



The Home Buying Guide

Education

Education is one of the most important steps in this entire process. Working with a real estate professional who is committed to being knowledgeable, prompt to respond, and available to guide you through is extremely important. You should be informed of each step of the process while you are purchasing your home.

Choosing Your Lender

Different lenders are able to offer a range of products and services, so there is never a “one size fits all” in the mortgage process. We highly recommended that you reach out to as many lenders as you feel comfortable with (within a 30 day timeframe) until you find a program that works for you. There is a law called Regulation Z (better known as “Truth in Lending”) which allows your credit to be ran as many times as necessary, within a 30 day window, to obtain the best rate/program for you. This is very beneficial because should you not like the options one lender has, you can freely continue in your search. Do not feel obligated to work with a lender solely because he/she was your first point of contact. Shop around until you find the perfect program and lender. If lenders recommendations are needed, your realtor can provide.

Shopping Budget

Plan to meet with your lender to assess your financials prior to shopping for your home. Your lender of choice will run your credit, collect any needed financial documents, talk with you about down payment amounts, and ultimately let you know how much of a loan you are pre-approved for (including the estimated monthly payment). Be sure to let them know up front the payment amount you are comfortable with. This will ensure that when you begin shopping for your home, it will be within your desired price range.

Document Needed by a Lender

- Completed Application
- Copy of Photo ID
- 2 Years of W2s or if self employed 1099s
- 2 Years of Tax Returns
- 2-3 Months of Bank Statements
- 1 month of Pay Stubs

Home Shopping

Once you have been pre-approved with a lender, you are ready to begin your home search. Your realtor will set up your neighborhood search profile which will automatically email you when homes become active that match your search criteria. As the homes become available, in person showings will be set up to determine whether or not you would like to submit an offer. At that point, your realtor will collect all of the necessary information to submit your offer to purchase and promptly present it to the listing agent.

Under Contract

After your offer has been accepted by the seller and you are officially under contract, your realtor will guide you through the next stages of inspections, negotiations, appraisals, and closing. He/She will walk you through each step to ensure that you are fully informed of everything needed in order to get to the closing table without delay.

Closing

Closing is the final step of the home buying process before you actually take possession of your new home. Your real estate professional will collaborate with the lender, title company, and listing agent to tie up any loose ends prior to the closing date. They'll also inform you of any further steps you need to take such as setting up utilities and transferring your mail. At this point you should know what funds will be needed (if any) for closing, where closing will take place, and when you will receive possession/keys to your new home. Your agent will accompany you at the closing table to be sure that all documents are correct and that the transaction is closed out seamlessly.

Fees Associated with your Home Purchase

1. Earnest Money Deposit - A deposit that accompanies your offer to purchase a home, that shows good faith. This deposit is held safely in escrow and put towards the downpayment/closing cost at closing. Should the contract be cancelled due to inspections finding or the other party's breach of contract, this amount will be refunded to you. Should you breach contract, this amount will be given to the seller.
2. Inspection Fee - Total Home and Termite Inspections are typically completed on all homes. There are other optional inspections such as a Radon Inspection, Mold Inspection, and a Sewer Scope Inspection.
3. Appraisal Fee -The appraisal is scheduled by your lender and conducted by a certified professional. The report itself shows the value of the home you are purchasing. This is required by most lenders to ensure that they do not lend out more than what the home is worth.
4. Down Payment - The portion of your home's purchase price that does not come from the lender. This fee can come from your own funds, be gifted to you by a relative or friend, or be granted to you by a home buyer's program. There are also 0% down programs that require no down payment such as VA loans in the case that you are a veteran and can provide your Certificate of Eligibility (normally DD 214).
5. Closing Cost -The lender fees associated with closing your mortgage loan. These are normally about 3% of your purchase price. Keep in mind that we can negotiate in the contract for the seller to contribute towards some or all of this cost.