ensure that the Seller is able to provide you with "clear title" to the property and land.

12. Walk-through: We will conduct one or more *final* walk-through inspections of the property (current regulations suggest two to avoid closing issues) to avoid any surprises.

13. Certified Funds Needed: A day or so before closing, the lender will let you know the amount of money you need to bring money to closing. Some prefer to "wire" funds.

14. Closing/ Settlement: This is the **final step** in buying your new/ next home. At the Title Company, or my office, you will sign the papers necessary to *transfer* title of the property to you.

15. Use Me to Communicate with Seller: If you have any questions or concerns, contact me. I will handle communications to prevent any misunderstandings between you and the Seller.

16. Utilities: Prior to settlement, you will need to have all utilities *transferred* to your name.

17. Buyer's Remorse: It is not unusual for buyers to question their decision after they have signed an agreement of sale. The evolving process will give you several opportunities to make sure that you made a wise choice. *Remember* that much **planning, thought and determination** went into your decision: take a deep breath and trust yourself. If you have followed the plan I have used time and time again, you can **trust the process** and know that you have done an **exhaustive search**, *eliminated* houses that did NOT meet your needs, *determined* which houses "seemed" to match your wishes and, ultimately, **made an informed decision and made a purchase offer for the best one!**

18. Our Business Relationship Agreement: While we are in the process of searching for your home, it is *extremely* important that I be aware of and involved in *every* home you see. While you may be *tempted* to visit an open house *or* a new construction sample home *or* contact another agent without involving me, **there are rules** in our industry which could cause the Seller to not pay my fee if you visit *any* home without me (*especially* new construction!). In that case, you would have to pay me out of your pocket at closing and that is **NOT** my goal. Please make sure that people know I am your agent.

As your agent, I am your advocate and my job is to **protect and promote your interests above all else!** You can trust in my commitment to you *and* I need to trust in *your* commitment to me. This is mainly to be sure that buying a home does not cost you more than we planned.

Finding and purchasing your new/ next home should be *very* exciting but it can also be an *emotional* process. Allowing me to handle your questions, concerns and any inherent stress will enable you to enjoy this giant step in achieving your own American Dream. **I look forward to representing your best interests in making your dream a reality.**