

Buyer's PACKET



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Steps to a Home Purchase

STEP 1

- LENDER PRE-APPROVAL
- PREVIEW HOMES
- WRITE OFFER & NEGOTIATE PRICE

STEP 2

- HOME INSPECTION
- POST INSPECTION AGREEMENT
- ORDER HOME WARRANTY (OPTIONAL)

STEP 3

- TITLE SEARCH
- APPRAISAL ORDERED BY LENDER
- FINAL COMMITMENT LETTER BY LENDER

STEP 4

- TERMITE INSPECTION
- SCHEDULE HOMEOWNERS INSURANCE
- FINAL AMOUNT NEEDED FOR CLOSING

STEP 5

- SCHEDULE UTILITY TRANSFER
- FINAL WALK THROUGH
- 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 PREQUALIFIED AND PREAPPROVED:

Initially you'll provide some financial information to your lender – such as your income and amount of savings.

For preapproval, your lender will need W-2 statements, paystubs, bank account statements and to run a credit check.

PREVIEW HOMES & WRITE 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 accepted.



STEP 2



HOME INSPECTION

The immediate step after making an offer and having it accepted is to complete any inspections that the offer was contingent upon. If one of the contingencies was a home inspection, you'll have a certain number of days to complete this after the offer is accepted

POST INSPECTION AGREEMENT

This form will be used after the home inspection if there are any counter-offers to the seller, asking that items considered defective or problems relating to the safety of the home are corrected prior to closing.

HOME WARRANTY

A home warranty can be purchased to cover repairs and replacements on systems and appliances in your home, usually for a period of a year. This may include coverage of your home's electrical, plumbing, heating, and air conditioning systems as well as other home appliances.

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, a 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 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.

tips for:

USING AN ATTORNEY

FOR BUYING REAL ESTATE

WHY?

Buyers may wonder why to use an attorney if they already have a contract with the seller. An attorney who practices real estate law will provide the buyer with experienced insight and expertise, giving them 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.

TERMITE INSPECTION

When purchasing a home, most lenders require a termite inspection to know if the property has been damaged by termites or other wood destroying insects. If the home has any structural damage, the lender will require the property be treated and repaired.

HOMEOWNERS INSURANCE

Lenders also require proof of insurance on a home before issuing a mortgage. Payments toward a homeowners insurance policy are usually included in the monthly payments of the mortgage.

FINAL AMOUNT FOR CLOSING

You won't know your final cost for closing until the last couple of days. You'll find the summary of costs on the HUD-1 document.

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.

Opening 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.

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

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.

PRIOR TO CLOSING, YOU SHOULD CHANGE ALL UTILITIES INTO YOUR NAME, AND COMPLETE A FINAL WALK THROUGH TO CHECK FOR ANY OUTSTANDING ITEMS.

A FEW THINGS TO BRING TO CLOSING

- A valid government issued photo ID
- Cashier's check for the total amount due
- Outstanding documents for the title company or mortgage loan officer

WHAT TO EXPECT

The escrow officer 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 COST

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 fees, if applicable

AFTER CLOSING

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

THE DECISION TO BUY A
HOME IS AN EXCITING ONE.



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AS YOUR AGENT, I GO ABOVE
AND BEYOND TO HELP -
**consistently providing you with the
expert guidance you deserve
throughout the home buying
process.**