

A dimly lit bathroom with a vanity, bathtub, and mirror. The vanity is on the left, featuring a large mirror and a sink. A bathtub is on the right. The floor is tiled, and there is a rug in the foreground. The lighting is soft, with a chandelier hanging from the ceiling and a sconce on the wall.

HOMEBUYER'S *Guide*

Homebuyer's Guide

Buying a home is a rewarding achievement, but there are many considerations and decisions that need to be made before you move in. It's also important to take note that this is a big commitment, and knowing what you're facing can prepare you.

That being said, here is a guide to assist you through the buying process and to get you familiar with what's to come.

NEXT PAGE 

What Can You Afford?

The best way to start is to figure out how much you can afford for a home. You can do this by getting pre-approved from your mortgage lender and also making a list of income/debts.

Check your savings account and see if you already have enough for a down payment. They typically range from anywhere from 3% to 20% so set aside some time to save for this if you have to.

Loan officers and insurance agents look at credit reports because your credit history is an important factor when it comes to obtaining a mortgage for the purchase of your home. They want to see how you borrowed and repaid money in the past. A credit score between 700-850 is where you would want to aim for. It's smart to check your credit scores and see a full report so you can help get yourself to a good standing before applying.

NEXT PAGE 

Selecting A Real Estate Agent

You can search for homes all day but you will need some expertise along the way when making such a large financial decision. Real estate agents can help guide you through the property search, finances, and make negotiations.

Don't be afraid to interview a successful agent from your area in order to find the best for you. You should consider how much experience they have, how many homes they have sold, and how much they know about the home buying market.

NEXT PAGE 

Finding An Affordable Property

Now that you know how much you can afford and have found the perfect real estate agent, it's time to start looking at houses. No house is perfect but keep in mind that the home you purchase should meet as many of your needs as possible. Consider making a list and bringing it with you when you go to showings, this way it can help you visualize. Other priorities to consider are the neighborhoods, how many bedrooms and bathrooms, location and lifestyle, and commuting distance.

Choosing the type of house can narrow down what you're looking for. Be mindful of your plans for the coming years because you want to make a good investment. Schedule appointments with your real estate agent to go see open houses. Don't be afraid to ask questions!

NEXT PAGE 

Make An Offer

After carefully searching, you've found a great home and now you're ready to make an offer.

An offer is a commitment stating that you will buy a house for a certain price if conditions are met. If the seller accepts the offer, then you both sign the agreement. If they don't accept, you can start negotiating about the price or other terms but the house will still be on the market.

There are considerations that you might want to think about before making the offer, such as how old the house is, how long it's been on the market, and what repairs may be needed.

When preparing the offer, pay close attention to all the details and make sure terms and conditions are outlined clearly.

After negotiations are settled, a purchase and sale agreement will need to be finalized laying out the negotiated terms of the purchase, so make sure you have read it thoroughly.

NEXT PAGE 

Financing Your Home

Mortgages are an important step when buying a house. A mortgage is basically a pledge of your property as security for payment of your home loan. It's paid in monthly increments and made up of four parts:

Principal: the amount on your loan apart from interest

Interest: paid in monthly increments for the life of your loan

Taxes: monthly property tax payment

Insurance: homeowners insurance that protects your property

As mentioned before, prequalifying can be an easy way to see how much you can borrow. Once all needed materials are given to your loan officer, he or she can give you an estimate.

There are different mortgage loans out there and it's your job to choose the right one for you.

Fixed rate mortgages have a fixed interest rate for the monthly payments but the principal and interest payments don't change.

Adjustable rate mortgages have interest rates that are periodically adjusted according to the type of ARM loan you have.

There are advantages and disadvantages to each, but make sure you do thorough research before choosing.

You will get a good faith estimate of the closing costs and other expenses. Once the loan is approved, you will get a commitment letter that outlines all the details of the loan.

NEXT PAGE 

Home Inspection

It's a smart idea of getting a home inspection because it can teach you about the potential problems.

Things such as heating systems, electrical problems, and plumbing should be in good shape before you move in. A termite inspection may be completed prior to closing.

Sellers should consider getting a home inspection done before putting their homes up on the market so it's in good condition.

NEXT PAGE 

Prior To Closing

Before closing on the house, there are other things you and your lender should go over.

A title search must be done to make sure there are no claims on the property and that the seller can provide marketable title. If there are claims, the seller typically would have to pay them off before the closing unless the contracts states otherwise.

The lender will require title insurance to protect themselves if problems do arise with the title of the property.

You will typically need to get homeowners insurance prior to closing and make sure that you have the receipt.

If the property contains a septic tank, you may need a system certification done.

NEXT PAGE 

The Closing Process

This is where ownership is transferred from the seller to the buyer. You will be asked to sign many documents during this process so make sure you read everything carefully.

You should walk through the home 24 hours before closing to make sure it is in good condition for you to move in.

There are some standard costs that will need to be paid at closing, such as closing costs, down payment, attorney fees, title search, title insurance, and appraisal. Your attorney will go over this in detail if you have any questions.

The closing agent will also provide payments for you and the seller. You will make the payments and also sign for the mortgage.

Lastly, the title of the house will be given to you by the seller in the form of a deed. You are now a proud homeowner!

NEXT PAGE 

Moving In

This is the moment you've been waiting for! Here are some things to keep in mind when getting ready to make the move:

You will need movers in place a couple of weeks before the move. And don't forget to notify others of your move as well as forwarding your new address with the post office.

A couple of weeks prior should also be a time to get rid of things you don't really need by having a garage sale or donating them.

Begin packing items you don't often and store important documents in a safe place for the move so you don't lose them.

Take one last look around your home and make sure you didn't forget anything. Everything should be empty and cleaned out for whoever moves in next.

NEXT PAGE 

Home Buyer's Glossary

APPRAISAL: A written estimate of a property's current value.

CLOSING COSTS Fees associated with buying a house that your lender charges and/or you rack up from various third parties.

CONTINGENT A status in which a house has accepted an offer but relies on meeting certain criteria, such as passing a home inspection or appraisal.

COMMISSION: A percentage of the sale that is paid to the real estate professional. In most situations, commissions are paid by the seller of the property.

CLOSING COST: Fees paid at the end of the transaction by both the buyer and seller.

DOWN PAYMENT: The amount of your home's purchase price you pay upfront.

FORECLOSURE A property seized by the mortgage lender due to the homeowner failing to make full payments on their mortgage. In hopes to recover the balance of the home loan, the lender will sell the house.

FSBO A.K.A. For Sale by Owner: A FSBO is a property that is being sold by the current homeowner without the aid of a real estate agent.

HAND MONEY (EARNEST MONEY): A deposit made by the potential home buyer to show that he/she is serious about buying the house.

NEXT PAGE 

LISTING: A list of information about a home that is currently on the market.

MLS A.K.A. Multiple Listing Service: The MLS is a database that includes all available homes for sale in a particular area.

PRE-APPROVAL: An evaluation by a lender that determines if the potential buyer qualifies for a loan and, if so, the maximum amount the lender would be willing to lend.

SELLER ASSIST: Money is given from the seller to the buyer at settlement to pay for part of the closing costs. The amount varies depending on what the mortgage company allows.

TITLE: The rights for a home property.