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# Home Buyer's Guide

A two-story house with a garage and a large tree in the foreground, overlaid with a red filter. The house has a gabled roof, a front porch with columns, and a large window. The tree is on the right side of the house. The background is a cloudy sky.

It's more than a house  
it's a *home*





It's more than a house - it's a *home*

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For most people, purchasing a home is the single largest investment they will ever make. But it's not only about dollars and cents. It's about having a place to call your own, designed to suit your tastes and needs. A place where you can lay down your roots, start a family, grow as a family, and make memories to last you a lifetime. In short, it's about defining your own personal sense of home.

This guide is designed to provide first-time home buyers like you, a detailed look at the home buying process.

## **IMPORTANT QUESTIONS**

Before you start your home buying journey there are two questions you should ask yourself. Hint: your answer to both should be "Yes."

### ***Do I qualify to own?***

Make sure your finances are in order by obtaining a credit check and general financial analysis from your bank or lending institution. Don't forget about all your options – you may be eligible for loans insured by the Veterans Administration (VA) or the Federal Housing Administration (FHA).

### ***Is it a good time to buy?***

If you want to own a home, have the funding, and a trusted real estate professional to guide you, then the time might be right for you to buy.

An experienced real estate professional will assess the current local market conditions and inform you about your options. As an industry expert, your agent will often find opportunities you never even thought about.



# The road to homeownership

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## The road to homeownership

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Buying a home will likely be your single largest investment. Such a major undertaking requires adequate research and careful analysis. Sure, there may be bumps along the way, even a couple of pit stops, but the following steps will help make the journey as smooth as possible. Relax you got this!

### **Prep and plan**

An endeavor like this takes some serious thought, preparation and planning. Being sure of the kind of home, features and neighborhood you want ahead of time will be of great help as you start your home search.

And because most of us can't buy a home without financing, now would be a good time to gain a clear picture of your financial situation and exactly how much home you can afford. This will be of value as you research both your housing and mortgage options.

### **Go with a pro**

No one said buying a home would be easy, but it will be a whole lot easier if you have a trusted real estate professional by your side. A real estate agent will be able to assist you every step of the way from your initial property search, to financing, to the negotiation and eventual close. Your agent will also use his or her expertise to help you avoid potential pitfalls and capitalize on unique opportunities.

Contact a real estate professional once you've decided to buy. Consider their local market knowledge, experience and track record when evaluating potential agents.

# The road to homeownership

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## Get pre-qualified

To purchase a home, you're likely going to need a loan. Which means you'll want to get pre-qualified for that loan before you even start looking at homes. The pre-approval process requires meeting with and authorizing a lender to examine your finances and credit history. Your lending officer may provide you with a document detailing how much you are pre-qualified to borrow.

## Why pre-qualify?

- ✔ You'll gain a better understanding of how much home you can afford
- ✔ You'll be taken more seriously when making an offer
- ✔ You might discover you qualify for special programs that can help you afford a better home

## Find your dream home

Here comes the fun part – looking at homes! To make your search a successful and enjoyable one, it is crucial that you identify the things you need (must-haves) and the things you want (like-to-haves). Compromise is often necessary. To help target your search and define your top priorities, check out the [Home Search Worksheet on the last page.](#)

## Some perspective on the home search process:

- ✔ **54%** of buyers who used the internet during their home search ultimately found the home they purchased online<sup>1</sup>
- ✔ **76%** of buyers who used a mobile device to search found their home through a mobile app<sup>1</sup>
- ✔ Buyers typically search for 10 weeks and look at 10 homes before purchasing<sup>1</sup>
- ✔ **86%** of buyers use real estate agents during the home search process<sup>1</sup>

<sup>1</sup>Source: National Association of REALTORS, Profile of Home Buyers and Sellers, 2018

## **Let's talk technology**

Websites and mobile apps are a valuable tool in the home search process. From photos and video tours to home and neighborhood details, they provide a wealth of valuable information to help you zero in on homes that fit your needs.

But while these technologies play an important role, it is important that you view homes in person. There are aspects of homes that you just can't see online, like layout details, design, and craftsmanship to name a few. Be sure to bring your real estate agent with you as he or she can provide expert analysis and may notice things you would otherwise miss.

## **Onto the offer**

You found a home and you love it! Love it! Love it! Now it's time to make an offer. Most likely, your state or local real estate association has the proper contracts for transactions in your area. These contracts enable you to specify an offer price and allow the inclusion of clauses specifying various terms of purchase, such as the closing and possession dates, your deposit amount, and other conditions.

Carefully review these clauses with your real estate agent to ensure that they accurately express your intended offer. Remember that your agent is a pro at this and will not only draw up the contract, but also address any questions you have about the offer process.

You've written a nice clean offer with the help of your real estate agent. Now it's time to present it to the seller and/or the seller's representative. What happens next can vary depending on the market you're in, but generally the seller can accept the offer, reject it, or come back with a counter offer thus beginning the negotiation process.

Negotiations can go back and forth between you and the seller with deadlines for meeting conditions. This can continue until a mutual pending agreement is met or the negotiations breakdown. These types of negotiations can be complex and involve many different factors – all the more reason to rely on the expertise of a real estate professional.

## Get your financing

You and the seller have come to terms. Almost there! You now need to return to your lender to hash out the final details on your mortgage. This means completing the loan application and finalizing the down payment, interest rate, regular payment schedule and any other financial conditions associated with the closing.

Securing a mortgage can be a complex and confusing process, not having a complete understanding of your financial decisions could come back to bite you. That's why it is imperative for you to work with people you can trust, and having a good real estate professional can make all the difference. See [Financing your home - the home loan process](#) on [page 10](#) to learn more about the loan process.

## Seal the deal

Yes, this is really happening. You're buying a home! But before you can move in there are a few more steps to take prior to the closing of escrow.

- ✔ **Getting a title search** – you will need a historical review of all legal documents related to ownership of the property to ensure there are no claims against the title of the property. It's also a good idea to purchase Title Insurance for protection in the event of errors in the records or mistakes in the review process.
- ✔ **Conducting the final walkthrough** – this is your chance to take a look at the home one last time to ensure it's in the same condition as when you signed the sale agreement.
- ✔ **Complete the settlement** - typically, on or shortly prior to the Closing Date, you'll sign all the paperwork required to complete the transaction, which may be done in a meeting with a lawyer, real estate professional, or, escrow agent, depending on your market. The settlement will include paying your closing costs, legal fees, property adjustments and transfer taxes. At that point, you'll receive the property title and copies of all documentation pertaining to the purchase.
- ✔ **Jump for joy!** - you are now a homeowner. Congratulations! You'll most likely get the keys at this point as the possession date typically falls within a few days after settlement. Better start packing.



# Financing your home - The loan process



# Financing your home - the loan process

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Unless you're swimming in money, paying all cash for your home isn't usually an option. You'll need to find the right lender who can help to find the right mortgage products for you.

Take the following steps to help secure a mortgage that fits your needs:

## **1. Do your homework**

There are a wide variety of loan types and programs available through thousands of banks, finance companies, credit unions and other lenders. Educate yourself about your options and seek out the many sources of information available about mortgages.

Websites like realtor.com®, books, news articles, seminars, mortgage brokers, lenders, and knowledgeable real estate professionals can all help you navigate the labyrinth of financing possibilities.

## **2. Be honest about your finances**

As you start to learn more about your loan options, ask yourself how much mortgage and down payment you can realistically afford. Most importantly, be honest with your answer and weigh the risks and opportunity costs.

There's more to your monthly payments than just your mortgage. When calculating your monthly expenses keep in mind all the other factors such as taxes, insurance, home improvements, maintenance, fees, and more. Make a list of these costs and project your financial commitment through the life of the loan. This will provide a realistic figure of what you can afford.

### 3. Find a reputable lender or mortgage broker

When shopping for a loan you should consider two main sources – direct lenders and mortgage brokers.

Direct lenders have the money and make the decisions, but have a limited number of in-house products to offer. Brokers are intermediaries and while they do charge a fee, they can provide loan options from many sources which may save you money overall. Your real estate professional most likely has great connections and can help you evaluate your options.

### 4. Make a mortgage decision

When determining which financing option is right for you it is important to consider the different type of mortgages, rates and terms. Generally, there are two ways to go:

- ✔ **Fixed-rate mortgages** have interest rates that remain the same through the life of the loan. This is particularly advantageous if you can lock in a low rate and will protect you against the risk of rising interest rates. This kind of stability also makes budgeting easier. Be mindful, however, not to lock yourself into a high rate. With a fixed-rate mortgage you must also take term length into account. Short-term mortgages such as a 15-year will have lower rates than a 30-year term. While you will pay less interest over the life of a shorter term loan, your monthly payments will be higher.
- ✔ **Adjustable rate mortgages (ARM)** have interest rates that will move up or down in correlation with economic trends. These rates are commonly based on the U.S. Treasury index for a one-year Treasury bill. Lenders usually add 2-4% to the index rate to get their ARM rate. The advantage here is that the initial rate is lower than the fixed-rate mortgage by a quarter point to two points or more. This rate will periodically adjust within set cap limits that are specified by the terms of the loan.

Keep in mind that your credit status will ultimately help determine the loan you qualify for. The better your credit, the better your rates and terms will be. So consider paying off your credit cards and be sure to make all other bill payments in full and on time.

# Financing your home - the loan process

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## **5. Ready. Set. Apply!**

You found the house, made an offer and reached a pending agreement with the seller. Now it's time to formally apply for a mortgage. To complete the application your lender will want to know about your household income, job tenure, assets and existing debt as well as your regular expenses. The types of documents you'll need to provide include bank and investment statements, pay stubs, tax returns and other documentation.

At this point the lender will run a credit check, review the various loan options and programs you qualify for and finalize the size of your down payment. If you place less than 20% down, the lender may require the mortgage to be guaranteed by a third party such as the Veterans Administration (VA), the Federal Housing Administration (FHA) or a private mortgage insurer (PMI).

You're about to be making what is likely the largest investment of your life, so don't be shy about asking as many questions as possible. You need peace of mind and if it helps to reassure you, bring your trusted real estate agent along to explain the ins and outs of the mortgage contract.

Lastly, once you qualify for a loan, be prepared for the lender to have the home professionally appraised to ensure that it's worth the purchase price.

# The real benefits of a real estate professional

A photograph of a real estate professional, a man in a light-colored shirt, handing a set of keys to a young man and woman. The woman is smiling broadly and holding the keys. The scene is set in a home, with a window and a potted plant visible in the background. The entire image is overlaid with a semi-transparent red filter. Below the main text is a white wavy line graphic.

# The benefits of a real estate professional

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To ensure your home buying journey is a successful one, it's best to obtain the services of a real estate professional, specifically a buyer specialist focused on helping you find, land and finance your dream home.

Buyer specialists should:

- ✔ Educate you about Buyer Agency, outlining their professional responsibilities to you, including complete Disclosure, Loyalty, Confidentiality, Obedience and Accountability.
- ✔ Help you explore your financing options and, if required, provide you information about mortgage professionals.
- ✔ Save you time by regularly searching the market for homes in your price range that meet your criteria.
- ✔ Email your desired home requirements to top producing agents in the area so they know they have a qualified purchaser.
- ✔ View homes with you and provide comparative analysis.
- ✔ Refer you to home inspectors that will provide in-depth observations of properties, if you desire.
- ✔ Provide consultation in relation to your written offer to purchase a home, with all terms approved by you.
- ✔ Negotiate the best possible price and terms for you and take care of all the documentation details.
- ✔ Keep you fully informed about all activities leading to the transaction closing.
- ✔ Assist you, if necessary, in finding any home-related services you need.

In short, real estate professionals are the rock stars of the industry. The level of service, advice, expertise and peace of mind they provide is invaluable.

## Ready to get started?

Fill out the [Home Search Worksheet](#) to gain a better understanding of the type of home you're looking for.

Good luck and happy home hunting!

This information is deemed reliable but is not guaranteed and is not intended to constitute professional advice. For such advice, please consult professional advisors.

# Home search worksheet

## Must haves

Price range: \_\_\_\_\_

Lot size: \_\_\_\_\_

Area: \_\_\_\_\_

Square footage: \_\_\_\_\_

Detached/Attached: \_\_\_\_\_

Number of bedrooms: \_\_\_\_\_

House style(s): \_\_\_\_\_

Number of bathrooms: \_\_\_\_\_

Age of property: \_\_\_\_\_

Garage: \_\_\_\_\_

## Like to haves

(e.g., waterfront, view, large lot, pool, fireplace, basement, garage size, built-in vacuum, distance to school, additional room preferences, etc.):

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## Additional comments

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