

STEP #1: GET YOUR FINANCES TOGETHER

Your credit reports are an ongoing look at how you manage your finances. You must know exactly what your credit reports say about your financial history *before you apply* for a mortgage, because the reports play an important role in the mortgage approval process and in determining the interest rate and other loan terms that a lender offers you. If you haven't looked at your credit reports, you might be surprised at their contents, because errors are common.

STEP #2: GET FAMILIAR WITH THE MORTGAGE INDUSTRY

Finding the right loan and lender is crucial to your home buying success. It's up to you to determine which lender is best for your needs, and it's always a good idea to have at least a bit of background about the loan process before you talk to a lender.

STEP#3: GET-PRE-APPROVED FOR A MORTGAGE

Do you know how much house you can afford? Probably not, unless you've talked with a lender. Pre-approval helps you in other ways. Consider this scenario. A home seller gets two similar offers. One is accompanied by a letter from the buyer's bank that states she is pre-approved for a mortgage in the amount of the offer. The other has no supporting documents. Which offer do you think the seller will consider first? **See Differences Between Pre-Qualification, Pre-Approval, and Loan Commitment.*

STEP #4: DETERMINE YOUR WANTS AND NEEDS

Buying a home isn't as difficult as you might think, even if you're short on funds, but the process will go a lot smoother if you get familiar with your real estate market and narrow down your wants and needs before you start looking at houses. Decide on the type of house you want, features, and location: Single family, condominium, multifamily; pool, garage, back yard; city, country, or wooded.
**See Worksheet.*

STEP #5: LEARN TO WORK WITH REAL ESTATE AGENTS

Real estate agents represent buyers, sellers, or both--and in some states they can work as neutral facilitators for either party. It's essential to understand agent duties and loyalties before you make that first phone call. **See agency disclosure statement.*

STEP #6: START SEARCHING FOR A HOME

As your agent I will give you multiple listing sheets to look through. I'm sure you'll also pick up House For Sale magazines and read classified ads in your local newspapers. You'll probably spend time surfing the Internet for homes. You might even plan afternoon drives to preview neighborhoods.
**See sales agent promise document.*

STEP # 7: HANDLE PRE-OFFER TASKS

Deciding whether or not you want to buy a house involves a look at its structure and its features, but there are many other topics that are every bit as important to your purchase. All of this information will be important for us to negotiate about the offer price and other items to be covered in the offer.

HOME BUYING STEPS (CONTINUED)

When we begin to look at houses we will gather the following information:

- What kind of house is it? Site built, modular, manufactured?
- Get all disclosures (property, lead paint, agriculture)
- Are there any possible concessions from the sellers?
- Time line constrictions for taking possession?
- Check assessment site for accuracy against listing: square footage, town vs. city, property map
- Check for any easements to the property: does any one else have rights to use the property?
- Check for land rights water, natural gas, oil, mining
- Make sure to walk the land and check out the neighborhood
- Get tax information
- Get utilities information public/private/ gas/electric/cost
- Water and sewer information
- What is the condition of the mechanicals?
- Is the heating system efficient?
- Cost of potential repairs?
- What has been updated?
- Get zoning information
- Get survey of property
- Get school information
- How long has the property been on the market?
- Why is it being sold?
- List of appliances, pool tables, window treatments, furniture, and outside buildings toys etc...
- What are the good and the bad points- location, size, condition?
- What is the resale potential?
- Check back a couple times at different times of day
- Any contract contingencies on seller's part?
- CMA- Get recent selling prices of homes in the area to justify the price

STEP # 8: MAKE AN OFFER

Everything about the house you just looked at is perfect. The location is great. The layout is ideal, and the square footage is more than adequate. There's a built-in spa on the back deck and a charming weathervane on the roof. You're ready to make an offer--and you want to do it *now*, before another offer comes in.

Slow down a little and take a deep breath. You have lots of things to think about before you put an offer in writing. One critical part of your offer involves the items that you expect to find at the property when you take possession.

** See additional information on submitting an offer.*

HOME BUYING STEPS (CONTINUED)

STEP #9: HOME INSPECTIONS AND OTHER TESTS

In some states, home inspections are accomplished before the final purchase contract is signed. In other states, inspections take place after an offer is finalized. No matter when you do them, it's critical to decide which inspections and tests you want to perform.

1. Home Inspection
2. Radon Gas
3. Look for Mold or Mildew
4. Lead Paint Disclosures and Inspections homes pre 1978
5. Having the water tested if there is a well
6. Having the septic system checked and pumped before closing
7. Do you need an Insect Inspection
8. Should you buy a home warranty?

** See additional information regarding inspections.*

STEP #10: AVOIDING AND CORRECTING LAST MINUTE PROBLEMS

Make sure to get a lawyer and have them approve your contract within the guidelines established in the purchase offer. As your closing date nears, everyone involved in your real estate transaction should check its progress on a daily basis, because staying on top of things means you'll know immediately if there's a problem that must be dealt with.

** See common problems that homebuyers deal with before they close on a house.*

STEP #11: YOU'RE ON THE WAY TO CLOSING

Most of your home buying problems are behind you now and you're on your way to closing, also called settlement, the event that transfers ownership of the property to you. Just a few more things to learn, a few more things to do, and you're there! You get the keys and your home sweet home.

Before Closing Home Buying Advice

All home buyers should plan to make a final walk-through inspection of their new homes prior to closing in order to make sure the condition of the property is the same as it was on the day you signed your purchase contract.

You should take an early walk through to check repairs agreed to by the seller, but this early inspection does not replace your final walk-through on closing day.

Checking Completed Repairs

Plan to verify that requested repairs have been made as soon as the seller notifies you they are complete. Don't put off this inspection, because if problems still exist you'll need time to get them corrected before closing.

If possible, the home inspector who discovered that repairs were necessary should accompany you to verify that repairs have been made.

HOME BUYING STEPS (CONTINUED)

Taking Your Final Walk-Through

At this point you're not inspecting for repairs--you simply want to make sure that the home is in the same condition it was in when you signed the contract to purchase it.

- Have items been damaged during the move? Inspect floors for rips or gouges. Look at the walls, especially around door frames that large furniture and appliances might have been moved through.
- Most offers to purchase include wording that states that all major systems in the home must be working at the time of closing, so it's fine to do a quick test of appliances and other items such as the furnace and air conditioning. Those items should have been checked during the home inspection, but there's always a chance they've quit working since that date.
- Make sure all items the sellers agreed to leave are still there.
- Make sure all items the sellers agreed to remove have been removed.

If the condition of the home has changed since your offer to purchase it, you are in a better position to get the problems handled when you bring them to everyone's attention before the deed changes hands.

If necessary, repair or replacement funds can be negotiated, deposited into an attorney's trust fund, then drawn on to bring the home back to the shape it was in on your contract date. If you do not use an attorney to close in your state, ask your real estate agent for advice on how to proceed. It's usually best to hold back an amount that exceeds the estimate for making repairs.

An alternative is to negotiate a flat amount to be paid to you at closing. Or, if damage is excessive, you might prefer to delay closing until repairs are made.

The final walk-through is not the time to do a home inspection. It's simply an opportunity to make sure that the home being conveyed to you is the home you agreed to buy. Always do your final walk-through after the sellers have moved, but before you go to closing.

The steps outlined in this document are a general home buying guide. You will encounter issues specific to your location and your transaction, issues that can best be explained and handled by your local real estate agent, your lender, your attorney, your closing agent, or others who are helping you complete the home buying transaction.

Never hesitate to ask questions. Ask as many questions as necessary to help you understand the entire home buying process. You are making a long-term commitment and spending a major amount of money--you'll feel much better about the transaction if you stay informed and understand what's happening every step along the way.

Most closings are actually two closings. You'll be closing on the purchase of real estate, *and* you'll be closing on the mortgage loan you are taking to buy that real estate. All that paperwork will have to do with one or the other. Some documents are common to most closings, and other documents will be unique to your area or situation.

A closing may be the end of the house hunt and buying process, but it's the opening curtain on your new life as a homeowner. Smile. Now you get the keys.