

Buyer's GUIDE



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HOMES

Real



Steps to a Home Purchase

STEP 1

- GET PRE APPROVED WITH A LENDER
- PREVIEW HOMES ON YOUR PORTAL/ONLINE
- SCHEDULE IN-PERSON HOME TOURS

STEP 2

- WRITE OFFER AND NEGOTIATE CONTRACT
- SCHEDULE HOME INSPECTION
- NEGOTIATE POST INSPECTION REPAIRS IF APPLICABLE

STEP 3

- ORDER APPRAISAL WITH LENDER
- ATTORNEY WILL RUN TITLE SEARCH
- OBTAIN LENDER COMMITMENT LETTER

STEP 4

- OBTAIN HOMEOWNERS INSURANCE
- CONTACT UTILITY COMPANIES TO START SERVICE
- ATTORNEY WILL GIVE YOU FINAL \$ AMOUNT NEEDED AT CLOSING

STEP 5

- ATTORNEY WILL SCHEDULE CLOSING DATE/TIME
- FINAL WALK THROUGH OF THE PROPERTY
- CLOSING

STEP 1

DETERMINE HOW MUCH YOU CAN AFFORD:

Lenders typically recommend homes with a cost no more than three to five times your annual household income, with a 20% down payment and moderate amount of other debt.



GET PREAPPROVED:

Initially you'll fill out an application (typically done online) to give financial information to your lender. such as your income and amount of savings – and your lender checks your credit score.

For preapproval, your lender will likely need tax returns, paystubs, and all bank account statements.

PREVIEW HOMES ONLINE & IN YOUR PORTAL

I will set you up on a portal that ties into the Multiple Listing Service (MLS). This is the most accurate source of property data and will show you homes that are available. You can favorite, discard, and mark a possibility, as well as write me notes with questions, etc. Another recommended app is Homesnap.



STEP 2



WRITE AN OFFER

After touring homes in your price range, I'll assist you in writing an offer on the right home. We'll present a fair offer based on the value of comparable homes in the area. We may need to negotiate this offer with the sellers until acceptable for both parties.

SCHEDULE HOME INSPECTION

You will promptly schedule a home inspection. The inspector will generally look at the following items:

- Exterior
- Mechanicals
- Structure
- Appliances
- Plumbing
- Electrical

You may elect to conduct additional tests or inspections (ex. Radon, termite/insect, etc.)

NEGOTIATE INSPECTION REPAIRS

After your home inspection is completed, you may have an opportunity to request repairs or credits from the seller. This is intended for health, safety, or fire hazard defects. If you cannot come to an agreement, depending on your contract terms, you may be able to cancel with no penalty or loss of deposit funds.

TITLE SEARCH

Title is the right to own, possess, use, control, and dispose of property. When purchasing a home, you are actually buying the seller's title to the home.

Before the closing, a title search will be conducted for any problems that might prevent you from a clear title to the home.

You will also want to determine how you wish to hold title to the property - especially if you're buying with a spouse, partner, family member, or colleague.

APPRAISAL

An appraisal is an estimate of the value of a property. Although the primary goal is to justify the lender's investment, the appraisal can also protect you from overpaying.

Your lender will typically hire the appraiser and charge you a fee for the service prior to or at the closing.

FINAL COMMITMENT LETTER

After the lender approves your loan, you will get a commitment letter that stipulates the loan term and terms to the mortgage agreement. This final commitment letter will include the annual percentage rate and the monthly costs to repay the loan. It will also include any loan conditions prior to closing.

Choosing AN ATTORNEY

FOR BUYING REAL ESTATE

WHY?

In the state of Connecticut, it is required to have an attorney handle the actual closing & recording of the final documents. It's important to choose an attorney who practices solely or mainly in real estate law. They will provide you with experienced insight and expertise, giving you peace of mind during the closing process.

An attorney may provide the following:



DOCUMENT REVIEW

Contacts the Seller's attorney to ensure the Title Commitment (which discloses all liens and titles existing on the property) is reviewed.

Reviews all documents prepared by Seller's attorney for closing, including the Deed (which conveys the title to the Buyer.)



CLOSING FIGURES REVIEW

Verifies closing figures from the Seller's attorney. These figures include all expenses concerning the sale and satisfaction of liens and encumbrances on the property.

Contacts applicable sewer tax entity to obtain a proration through the closing date.

Obtains the most recent tax information and tax assessment for the property to prepare closing figures.



LEGAL ADVICE

Provides legal advice in any negotiations post contract, including inspection issues.

Remains available through the closing process and attends the closing to review all documents presented to the buyer.



STEP 4

HOMEOWNERS INSURANCE

Your lender will require proof of insurance on a home before issuing a mortgage. Typically you will pay a full 12 months of insurance up front and then when you make your mortgage payment each month, a portion will get put aside for the insurance payment due a year from now. You will continuously fill the bucket so the lender has the funds when the policy becomes due again.

SET UP UTILITIES

Once you have a scheduled closing date & time, it's important to contact the utility companies to start service in your name for the day of closing. This prevents any overlap in service. The attorney handles the water & sewer billing switch to the new owner so you only need to worry about the other utilities in the home. *In the winter months, make sure you do this so that the pipes don't freeze and cause damage if the services get shut off.*

FINAL AMOUNT FOR CLOSING

You won't know your final cost for closing until the last couple of days, or sometimes the day of closing. The numbers on the final document need to be approved by both attorneys and the lender so there is a lot of back and forth between them until the final number is reached. You'll find the summary of costs on the final Closing Disclosure (sometimes referred to as a CD) document.

TIP!

Shop your insurance rate every year or two. Insurers tend to sneak the rate up over time because it's included in your payment.

tips for:

MORTGAGE FINANCING

Always check with your lender before doing any of the following prior to **closing** on your home:



MAKING A BIG PURCHASE

Avoid making major purchases, like buying a new car or furniture, until after you close on the home. Big purchases can change your debt-to-income ratio that the lender used to approve your home loan and could throw the approval into jeopardy.

OPEN NEW CREDIT

Do not open any new credit cards or get a loan without speaking to your lender first.

MISSING ANY PAYMENTS

Pay your bills on time to keep your credit score from dropping.

CASHING OUT

Avoid any transfers of large sums of money between your bank accounts or making any undocumented deposits - both of which could send "red flags" to your lender. Avoid transfer apps like Venmo & Cash app.

KEEP THE SAME JOB

Be kind to your boss and keep your job. Don't begin looking for new work right now, unless it's a second job to make extra money.

STEP 5

FINAL WALK-THROUGH

Before the closing, you will schedule a final walk through of the home with your real estate professional. You will check the premises to ensure that it's in the same condition as when you made the offer.

- Check that inspection repairs were made
- Test the hot water
- Flush the toilets
- Test appliances
- Make sure the heat/AC works

CLOSING

THE CLOSING PROCESS FINALIZES THE PURCHASE OF YOUR HOME AND MAKES EVERYTHING OFFICIAL. ALSO KNOWN AS SETTLEMENT, THE CLOSING IS WHEN YOU RECEIVE THE DEED TO YOUR HOME.

A FEW THINGS TO BRING TO CLOSING

- Two (2) Forms of ID; valid government-issued photo ID; and a credit card, passport, or some other form of ID
- Cashier's check for the total amount due
- Any outstanding documents for the title company or mortgage loan officer

WHAT TO EXPECT

The attorney will look over the purchase contract to: identify what payments are owed and by whom; prepare documents for the closing; conduct the closing; make sure taxes, title searches, real estate commissions, and other closing costs are paid; ensure that the buyer's title is recorded; and ensure the seller receives any money due.

YOUR CLOSING COSTS

Some of the most common fees include:

- Escrow fees
- Recording and notary fees, if applicable
- Title search and title insurance
- Origination, application and underwriting fees from lender
- Appraisal fees
- Local transfer taxes
- Homeowners Insurance
- Home Owners Association (HOA) fees, if applicable

AFTER CLOSING

Make sure to keep copies of all closing documents for tax purposes.

Remember to change all locks on your new home; you never know who has an old key.

Congratulations
Homeowner!