

Buyer's Guide To Home Ownership

- **ARE YOU READY?** Knowledge and experience are keys a to successful real estate transactions. Realtors with combined expertise, experience, and training can be the essential keys to your success.

One of the keys to making the home buying process easier and more understandable is planning. In doing so, you'll be able to anticipate requests from lender, Lawyers and a host of other professionals.

Do You Have The Money? In addition to a down payment, buyers also need cash for closing costs (the final cost associated with closing the loan). Several newly emerging loan programs not only allow for a home purchase with no money down, but also underwriting and closing costs. However, the interest rate could be higher for those programs.

Do You Have Your Finances In Order? These great loans with little or nothing down are not available to everyone. You need to have good credit. For a least one year prior to purchasing a home, you should be sure that every credit card, rent payment, car payment and other debt is paid on time.

- **GET A REALTOR**

Why?? Buying a home is a complex matter. At first it might seem that checking local picture books or online sites that you could quickly find the right home at the right price.

Although the basic rule in real estate is that all properties are unique. No two properties –even two identical models on the same street—are precisely and exactly alike. Homes differ and so do contract terms, financing, options, inspection requirements and closing cost. Also, no two transactions are alike.

A Realtor will provide you with information detailing current market conditions, financing options, negotiating issues that might apply to a given situation. A Realtor will keep you updated and help you with each step in the transaction process.

- **Get Loan Pre-approval**

What is pre-approval? Means you have met with a loan officer, your credit files have been reviewed and the loan officer believes that you can readily qualify for a given loan amount with one or more specific mortgage programs. Based on this information, the lender will provide a preapproval letter, which shows your borrowing power. You can visit many lenders, but keep in mind that each one carries with it a new credit check, which shows up on your future credit report.

Although not a final loan commitment, the pre-approval letter can be shown to listing brokers when bidding on a home. This information is important to owners since they do not want to accept an offer that is likely to fail because financing cannot be obtained.

- **Look at Homes**

What are you looking for? A home is more than just a collection of bedrooms and baths. Several properties – each with four bedrooms, three baths and the same price—may well represent different designs, commuting distances, lot sizes, tax cost, interior dimensions, and exterior finishes.

Where should you look? All neighborhoods and communities have a special nature that give them identity and value. One community might be known for its historic homes; while others offer suburban living as well as easy access to downtown, or interstate, for easy commute.

Regardless of your choice, it is most important to target your search, such as location, and affordability; you can refine your search and focus on homes that offer the most desirable features.

- There is no doubt that choosing a home is a big decision and you want to do it right. A home is where you live, relax, and entertain friends, raise families, and work. A home is where you spend much of your life, so choosing a house is enormous decision.

Are you over looking an inferior floor plan for the attractive exterior? It may have a gorgeous curb appeal, but you don't live on the lawn. No matter how attractive the exterior you need a livable home.

How do you really live? Do you need a formal living room or a formal dining room? Would you be happier with an eat-in kitchen and a great room and a den to use as a home office? The house only needs to fit one family, yours.

- **Get The Funding**

What kind of loan? Loans with 5 % down or less are now widely available. In fact, loans from major lenders with no money down have appeared in recent years.

If you place less than 20% down lenders will want the mortgage guaranteed by outside third party such as PMI private mortgage insurance. It is required by lenders to protect against any mortgage defaults.

How's your credit? The best rates and terms are only available to those with solid credit.

Are you a first time buyer? In most state programs, the term refers to those who have not owned a home in the past 3 years. State backed first time programs offer features like smaller down payments and below-market interest rates.

- **Make an Offer**

While much attention is spent on the offering price, a proposal to buy includes both the price and terms. In some cases, terms can represent thousands of dollars in additional value for buyers- -or additional cost. Terms are extremely important and should be carefully reviewed.

The Realtor will present the offer to the owner and the owner's representative. The owner, may accept the offer, reject it or make a counter offer. It is important that the buyers remain in close contact with the realtor during the negotiation process so that any proposed changes can be quickly reviewed.

- **Get An Inspection and Insurance**

How many inspections? Inspections are common. They include a check for termites, major defects, roof and structural damage

An inspector comes to the property to determine if there are any physical defects and whether expensive repairs and replacements are likely to be required in the next few years. Such inspections for a single family home often require two to three hours, and buyers should attend. This is an opportunity to examine the property's mechanics and structure, ask questions and learn far more about the property than is possible with an informal walk-through.

Title insurance. Purchased with a one-time fee at closing, the title insurance protects the owner in the event the property is found to be invalid. Coverage includes "lenders" policies, which protects the buyers up to the mortgage value of the property, and "owners" coverage, which protects owners up to the purchase price.

Get Homeowners Insurance. A mortgage company will require that you have one year pre-paid homeowner insurance policy before closing on the loan. Homeowner insurance is to protect the owner in the event of a catastrophe. If something goes wrong; insurance can be the bargain of a life time.

- **Closing**

Settlement or escrow as it is known in some areas, is a brief process where all of the necessary paperwork needed to complete the transaction is signed. Closing is typically held in a title office, sometimes with both buyers and sellers at the same time, and sometime with each completing their papers separately.

Whatever the case, the result is that the title to the property is transferred from the seller to the buyer.

Before closing, buyers typically have a final opportunity to walk through the property to assure that its condition has not changed since the sales agreement was signed.

At the closing itself, all papers have been prepared by closing agents, title companies, lenders and lawyers. This paperwork reflects the sales agreement and allows all parties to the transaction to verify their interests. For instance, buyers get the title to the property, lenders have their loans recorded in the public records and state governments collect their transfer taxes.

- **What's Next**

You've done it. The home is yours.

The papers you received at settlement are extremely valuable, so hold on to them! In the short term they can help establish tax deductions for year in which the property was purchased. In the future, such papers will be important for tax purposes when the property is sold.

Also at closing or before, determine the status of the utilities required by the home; items such as water, sewage, gas, electric, and oil service. You want the utilities to be paid in full by the owner as of the closing and you want the services to transfer to your name for billing. Usually, transfers can be done without turning off utilities.

Home ownership should be a wonderful experience. Enjoy!!