

Home Buyer's GUIDE



Steps to a Home Purchase

STEP 1

- LENDER PRE-APPROVAL
- PREVIEW HOMES
- WRITE OFFER & NEGOTIATE PRICE

STEP 2

- PUT DOWN ESCROW DEPOSIT
- HOME INSPECTION
- POST INSPECTION NEGOTIATIONS

STEP 3

- PURCHASE AND SALE
- APPRAISAL ORDERED BY LENDER
- FINAL COMMITMENT LETTER BY LENDER

STEP 4

- ORDER HOME WARRANTY (OPTIONAL)
- OBTAIN HOMEOWNERS INSURANCE
- FINAL AMOUNT NEEDED FOR CLOSING

STEP 5

- SCHEDULE UTILITY TRANSFER
- FINAL WALK THROUGH
- CLOSING

DETERMINE HOW MUCH YOU CAN AFFORD:

Lenders typically recommend homes that cost no more than three to five times your annual household income, with a minimum 3% down payment and moderate amount of other debt.



GET PREQUALIFIED AND PREAPPROVED:

Initially you'll provide some financial information to your lender – such as your income and amount of savings.

For preapproval, your lender will need W-2 statements, paystubs, bank account statements and to run a credit check.



PREVIEW HOMES & WRITE OFFER

After touring homes in your price range, I'll assist you in writing an offer on the *right* home. We'll present a fair offer based on the value of comparable homes in the area. We may need to negotiate this offer with the sellers until accepted.



STEP 2



HOME INSPECTION

The immediate step after making an offer and having it accepted is to complete any inspections that the offer was contingent upon. If one of the contingencies was a home inspection, you'll have a certain number of days to complete this after the offer is accepted

POST INSPECTION AGREEMENT

This form will be used after the home inspection if there are any counter-offers to the seller, asking that items considered defective or problems relating to the safety of the home are corrected prior to closing.

HOME WARRANTY

A home warranty can be purchased to cover repairs and replacements on systems and appliances in your home, usually for a period of a year. This may include coverage of your home's electrical, plumbing, heating, and air conditioning systems as well as other home appliances.

PURCHASE AND SALE

Your real estate attorney and the seller's attorney will draft a purchase and sale for your home.

This is the legal document committing you to the purchase of the home.

The attorneys will also handle the transfer of title from the seller's name into yours.

This is also when the down payment is due, typically 3-20% of the purchase price.

APPRAISAL

An appraisal is an estimate of the value of a property. Although the primary goal is to justify the lender's investment, the appraisal can also protect you from overpaying.

Your lender will typically hire the appraiser and charge you a fee for the service at the closing.

FINAL COMMITMENT LETTER

After the lender approves your loan, you will get a commitment letter that stipulates the loan term and terms to the mortgage agreement. This final commitment letter will include the annual percentage rate and the monthly costs to repay the loan. It will also include any loan conditions prior to closing.

Closing cost:

THE COSTS OF BUYING A HOME

HOW MUCH?



ESCROW DEPOSIT

Typically \$1,000

This is deposited at the beginning of your transaction and will be credited toward your down payment at time of closing. If for any reason other than financing you back out after the inspection period the deposit is typically not refundable.



GENERAL INSPECTION

Optional, but encourage \$400-\$1000

You can shop around for the inspector that best fits your needs. Some inspectors offer additional tests like radon, mold, lead paint, and pests.

Generally you can walk away for any reason after the inspection. You can also negotiate on the purchase price and closing credits at this time.



APPRAISAL

Required for a mortgage \$500-\$600

The lender will order this for you. If a second appraisal is need-ed per FHA guidelines, the seller will be required to cover that cost.



DOWN PAYMENT

0% VA, 3.5% for FHA, 3-20% CONVENTIONAL

You will need a bank check for your down payment (minus the escrow amount) along with your closing costs prior to closing. You will receive this final figure from the lender and title company 1-2 days prior to closing.



CLOSING COSTS

3-6% of purchase price

The closing costs depend on a number of factors, and your lender will give you a more accurate estimate of this early on. Closing costs include items like taxes on the deed, taxes on the mortgage, lender fees, title fees, recording fees, and escrows for your property taxes and homeowner's insurance.

HOMEOWNERS INSURANCE

Lenders also require proof of insurance on a home before issuing a mortgage. Most lenders require that you pay one year of home owner's insurance at closing.

You won't know your final cost for closing until the last couple of days.

tips for:

MORTGAGE FINANCING

Always check with your lender before doing any of the following prior to **closing** on your home:

Making a big purchase:

Avoid making major purchases, like buying a new car or furniture, until after you close on the home. Big purchases can change your debt-to-income ratio that the lender used to approve your home loan and could throw the approval into jeopardy.

Opening new credit:

Do not open any new credit cards or get a loan without speaking to your lender first.

Missing any payments:

Pay your bills on time to keep your credit score from dropping.

Cashing out:

Avoid any transfers of large sums of money between your bank accounts or making any undocumented deposits - both of which could send "red flags" to your lender.

Keep the same job:

Be kind to your boss and keep your job. Don't begin looking for new work right now, unless it's a second job to make extra money.

STEP 5

CLOSING

THE CLOSING PROCESS FINALIZES THE PURCHASE OF YOUR HOME AND MAKES EVERYTHING OFFICIAL. ALSO KNOWN AS SETTLEMENT, THE CLOSING IS WHEN YOU RECEIVE THE DEED TO YOUR HOME.

PRIOR TO CLOSING, YOU SHOULD CHANGE ALL UTILITIES INTO YOUR NAME, AND COMPLETE A FINAL WALK THROUGH TO CHECK FOR ANY OUTSTANDING ITEMS.

A FEW THINGS TO BRING TO CLOSING

- A valid government issued photo ID
- Cashier's check for the total amount due, if wiring funds cashier's check is not necessary
- Outstanding documents for the title company or mortgage loan officer

WHAT TO EXPECT

Your attorney will look over the purchase contract to: identify what payments are owed and by whom; prepare documents for the closing; conduct the closing; make sure taxes, title searches, real estate commissions and other closing costs are paid; ensure that the buyer's title is recorded; and ensure the seller receives any money due.

YOUR COST

Some of the most common fees include:

- Escrow fees
- Recording and notary fees, if applicable
- Title search and title insurance
- Origination, application and underwriting fees from lender
- Appraisal fees
- Local transfer taxes
- Homeowners Insurance
- Home Owners Association fees, if applicable

AFTER CLOSING

Make sure to keep copies of all closing documents for tax purposes.

Don't forget to homestead your new home if this property is your primary residence.

THE DECISION TO BUY A
HOME IS AN EXCITING ONE.



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AS YOUR AGENT, I GO ABOVE
AND BEYOND TO HELP -

**consistently providing you with the
expert guidance you deserve
throughout the home buying
process.**