

# 90 Days to *Homeowner*

CHALLENGE FOR HOPEFUL HOMEBUYERS



# Hey there!



My name is Rich Ayers! I lead two real estate teams. One is based in Chicagoland and one in Florida! We love working with first time buyers, upsizers, downsizers, investment property owners and those escaping Illinois for warmer states!

I have been a full-time Realtor since 2005! I enjoy training and mentoring new agents too!

Thank you for trusting me to share advice as you embark on your home buying journey!

In this guide, I will walk you through the steps to become a homeowner in 90 days (about 12 weeks!). My goal is to ensure that you are empowered to make decisions that work best for you and your family.

Have questions? I'm always available to help. Shoot me a text or give me a call for the quickest response.

## WEBSITE

[AyersTeam.com](http://AyersTeam.com)

## CELL

630-430-5927

## OFFICE

630-410-9601

## EMAIL

[rich@ayersteam.com](mailto:rich@ayersteam.com)

## LOCATIONS

Chicagoland and  
Florida

## FACEBOOK

[facebook.com/rich.ayers68](https://facebook.com/rich.ayers68)

## INSTAGRAM

[@richayers](https://www.instagram.com/richayers)

## PART ONE

# Is Buying Right for Me?

In this section we'll walk through some questions and exercises to determine if homeownership is the right move for you!

# Thinking about Buying? Questions to Consider

Tired of the rent race and thinking about buying? Buying a home is, yes, a huge financial decision, but it's also an emotional one. And while you can find online calculators to tell you whether you're financially ready,

there are several additional questions to reflect on. To gauge if you're ready—heart, mind, and means—to start thinking about buying a home, consider these questions:

## QUESTIONS TO CONSIDER

### **Asses your income.**

Do you have a stable job and income? Do you foresee yourself staying in this line of work? What are your expenses, savings, and debts?

### **Determine your budget.**

Your budget should include funds for a down payment, mortgage payments, property taxes, insurance, & maintenance costs.

### **How's your credit score?**

A good credit score is essential for getting a favorable mortgage rate.

### **Am I prepared for additional costs?**

Consider expenses like closing costs, inspections, and potential repairs.

**How long do I plan to stay in this location?** Buying a house could make sense if you plan to stay for several years.

### **Do I foresee major life changes?**

Consider how your career, family, and lifestyle might evolve in the coming years.

**Is the area suitable for my needs and lifestyle?** Consider factors like commute, schools, amenities, and safety.

# Determine your Debt-to-Income Ratio

Calculating your debt-to-income (DTI) ratio is a straightforward process that helps you assess your financial health and your ability to manage new debts, like a mortgage.

Mortgage lenders typically have specific DTI requirements when approving loans and often prefer borrowers to have a DTI ratio below 43% (including the new mortgage payment).

However, some loans, like FHA loans, may allow higher DTI ratios. It's essential to understand your DTI ratio because it plays a significant role in determining your eligibility for loans and your ability to manage debt.

If your DTI ratio is on the high side, consider reducing your debt before taking on additional obligations like a mortgage.

## TIP

A DTI under 36% is great, keep it up!  
A DTI between 37%–43% has room for improvement! A DTI above 45% may pose some challenges. Speak to a lender for advice on qualifying.

RENT	
CREDIT CARD	
CAR + INSURANCE	
PHONE + INTERNET	
UTILITIES	
STUDENT LOANS	
SUBSCRIPTIONS	
FITNESS	
TOTAL EXPENSES	
÷ GROSS INCOME	
DEBT-TO-INCOME %	

## PART TWO

# The Home Buying Process

In this section we'll cover what you can expect from the home buying process – from pre-approvals all the way to moving day!

STEP 1

## Finances

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The Mortgage Process  
Lender Questionnaire  
Obtain pre-approval

STEP 2

## Home Search

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Determine wants vs. needs  
Complete Home Search Worksheet  
Preview potential properties online  
Schedule showings  
Complete Showing Checklist

STEP 3

## Under Contract

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Write an offer  
Negotiate terms, accept contract  
Under Contract Checklist  
Deposit escrow, finalize loan  
Gather homeowner's insurance quotes

STEP 4

## Due Diligence

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Conduct inspections  
Resolve & negotiate issues  
Lender requests & Appraisal  
Finalize Homeowner's Insurance

STEP 5

## Closing Time

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Complete Pre-Closing Checklist  
Title search and order survey  
Receive closing documents  
Wire funds to closing company  
Conduct a final walk-through  
Closing day: It's all yours!

# The Mortgage Process

The first step of the home buying process is to understand how much you qualify for by meet with a local lender and getting a pre-approval letter. It's important to interview a few lenders to find one that will be a good fit.

A pre-approval is only valid for 30-90 days, so while you can start talking to lenders, you'll want to wait on getting that pre-approval letter when you're ready to buy.

## QUESTIONS TO ASK LENDERS:

**What type of loan do you recommend for me?** Your lender should then walk you through the pros and cons of multiple loans based on your unique situation.

**Do I qualify for any down payment assistance programs?** Depending on your area, the type of property or your circumstances, you may be eligible. A good lender should know what's available to you.

**What will my monthly payment be?** This question is arguably the most important! Check with the lender about a prepayment penalty. That is, if you pay off the mortgage early (by selling or refinancing). The answer should be no!

**What is the annual percentage rate (APR)?** APR tells you a mortgage's true cost. The APR includes interest rate, points and fees charged by the lender, and lets you accurately compare mortgage offers.

**Can I lock-in an interest rate?** If so, for how long? Do you charge to lock in a rate?

**What will my closing costs be?** Are they a part of my loan, or will I pay them in cash at closing? 3-6% of your loan value is typical.

**Will I pay mortgage insurance?** If you put down less than 20% on a conventional loan, it's likely you will. Ask the lender if it's a one-time or ongoing fee.



# Lender Questionnaire

**NAME:** \_\_\_\_\_ **COMPANY:** \_\_\_\_\_

**PHONE:** \_\_\_\_\_ **EMAIL:** \_\_\_\_\_

What type of loan do you recommend for me and why?

Do I qualify for down payment assistance programs?

What is the interest rate? What is the APR?

Will I pay mortgage insurance?

What will my monthly payment be?

Can I lock in an interest rate? If so for how long? Are there fees associated?

What will my closing costs be? Are they a part of my loan, or will I pay them at closing?

A photograph of a modern interior space, likely a kitchen or dining area, featuring large windows and a balcony with a view of greenery. The title "Determine Your Wants vs. Needs" is overlaid in large white text.

# Determine Your Wants vs. Needs

Before we hop into the home search, I like to advise my clients to create a "Needs" list and a "Wants" list. This will help us to really focus on the things that are most important in your future home. Needs are the non-negotiable.

## NEEDS MIGHT LOOK LIKE

- Enough bedrooms for your family
- First floor master bedroom
- Close proximity to work or school
- Attached two-car garage
- Yard for children or pets

They are the features you simply must have in your next home. Wants are the ones you'd like to have, but you can add or change down the road. Remember you can't change the lot, the location, or the price you paid.

## WANTS MIGHT LOOK LIKE

- Specific paint or exterior color
- Fenced-in backyard
- Specific flooring
- Kitchen amenities or appliances
- Walk-in shower or double vanity

### NEEDS

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### WANTS

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# Home Search Worksheet

What area are you looking to buy in?

What do you like about this/those area(s)?

How many bedrooms, bathrooms, and preferred square footage? 1 or 2 story?

Do you have children? Pets?

What's your favorite style of home?

What are the top 5 most important things in your future home?

What is a non-negotiable feature or aspect needed your future home?

Anything else we should keep in mind during our search?



# The Home Search Process

Now that you've got your wants vs. needs list in hand, the fun really begins! It's time to start looking at listings and choosing which houses to see in person. Tip: Keep your wants vs. needs list close by to reference!

First up, let's talk about best practices for searching online. You are probably familiar with the sites Realtor.com, Zillow, Redfin, but how can you get the results you want? Try some of the tips below.

## USING ONLINE REAL ESTATE TOOLS

**Use the search filters, but don't go crazy.** You don't want to restrict your search so tightly that you only have a handful of homes to view. Keeping your wants vs. needs list in mind, expand your geographic search, and add 25-50K to your max price since there is sometimes wiggle room with pricing and negotiations.

**If you find something that catches your eye, check out the Google street view.** Online pictures can be deceiving so a virtual 'walk down the street' will give you a better sense of the house and surrounding area.

**If a home you like is "pending" or "under contract" don't panic!**

Pending contracts do fall through occasionally, so keep it on your list, especially if it checks all your boxes. I can reach out to the Listing Agent with questions, as well.

**Jot down the MLS number & address.**

Send your list to me and I will call the listing agents to gather pertinent info. Next, look for some time in your calendar to tour the homes on your shortlist. Hold more time than you think you'll need.



# Make the Most of Your Showings

You're SO READY to get inside those homes on your shortlist and see for yourself if one of them is soon-to-be your new address.

I know you're excited, but it's important to go into those showings calm, cool, and with your thinking cap on. Below is a quick list of how to do just that!

## KEEP THIS IN MIND AT SHOWINGS

**Read over your wants vs. needs list and revisit your budget.** Having this fresh on your mind will help you stay objective and focused.

**Take pictures and videos** to jog your memory later.

**Consider the lot, lot size, and location,** all of these things cannot be changed.

**Look for signs of structural integrity.** Water damage, cracks in walls or ceilings, sloping floors, and other potential issues.

**Pay attention to noise levels** from nearby roads, airports and railways

**Examine the roof for leaks, missing shingles, or other damage.** Inspect siding, windows, doors, and the overall exterior condition.

**Consider layout & space.** Does the property's layout suit your lifestyle? Check room sizes, storage space, and the flow between rooms.

**Look past decor & staging.** These things will soon be gone

**Consider the potential resale value** of the property by researching the historical appreciation rates

ADDRESS

EXTERIOR RATING (1-10)

INTERIOR RATING (1-10)

LIST 3 PROS OF THE HOME:

LIST 3 CONS OF THE HOME:

TOOK VIDEOS / PHOTOS

☐

YES

☐

NO

INITIAL REACTION (CIRCLE)

NO

MAYBE

VERY INTERESTED

IT'S THE ONE!

ADDRESS

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TOOK VIDEOS / PHOTOS

☐

YES

☐

NO

INITIAL REACTION (CIRCLE)

NO

MAYBE

VERY INTERESTED

IT'S THE ONE!



A photograph of a bedroom with a bed, pillows, and a lamp. The text "Make Your Offer Stand Out" is overlaid on the image.

# Make Your Offer Stand Out

So you think you've found "the one" and you're ready to put in an offer—one that will be simply irresistible to sellers.

Let's talk about making an offer that truly stands out. Below are my tried and tested recommendations.

## WRITING A COMPELLING OFFER

**Include a pre-approval letter** that shows that you're serious, qualified, and ready to purchase.

**Lean on a trusted agent** who can help you compose an offer that gives you every advantage in landing the home!

**Put your best foot—and price—forward.** You may only get one shot, so make it count. Use comps and trends as a guide, but go in with a strong number you know a seller would find favorable.

**Use a friendly tone.** Let the sellers know you want their home—and that you'll be easy to work with all the way to closing.

**Propose to close quickly.** Include contingencies only if you must. If you need to sell your current home before purchasing, disclose it here.

**Include a short hand-written note** if you really want to make an impression, with your offer. Sometimes it's the smallest gestures that have the most significant impact.



# We're Under Contract!

Your offer has been accepted — cue the confetti! And while it'll be a few more days until you can move in, you're well on your way to closing the deal on your new home sweet home.

Here's a quick rundown on what happens after you make an offer and your new home is "under contract."

## YOUR OFFER WAS ACCEPTED! WHAT'S NEXT?

### **Provide an Earnest Money Deposit** –

This is a good faith deposit to show your commitment to buying the property. This deposit is typically held in an escrow account until the closing.

**Schedule Home Inspection** – Depending on the results, you may negotiate with the seller for repairs or credits. Schedule this immediately!

**Order Appraisal** – Your lender will initiate this to ensure the property's value matches the sale price. If the appraisal comes in lower than the agreed-upon price, you may need to renegotiate with the seller or come up with additional funds.

**Finalize the Loan** – You'll provide documents and go through underwriting with your lender.

**Title Search** – A title company will conduct a title search to ensure there are no liens or legal issues with the property's ownership. You'll also purchase title insurance to protect against unforeseen title problems.

**Final walk-through** – Shortly before the closing date, you'll have the opportunity to do a final walk-through of the property to ensure it's in the agreed-upon condition.

**Closing Day** – Sign all necessary documents, pay remaining closing costs and the down payment. The title is officially transferred to you, and keys are exchanged.

**Funding and Recording** – Once all documents are signed and funds are transferred, the transaction is recorded with the county or local municipality. This officially transfers ownership from the seller to you.



## Under Contract Checklist

### Send Escrow Deposit

Escrow deposit amount: \_\_\_\_\_

Escrow deposit recipient: \_\_\_\_\_

*Be very careful when wiring funds.*

*Never trust wiring instructions sent via email.*

### Begin Loan Application

Start your loan application within 5 days from the executed contract date.

*During your loan processing, it is VERY IMPORTANT not to make any major job changes, major purchases, or open new credit cards, as any of these activities could alter your qualifications.*

### Schedule Inspections

The last day to renegotiate or cancel the contract due to issues revealed by the inspections is: \_\_\_\_\_

### Obtain Home Insurance

Contact insurance companies for quotes before the end of the inspection period

## Important Dates

EXECUTED CONTRACT DATE

ESCROW DEPOSIT DUE

LOAN APPLICATION DUE

INSPECTION PERIOD ENDS

ESTIMATED CLOSING DAY

HOME  
ADDRESS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ATTORNEY /  
TITLE  
COMPANY

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PURCHASE  
PRICE

\_\_\_\_\_

ESCROW  
DEPOSIT

\_\_\_\_\_



# Inspections & Insurance

**What is a home inspection?**

The inspection will uncover any issues in the home that would have otherwise been unknown. You will receive a written report of the inspection. I recommend that you are present for the inspection, so that you may ask any questions.

**What does the "inspection period" mean?** Typically, inspection periods can last anywhere from 5 to 15 days. During this time, the buyer has the right to hire a professional to inspect the condition of the home.

If the results of the report reveal any issues, the buyer may ask the seller to cover the costs of these repairs or reduce the sale price.

If an agreement can not be made, the buyer has the right to back out of the contract and get the escrow deposit back with no consequences.

**The home seems fine, do I really need a home inspection?**

The home may appear to be in perfect shape, but some of the costliest problems are difficult to spot: leaks, termite damage, foundation issues, poor ventilation, faulty wiring, and drippy appliances. Before you sign on the dotted line, have a professional thoroughly assess the home for problems.

**When should I schedule the inspection?** Schedule all inspections immediately, so if we need to negotiate any repairs we can before the inspection period ends.

**What about home insurance?** Once you have a signed contract, start looking for insurance providers immediately. Your lender will typically require evidence of insurance coverage before they approve your mortgage. Gather multiple quotes!

# Inspections Cheat Sheet

INSPECTION TYPE	DESCRIPTION
<b>STANDARD</b>	The standard home inspector's report will cover the condition of the home's heating system; central air conditioning system; interior plumbing and electrical systems; the roof, attic and visible insulations; walls, ceilings, floors, windows and doors; the foundation, basement and structural components.
<b>FOUR-POINT</b>	The Four-Point Inspection examines 4 main things: Electrical, HVAC, Roof & Structure, and Plumbing. The Four-Point will most likely be required by your homeowner's insurance if the home is more than 30 years old.
<b>WDO</b>	The WDO Inspection is the Wood-Destroying Organism Inspection. Ask your lender if your loan requires any certain inspections such as a WDO inspection.
<b>LEAD-BASED PAINT</b>	If the home was built prior to 1978, a lead-based paint inspection is recommended

## Trusted Inspection Companies

We will recommend a  
few companies to you!

# Home Insurance Cheat Sheet

INSURANCE TYPE	DESCRIPTION
<b>HOMEOWNERS</b>	The standard homeowners insurance covers financial protection against loss due to disasters, theft and accidents
<b>HAZARD</b>	Hazard insurance protects against damage caused by fires, severe storms, hail/sleet, or other natural events
<b>FLOOD</b>	Protects against damage caused by a flood
<b>WINDSTORM</b>	Protects against damage caused by tornadoes, hurricanes, or gales.

## Trusted Insurance Companies

We will recommend a few companies to you!

# Pre-Closing Checklist

**BRAVO! HERE'S WHAT YOU'VE COMPLETED SO FAR:**

- X Under contract**
- X Inspections**
- X Obtain home insurance**

**THE CLOSING TABLE IS NEAR!  
HERE'S WHAT'S NEXT:**

## Order Appraisal

An appraisal is an estimate of the value of the property by a licensed professional appraiser. Once problems are resolved from inspection, the lender will order an appraisal and paid for by you. The appraisal verifies the value of the property for the lender and to protect you from overpaying.

*The contract is contingent upon whether the appraisal comes in at or above the purchase price. If the appraisal comes back low, it's back to negotiations!*

## Obtain Mortgage

You have 5 days from the date of contract execution to begin the mortgage loan application. During the 30–45 days before closing, your lender will be finalizing the loan.

## Conduct Survey

Unless a recent survey of the property exists, a recent one will be requested. The survey is a sketch showing a map of the property lines and boundaries and reveals if there are any encroachments on the property. The survey is ordered by the title company and paid for by the buyer as part of the closing costs.

# TIP

It is very important **NOT** to make any major job changes, purchases, or open new credit cards, as any of these activities could alter your qualifications for a loan.

## Title Search

The title company will conduct a title search to ensure the property is legitimate and that there are no outstanding mortgage liens, judgments, easements, leases, unpaid taxes, or other restrictions that would impact your ownership.

Once the title is found to be valid, the title company will issue a title insurance policy which protects lenders or owners against claims or legal fees that may arise over ownership of the property. This will be included in closing costs.

## Clear to Close

The magic words! This phrase means the mortgage underwriter has officially approved all documentation required to fund the loan. All that remains is the actual closing process.





# It's Closing Time!

You've received the magic phrase "clear-to-close" and we've scheduled our closing date and time.

Here's a quick rundown on what you can expect from closing day!

## WHAT TO EXPECT FROM CLOSING DAY

### **When is the final walk-through?**

The final walk-through allows the buyers to do one last walk through before closing to confirm that the seller made the repairs that were agreed upon. The walk through also ensures no new problems have occurred while under contract. We will typically schedule the walk through right before closing.

### **Who will be at closing?**

Situations vary, but you can expect some combination of these folks: Buyer (that's you!), seller, real estate agents, closing attorney, mortgage lender, and the title company representative.

### **What will I do?**

Stretch those fingers and get ready to sign, sign, sign! At closing, the seller will sign ownership of the property over to you, and you'll sign to receive possession.

### **What should I bring?**

Bring a photo ID and a cashier's check to pay any closing costs. Your agent/lender/attorney/title rep will share any other documents specific to your situation. The closing process is relatively simple but be prepared for A LOT of paperwork. (And always, always, always ask if you have a question along the way.) The good news is once you've signed the last page, it's time to get a hold of those keys and celebrate!

# Have questions about buying? Reach out!



I'm always happy to answer your questions and discuss the ins-and-outs of the home buying process! Don't hesitate to drop me a message or give me a call.

— *Rich Ayers*

@richayers | AyersTeam.com | rich@ayersteam.com | 630-430-5927