

Your

A guide to buying your new home

Road Map

Home



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The Road To Home Ownership

Congratulations! You've started your excursion to buying your new home!

This Road Map contains almost everything you will need, from start to finish.

The helpful tips will aid you on your journey from purchase to moving in.

While you're following the directions in this Road Map,

I will help you find a home that is a perfect match for you!



On The Road To The Purchase Process

1. Start saving

As soon as you know you want to purchase a home, start saving. Down payments typically range from no money down to 5%. Your upfront expenses are typically around \$1,500 to cover your earnest money deposit, home inspection and appraisal. Your lender can also discuss family gifts, grant programs and lending incentives.

2. Get your financial documents in order

On your first visit, ask your lender for a list of documents required during the mortgage process. The quicker you deliver these items, the faster the process will go. Often, delays in the buying process can be avoided with timely paperwork.

3. Don't max out

Don't max out your credit cards, close old accounts, consolidate debt, pay off collections or have your credit pulled multiple times without speaking to your lender first. Once under contract, the golden rule is don't spend money on anything that is not a true necessity and pay your bills on time.

4. Don't quit your job

Don't quit your job while applying for or under contract. A change in employment can affect your loan qualification. Stay put until after you close on the deal!

5. Don't make large deposits

Don't make untraceable deposits into your bank account. Ask your lender before making any unusual deposits, as these can lead to your loan being delayed or denied.

6. Download your lender's mobile app

Download your lender's app or visit their website to use a mortgage calculator that helps you predict monthly payments.

7. Compare loan options

Your lender should explain all lending products that you may qualify for and offer a comparison chart for you. Not all mortgages are equal; terms, rates and down payments vary.

Make A Right Turn

1. Find the right real estate team

A lender and real estate agent are important partners to your home buying process. The real estate agent that works for you during the buying process is called a buyer agent. In most transactions, you are not required to pay your buyer agent a sales commission. Their fees are covered by the seller. A good real estate agent will disclose to you upfront any costs or fees that you may be required to pay. Always ask so there are no surprises.

2. Find the right lender

Real estate agents should provide you with a preferred lender list. This list should contain lenders that have a great reputation. A list is included in this guide.

It's important that your real estate agent and lender talk!

A lender should be available when you need them. Often, buyers will select a 9-to-5 lender and feel disappointed when they can't reach them in the evening. The real estate market is competitive. Response and availability can be the difference between getting or losing the home of your dreams.

3. Get pre-approved, not pre-qualified for a mortgage

Before you start looking for a home, you need to know how much you can and want to spend. Your lender will require some financial information from you to give you a lender letter.

Don't get prequalified for a mortgage, get pre-approved. Sellers and their agents often look for or require pre-approvals to accompany offers to ensure your lender has reviewed your financial information and is likely to grant the loan.

If you don't qualify now, a great lender will point you in the right direction to get you approved in the near future.

Everyone must be on the same page, understanding your goals and needs. A great lender will educate you on all the products that you qualify for, including any grant or free money opportunities. Select the loan that fits your needs.

Yield Before The Home Search

1. First or Forever

Understanding that your first home isn't necessarily your forever home is the first step to figuring out what you want out of your new home. You may decide to buy the home that offers rental or resale possibilities because you know it's only a first home purchase and that bigger homes are in your future. Or, you may be dreaming of your forever home that you will grow into as your family grows and changes. Often, new construction or a fixer upper may be the best fit to getting everything you want.

2. Fixer Upper or Move-in-ready

Understanding your limitations can save you heartache. Ideally, do you want a move-in ready home. Or do you want something that requires a little tender loving care to make it more like a custom home. It's important to have an idea of what you want upfront, as your lending product may have to be altered if you want that diamond-in-the-rough. Ask your lender and real estate agent about renovation loans that allow you to purchase and fix your new home.

3. Wants vs. Needs

Take the time to list everything you need in a home; these are your must-haves and deal breakers.

There are a ton of things to consider, like water views, garages, fenced yards, fireplaces, neighborhoods, attached homes, amenities, school districts and more.

Don't confuse what you want with what you need.

List what you want; typically these can be in two categories, the "gotta have" and the "nice to have".

Keep in mind, some things can be added on at a future date, or substitute with other features.

Road Work Ahead

Wants

1.

2.

3.

4.

5.

Needs

1.

2.

3.

4.

5.

Proceed To The Route For Your Home

Shop for your home

Often, buyers will spend countless hours searching the internet for homes. They will fall in love online only to find out the home isn't available or is already sold.

Your real estate agent should set you up with an inclusive home search based on your wants and needs.

The best way to stay ahead of the competition is to have a real estate agent keeping you informed, understanding the trends in the market and knowing where to look for homes.

Make the offer

When you find the right home, your real estate agent should guide you through the offer process by researching and giving you market information as it relates to the home and inform you on the steps to submitting your offer.

Most offers require you as the buyer to offer an earnest money deposit as good faith of purchase. Typically, an earnest money deposit will range from \$500 to \$1,000 depending on the market.

In today's market, oftentimes, a due diligence fee is necessary with the offer to assist in prompting the seller to accept your offer.

STOP! Proceed With Care

The Appraisal

When you are at the appraisal process of the loan, you are normally in the home stretch to obtaining the keys to your home. Your lender and closing agent will begin to ask you for paperwork required to get your mortgage loan package to the underwriter for final review. Some of the items may be letters of explanation, tax papers, updated paystubs, homeowner's insurance policy, proof of debt payoff, etc.

The appraisal is performed by a third-party appraiser whom your lender hires on your behalf. The appraiser works for both you and your lender to ensure you are purchasing a home that has an overall condition that is acceptable for the mortgage product you have chosen and that you are purchasing the home at or below its market value.

When a home's value appraises for less than what you have offered, the buyer typically has three options:

- 1) pay the difference
- 2) ask the seller to reduce the price or
- 3) terminate the contract to purchase.

Appraisals in most cases are at the buyer's expense and payment is due before the appraisal is scheduled. Typical costs range from \$475 to \$550, depending on the market.

Get a home inspection

All homes aren't created equally. Once your offer is accepted, your real estate agent should assist you with setting up a home inspection. Home inspections performed by reputable companies provide an in-depth analysis of the home and can uncover items that need immediate or future attention. This could save you from purchasing a home that is in need of repairs that cost more time and effort than you're willing to spend.

The home inspection is at the buyer's expense and is paid for at the time of the inspection. Typical costs range from \$400 to \$500, depending on the market.

Negotiate any repairs/price reductions

If your home inspection uncovers repairs that you aren't comfortable living with, your real estate agent should negotiate with the seller's agent to get the repairs completed, an allowance for repairs, or a price reduction for you prior to moving forward or incurring any further expense in the transaction.

You Have Arrived At Your Destination!

Get a walk through

On closing day or a few days prior, you will walk through the home one more time with your real estate agent. This is called a walk through.

It serves two purposes:

- 1) To ensure the home is in the same condition as agreed upon.
- 2) To ensure any repairs requested have been done in a workable manner.

Closing

On closing day, your real estate agent will accompany you to the closing agent's office to sign your mortgage paperwork. If your mortgage loan requires a down payment, your closing agent will give you wiring instructions. It's always best to wire those funds at least 24 hours to the escrow account to ensure no delays in closing.

You will get the keys to your new home at closing!

Moving day!

It's always a good idea to be prepared to change all exterior locks on your new home after closing for safety.

One thing people forget at closing are utilities. Some utility companies charge you less to transfer services versus installing new ones. If you didn't take care of requesting a transfer of services or activation one day prior, make sure it's one of the first items you do after closing. Remember to change your address at the post office, on your driver's license and other important documents.

Your Road Map Has Been Completed

Enjoy Your New Home!

Notes

Preferred Lenders

Stacey Shaw, Mortgage Loan Officer

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Thank You!

