

A man and a woman are dancing joyfully in a new home. The man is wearing a blue denim shirt and jeans, and the woman is wearing a white tank top and jeans. They are holding hands and have their arms raised. In the background, there are cardboard boxes and a red sofa, suggesting they have just moved in.

# THE ROAD TO

# Home

## A HOME BUYER GUIDE



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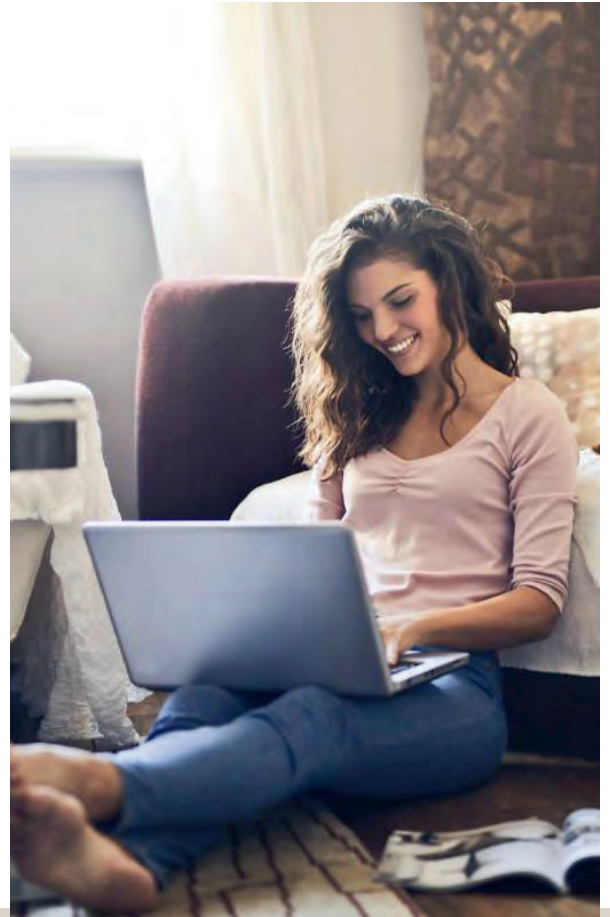
# ten steps

## TO BUYING A HOME

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## 01 FIND THE RIGHT AGENT

Buying a home is one of the most significant purchases in a lifetime. It is essential to have an experienced agent in your corner, always looking out for your best interest. A listing agent has an allegiance to their sellers - their goal is to get top dollar for the home. A buyer agent's fiduciary responsibility is to represent the buyer and to ensure that your interests are protected. We provide information relating to value, market/neighborhood conditions and obvious defects or red flags with the home. We negotiate repairs and pricing on your behalf and we use our knowledge and experience to navigate you through all the real estate paperwork.



## 02 PREPARE YOUR FINANCES

### CHECK YOUR CREDIT

A mortgage requires a good credit score. Request your credit report from all three bureaus (Equifax, Experian, and TransUnion). Fix any errors or work on improving your score by:

- Paying down credit card balances
- Regularly pay your bills on time
- Do not apply for a new credit card or car loan until you have been approved
- Don't close unused credit cards until you have been approved

### COMPILE YOUR DOCUMENTATION

When looking for mortgages, you will need to show documentation such as your pay stubs, bank statements and prior year tax returns. Start compiling these documents.



## 03 GET PRE-APPROVED

### HOW MUCH HOUSE CAN YOU AFFORD

Mortgage lenders recommend you do not stretch yourself beyond buying a home that is more than 3 to 5 times your annual household income. If you are not purchasing a home with cash, you will need a mortgage pre-approval provided by a mortgage lender. Being pre-approved, unlike being pre-qualified, means you have actually been approved by a lender for a specific loan amount. Your financial information has already been approved and verified by the lender.

Some buyers are concerned with keeping their monthly payments as low as possible, others want to make sure their monthly payments never increase. Find out if you qualify for a special loan and get quotes from multiple lenders.

### DOWN PAYMENT & OTHER EXPENSES

The down payment is your contribution toward the purchase and represents your initial ownership stake in the home. The lender provides the rest of the money to buy the property.

Down payments are typically between 3.5% and 20% of the purchase price.

Other costs include closing costs (usually 2% to 5% of the house purchase price), insurance, inspection, appraisal and homeowner's association dues.

## 04 START HOME SHOPPING

Start looking at homes in your preferred neighborhoods that are in your approved price range. While this may not always be your dream neighborhood, you don't want to fall in love with homes that are in areas out of your price range. Ask your agent about the neighborhoods within your budget - are the areas in an upswing or downward trend? What are the zoning laws in the area? Is the street a popular rush-hour short-cut? Can you picture yourself living there?

While it is important to be realistic in your search and you should be willing to compromise on some items, it is important you have your list of must-have or non-negotiables and do not overlook important flaws in the home. For example, don't buy a two-bedroom house if you know you will be having children and need a third (or fourth) bedroom or don't take on a fixer upper that is already at the top of your budget.

## 05 MAKE AN OFFER

When you find the right home, be prepared to work with your agent to submit an offer as quickly as possible. The offer will include your pre-approval letter, contingencies, earnest money, down payment, closing date, offer expiration and offer price. You may also optionally submit a biography letter to the sellers. This is where our expertise working in multiple offer environments will help you submit a competitive offer.

The seller can:

ACCEPT THE OFFER

MAKE A COUNTER-OFFER

DECLINE THE OFFER

If the offer is accepted, you are officially under contract to buy the house! If you receive a counter-offer, you can either accept the counter-offer, go back with your own counter-offer, or walk away. If the seller declines your offer, you could try to make a more appealing offer (if your budget allows), or move on to look for a different house.

## 06 OPEN ESCROW

ESCROW is the period of time between your offer being accepted and closing. Escrow provides the assurance that funds are not transferred and the property ownership is not granted until all the instructions have been followed. Usually, the seller chooses the escrow company and the principals to the escrow - buyer, seller, lender and agents - create the transactional instructions. Each transaction is different, but generally, escrow takes 30 - 40 days. Here are the steps of a typical escrow:

1. You put down a refundable deposit of 1-3% of the purchase price, which is held by the title company.
2. Your lender processes your loan and will ask for any additional information needed for approval.
3. You will review and sign disclosures for the real estate transaction.
4. You complete your due diligence on the property and remove contingencies by the deadline in your offer.
5. Inspections are completed.
6. The lender orders an appraisal for the property, usually paid for by you, the buyer.
7. You sign all loan and title documents when they are ready.
8. Closing occurs a couple days after you sign the documents.

## 07 ORDER AN INSPECTION

During the inspection period, we will schedule an inspection with a reputable home inspector to do a thorough investigation of the home. Once this is complete, the inspector will provide us with a list of findings. You can take the home as-is or request the seller to address some or all of the findings. We will be cognizant of not being too nit-picky on small items while being very careful of potentially significant issues.



## 08 NEGOTIATE FINAL OFFER

Issues typically arise after the home inspection and those issues tend to result in another round of negotiations for credit or repairs. We walk you through this process and have tough conversations on your behalf with the seller's agent. You may:

- Ask the seller to make repairs.
- Ask for a credit for the work that needs to be done.
- Don't sweat the "small stuff".
- Or a combination of any or all of the above.

## 09 SCHEDULE YOUR MOVE

### 4 WEEKS BEFORE YOUR MOVE

- Contract with a reputable moving company.
- Give 30 days notice if you are currently renting.
- Have school records transferred.
- Prepare to transfer your homeowners and auto insurance.
- Buy/find packing materials and start packing!
- Keep track of moving-related expenses (they may be tax deductible).

### 3 WEEKS BEFORE YOUR MOVE

- Arrange appraisal.
- Complete title search (title company will do this).
- Let housekeeper, landscaper and pool maintenance, know of your impending move.
- Transfer prescriptions.
- Request time off work.

### 2 WEEKS BEFORE YOUR MOVE

- Secure home warranty.
- Get quotes for Homeowners Insurance.
- Schedule closing appointment.
- Contact utility companies (water, electric, cable).
- Change address with post office and with your service providers, subscriptions, etc.
- Order checks with new address.
- Minimize grocery shopping.
- Keep packing!

### 1 WEEK BEFORE YOUR MOVE

- Schedule and attend final walk-through.
- Finish packing.
- Clean house.
- Pack essentials for a few nights in the new home.
- Confirm delivery date with moving company. Write directions to the new home along with your cell phone number.





## 10 CLOSING DAY

Closing is the final step in the home buying process. While your closing date is outlined in your offer, you will work with your lender and the title agency on a timeline that allows them enough time to correctly execute their end of the deal. The average closing is 30 - 40 days.

### FINAL WALK THROUGH

Not to be confused with a home inspection, the final walk through—which we will schedule—typically happens 24 hours before closing. At this point, all the seller's belongings should be completely cleared out, except for anything you agreed to keep. We will review our contract to make sure the condition of the home matches the original agreed upon state and we will review receipts or invoices from vendors who performed work to fix items in the Request for Repair. We recommend taking your time and testing all major appliances, light fixtures, toilets, windows, doors, etc.

### CLOSING COSTS

Closing costs are the fees third parties charge when you finalize buying your home; these costs usually are 3% of the purchase price and include items such as the home inspection, escrow/title fees, premium for homeowners insurance, appraisal fee, credit report charges, etc. At least three business days before closing, your lender must send you a Closing Disclosure. This form lists all final terms of your loan such as closing costs and the details of who pays and receives money at closing. You can compare this to your original Loan Estimate to make sure everything is correct.

### BRING TO CLOSING

Your escrow officer usually provides a checklist of everything you'll need. This list includes your driver's license or photo ID, outstanding documents and a cashier's check payable to the title or closing company for closing costs. After you pay your closing costs, you will sign the necessary documents and the seller will sign documents to transfer property ownership. The title company will record the deed in your name and the mortgage company will release the funds to complete the sale.

FINAL STEP: Meet with your agent to receive the keys to your new home!

*Congratulations on your new home!*



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