

# 7 STEPS TO BUYING A HOUSE



## Step 1: Mortgage Loan Pre Approval

(24-48 hrs for a pre-approval from your bank or any other mortgage broker)

— A mortgage professional will want some basic financial information about your income, debts and savings before providing a pre-approval letter. He or she will also run your credit score. At this stage, there isn't a need to shop around for the best loan terms because you haven't found a home and a lender isn't going to lock in an interest rate. You are not under any obligation to obtain your loan from the lender that provided a pre-approval letter, but you should allow that mortgage professional to compete for your business once you have found a home. Besides letting you know how much of a home you can afford, the pre-approval process is a good time to ask questions about what



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**Ask About Our International  
Investments**



## Should you Rent or Buy? Owning Is an Investment.

*Owning a home is the "American Dream" for most of us, but many people think they can't afford to buy or own a home. Actually, renting is often as expensive as owning in the short term and more expensive over the long haul.*

When you rent a home or apartment, your rent can be as high or higher than a mortgage payment. But, the money you pay as rent is an expense. You have nothing to show for your payments. **On the other hand, owning a home is an investment that has kept up with inflation over the years. As you make mortgage payments and the value of your property increases, your ownership (or equity) increases. You can use your equity to get money-saving home equity loans or as a down payment on your next home. Eventually, you will pay off your mortgage and own your home outright.**

additional documentation you will be needed before you obtain a loan commitment (see below). In addition, you'll need a pre-approval letter in order to make an offer on a home.

## Step 2: The Home Search

(1 to 4 weeks for home search)

— As your realtor, I'd be happy to provide you access to the MLS (Multiple listing system) based on your home search criteria. The time it takes to find a home varies for homebuyers. Some find a home they want to make an offer on after seeing just a few houses and others may see 10-20 homes. Narrowing down where you want to live and the type of home you want will make for a more efficient home search.

## Step 3: Offer

(24-48 hrs for a Seller's approval)

— Once you find a home you want to make an offer on, your buyer agent should perform a comparative market analysis, also referred to as a "CMA." When you have your initial meeting with a buyer agent ask how S/he puts together a CMA and what information will be provided to you, so you can make an educated decision about the market value of the home you want to buy. A written offer is submitted by me, your agent to the listing agent, who works for the seller. Included with the offer will be a copy of the first deposit check, typically \$1,000, and a copy of your pre-approval letter. Circumstances may vary, but it is customary to provide the seller with about 24 hours to respond to an offer. A written and signed offer is a binding contract.

## Step 4: Home Inspection

(7 days for home inspection from offer approval)

— It is customary to have 10 days from the date of an accepted offer to complete the home inspection. As your agent I can recommend a few experienced and thorough home inspectors for you to choose from, as well as provide you with a list of other items to check into during the home inspection period. Besides the general home inspection, you may want additional inspections or tests, such as a radon test. The buyer should attend the home inspection. Good home inspectors not only check the home for any potential issues, but also answer questions about and explain how to maintain your new home.

## Step 5: Purchase and Sale Agreement

(Typically done a week after from home inspection)

— The purchase and sale agreement (P&S) is a more detailed contract between the buyer and the seller. It is customary for the listing office to draft the Standard Form Purchase and Sale Agreement, but a buyer should have his or her real estate attorney (which I can recommend for you a few and you can pick and choose the one of your preference, in case you don't have a Real estate attorney in mind) to review the P&S. A buyer's lawyer likely will add an addendum to the P&S that contains provisions that protect the interests of the buyer. The P&S also contains the date of the loan commitment (see below) deadline, which is the last day that a buyer can withdraw from buying the home without putting the deposits at risk due to an inability to obtain financing. It is customary in Massachusetts that the buyer make an additional deposit when the P&S is signed. (Remember that \$1,000 deposit was made at the time of the offer). Depending on the type of financing a buyer plans to obtain, the additional deposit may be the balance of 5 percent of the price of the home, but it may be less than that in some cases. The two deposits are held in escrow until the closing (see below) by the listing office.

## Step 6: Appraisal and Loan Commitment

(Usually bank requests the appraisal after receiving P&S and it will take a week for the appraiser submit his/her report back to the bank)

— The buyer's lender will order around the time the P&S is signed a real estate appraisal of the property to be purchased. Appraisers in Massachusetts are licensed. The purpose of the lender's appraisal is to make sure that a property's fair market value is equal to or greater than the buyer's purchase price. A commitment letter is a formal document that is issued by a lender to a loan applicant. The text of the commitment letter contains an offer to extend a loan to the applicant. Within the content of the letter, the specific terms and conditions (i.e., interest rate and length of loan) involved with the loan commitment are specified. The main purpose of the commitment letter is to inform the borrower that the loan has been approved, as long as certain outstanding conditions are met. It is important to understand what the outstanding conditions are in the commitment letter. The loan commitment deadline typically is about three weeks after the signing of the P&S.

## Step 7: Closing

(Typically it takes 4 weeks from P&S for the bank to close on a loan)

— Typically, a closing takes place between four and five weeks from the time an offer is accepted. The closing usually takes place at the closing attorney's office or the Registry of Deeds in the county where the property is located. There are a number of legal documents that a buyer must sign at the closing, most importantly the note (promise to pay back the loan) and the mortgage, which gives the lender the statutory right to take possession of a home for failure to repay the note.

## Owning Is an Investment

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### Owning Has Tax Advantages

Rent is generally not tax-deductible, but mortgage interest (including points) on your primary residence is. The mortgage interest deduction can significantly reduce your income taxes. (Go to [IRS.gov](https://www.irs.gov) or your state's Department of Revenue website for more information.)

### Stable Payments

Rent typically rises each time your lease renews, eating much of any annual salary increase. Your payments won't change at all with a Fixed-Rate Mortgage, and won't necessarily change for the first three to 10 years with an Adjustable Rate Mortgage. As your income increases, your payments become more affordable. Property taxes and homeowners' insurance related to a home typically increase as your property value rises, but usually not as fast as rent payments.

### Pride of Ownership

When you own your home, you have the freedom to change and decorate it to suit you. That's often not true when you rent. Also some home improvements can increase the value of your home so you may get a return on your improvements if and when you sell your home.

### Are You Ready to Buy?

Although the benefits of ownership are compelling, there are situations where renting may be a better if not the only option at least for the time being.

- You do not have enough money for a down payment
- You do not have sufficient income to cover home ownership expenses such as insurance, maintenance, and utilities
- You do not have sufficient time to maintain your property
- Your current credit standing makes it difficult for you to qualify for a mortgage

When you are ready, the first step is to contact a mortgage professional that can help you find the right mortgage.



## Get to know who you work with

### Six things most people don't know about me:

- I love traveling and I have visited 33 countries and counting...
- I'm a dog lover; and I'm always in a good company of a 14-year-old Yorkie named princess.
- I have an eclectic music taste that ranges from the 80's to Country to Classic songs :) Go figure!
- I was a girl scout from the age of 12 until 18 years old.
- I'm a peloton rider 3 times a week, and I love it!
- I meditate every day for 20 mins; It helps to keep me grounded.



### What I'm known for:

- I have been a realtor since 2005, and I'm really good at devising a housing search plan based on my client's needs, budget and time-frame.
- I have done bank real estate auctions for five years.
- I'm specialized in 1st time home buyers and international buyers.
- I'm reliable and resourceful; If I don't know something, I will find out and get back to my client.
- I educate and guide my clients through the entire home-buying process.
- I always put my client's interest first; my goal is to assist my clients to buy their dream home.
- I have strong negotiation skills; there are many variables in a real estate transaction; I aim to craft an offer that allows my clients flexibility they need to take the next step.

## WHAT TO KNOW

# 7 Reasons to Work With a REALTOR®

REALTORS® aren't just agents. They're professional members of the National Association of REALTORS® and subscribe to its strict code of ethics. This is the REALTOR® difference for home buyers:

## 1. **An expert guide.**

Selling a home usually requires dozens of forms, reports, disclosures, and other technical documents. A knowledgeable expert will help you prepare the best deal, and avoid delays or costly mistakes. Also, there's a lot of jargon involved, so you want to work with a professional who can speak the language.

## 2. **Objective information and opinions.**

REALTORS® can provide local information on utilities, zoning, schools, and more. They also have objective information about each property. REALTORS® can use that data to help you determine if the property has what you need.

## 3. **Property marketing power.**

Property doesn't sell due to advertising alone. A large share of real estate sales comes as the result of a practitioner's contacts with previous clients, friends, and family. When a property is marketed by a REALTOR®, you do not have to allow strangers into your home. Your REALTOR® will generally prescreen and accompany qualified prospects through your property.

## 4. **Negotiation knowledge.**

There are many factors up for discussion in a deal. A REALTOR® will look at every angle from your perspective, including crafting a purchase agreement that allows you the flexibility you need to take that next step.

## 5. **Up-to-date experience.**

Most people sell only a few homes in a lifetime, usually with quite a few years in between each sale. Even if you've done it before, laws and regulations change. REALTORS® handle hundreds of transactions over the course of their career.

## 6. **Your rock during emotional moments.**

A home is so much more than four walls and a roof. And for most people, property represents the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you stay focused on the issues most important to you.

## 7. **Ethical treatment.**

Every REALTOR® must adhere to a strict code of ethics, which is based on professionalism and protection of the public. As a REALTOR®'s client, you can expect honest and ethical treatment in all transaction-related matters.



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