

The essential checklist for first-time home buyers

If you're feeling overwhelmed trying to understand the process of buying your home, you're not alone. Our step-by-step overview can help make sense of the home buying journey.

1

Determine how much you can afford

Consider what your monthly payments are today and what they will be after you purchase a home. Key factors include:



Income

What is your monthly income?



Credit score

Do you pay your bills on time, are in good standing with credit bureaus or have any errors on your credit report?



Debt

What monthly payments do you have (auto, insurance, mortgage)?



Closing costs

How much money will you need at closing?

Median home price by market



Note: Markets include surrounding metropolitan area. Source: NAR Q4 2017 Metropolitan Median Area Prices and Affordability and Housing Index

2

Get pre-approved

Getting pre-approved means that a lender has reviewed your income, expenses, and credit report and has conditionally agreed to loan you a set amount of money for a mortgage. This enables you to look for a home at or below that price level with confidence.

5 things you'll need for pre-approval



Proof of income



Proof of assets



Good credit



Employment verification



Documentation

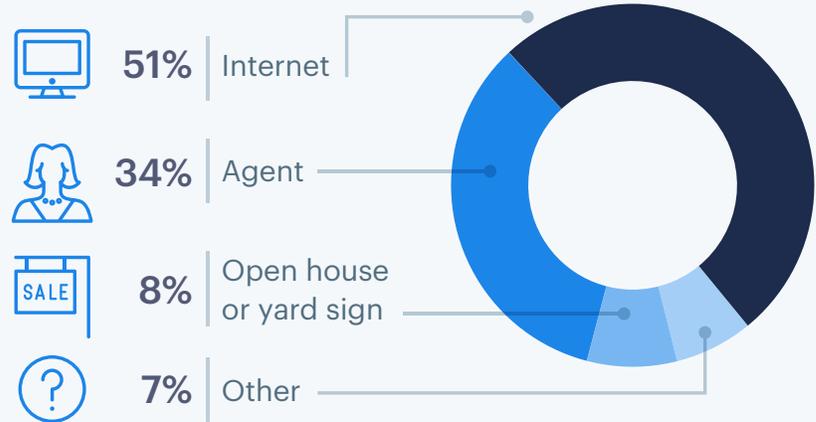
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Search for a home

Checking online is a fast and convenient way to search for homes. It may also help to drive through neighborhoods you're interested in, talk to your friends, or consult your agent, if you already have one.

How buyers found the home they purchased

Source: NAR's Home Buyer and Seller Generational Trends Report 2017



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Find a realtor

Most first-time buyers work with a real estate agent. An experienced agent has represented numerous buyers in the past and can be your advocate throughout the process.

Most popular ways a home buyer finds an agent



Source: Realtor.com

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Visit open houses and tour homes

Visiting homes in person can help you identify the features that are most important to you. While it is easy to get emotionally attached to one home, it is likely you will encounter multiple homes that suit your needs. It also helps to ask questions and bring a tape measure.

Average house search



Buyers typically searched for **10 weeks** and looked at an average of **10 homes**.

Source: National Association of Realtors

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Submit an offer

You found your new home and you're ready to make an offer. Your agent can help prepare your offer, which includes your offer price, establishing contingencies, obtaining disclosures, and establishing a closing timeline. Be prepared to negotiate the purchase price if the seller presents a counteroffer.



3 tips from Kerry Melcher, General Manager Phoenix, Opendoor

1

Submit your offer as soon as you can. Avoid delaying your offer as someone else may get in ahead of you.

2

Don't forgo inspections. Inspections will help you understand the home and any issues before closing.

3

Submit a strong offer you are proud of. If it's too low, it may be overlooked, if it's too high, you may have regrets.

Get a home inspection

A thorough home inspection will help you identify any issues with the home and determine whether there are repairs that need to be addressed prior to close and what future projects you may need to take on as the new home owner.

What a standard home inspection includes



Not included

■ Septic system ■ Air ducts ■ Pests/termites ■ Odors ■ Irrigation

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Get an appraisal

An appraisal is an estimate as to the value of your home from a professional appraiser. Lenders require an appraisal prior to issuing a mortgage.

Critical components for an appraisal



Comps*



Square footage



Appearance



Amenities



Condition

*Comps is a real estate term for “comparable sales” and refers to prices paid for recently sold homes that are comparable in size, style and location

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Renegotiate

If problems arise during the inspection period, you may be able to renegotiate the home's purchase price to account for any repairs that need to be made. If changing the purchase price is not an option, consider asking the seller to pay for repairs.

Following inspections, a buyer has three options:



Close the sale

On closing day, all parties will sign the papers officially sealing the deal, and ownership of the property will be transferred to you.

Most important docs you'll sign



Settlement statement

Summarizes final fees and charges.



The promissory note

The legal "IOU" with home loan terms, payment dates and where they must be sent.



The deed

Transfers ownership from the seller to the buyer.



Deed of trust or mortgage

The document in which you agree to a lien on your property as security for repayment of your home loan.

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