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REAL ESTATE

Buying a Home

WHAT TO EXPECT

THE brokeredge

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THE 25 Steps OF BUYING a Home

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Finding & Placing an Offer

1 HOME BUYER COUNSELING SESSION - Here, we will go over the entire home buying process. Once complete, you will have a solid understanding of what it takes to purchase a home in today's market.

2 PRE-APPROVAL FROM LENDER - You have a two week period to compare rates and loan programs from as many lenders as you want without it impacting your credit score. You'll want to look for a lender who has good rates, quick response times, and has a good customer service record.

3 SET UP HOME SEARCH based on your pre-approval amount (or the amount you are comfortable with) as well as where and what you are looking for in your new home.

4 TOUR HOMES with agent either via a private showing or open houses.

5 ONCE YOU IDENTIFY A HOME, your agent will research the recent sales, special assessments, and taxes in the area to determine the fair market value and other important details about the home so you know the facts before deciding to place an offer.

6 WRITE AND SUBMIT AN OFFER - How you write the offer will be determined by the type of market you are currently in. A good offer needs to be competitive but also needs to keep you legally protected at all times.

7 NEGOTIATE WITH THE SELLER - Negotiations will depend on how many other offers, if any, they have on the property as well as what the seller is looking for besides the price (escrow length, whether the seller needs to find a replacement property, etc.).

8 SELLER ACCEPTS YOUR OFFER.
Congrats! You are now in escrow!

What Happens During Escrow

9 SCHEDULE A GENERAL HOME INSPECTION from a licensed professional as soon as escrow opens.

10 SHORTLY AFTER ESCROW IS OPEN, you will be given instructions from the escrow company detailing how to make your EMD (earnest money deposit). You typically have 3 days after escrow is open to get this deposit sent to escrow.

11 ESCROW WILL SEND YOU THE OPENING PACKET with a variety of documents you will need to fill out. Some may require a notary to be present when signing.

IF YOU ARE USING A LOAN to purchase the property, your agent will coordinate with your lender and the selling agent to schedule an appraisal of the property. This is to ensure the lender is not giving you a loan for more than the property is worth.

WITHIN THE FIRST 7 DAYS OF ESCROW, the seller will send you disclosures about the property for you to review and sign. (Ex. lead based paint, termites, natural hazards, and property condition disclosures)

AFTER THE GENERAL HOME INSPECTION IS COMPLETE, your agent will review the report with you to identify if any additional specialized inspections are needed and to identify issues that need to be addressed as a condition of you buying the home.

IF NEEDED, YOU WILL SUBMIT a repair request and your agent will help negotiate with the seller to try address any issues with the property. Resolutions can include the seller fixing the items before you move in, or they could also give you cash to repair it at a later time.

ONCE YOU AND THE SELLER COME TO AN AGREEMENT on the repairs, you will be asked to remove the inspection contingency - typically within 17 days after opening escrow.

THE APPRAISAL REPORT IS SENT TO YOUR LENDER. If the appraised value is greater than or equal to the contract price, and there are no other conditions, you will be asked to remove the appraisal contingency - typically within 17 days after opening escrow.

YOU WILL NEED TO CONTACT a home insurance company to get a quote for home insurance and then provide that quote to your lender.

LENDER WILL SEND the appraisal report and all other relevant documents to their underwriting division, who will then take that information and work towards fully approving your loan.

ONCE THE LOAN IS APPROVED, you will be asked to remove the loan contingency - typically within 21 days after escrow is opened. After you remove this final contingency, if you back out of the purchase, you will be forfeiting the EMD that you gave to escrow.

Closing Escrow on your Home

YOU WILL NEED TO CONTACT the utility companies (water, gas, electric, cable, trash, etc) to arrange for your current services to be turned off and transferred to your new home - you will usually want to have the new services start the day escrow closes.

YOU WILL DO A FINAL WALK THROUGH of the home - typically within 5 days before escrow closes. This is to make sure any negotiated repairs were completed correctly and to make sure the property is in the same condition as when you saw it last.

FINAL ESCROW AND LOAN DOCUMENTS are delivered to you to sign. You are now done with the paperwork!

ON THE DAY OF CLOSING, escrow sends all the paperwork to the county recorder's office. Once it's recorded, the deed to the property is officially transferred into your name.

ONCE THE DEED IS TRANSFERRED TO YOU, you will be handed the keys to your new home at the time specified in the purchase contract.

Congrats!
YOU ARE NOW A HOME OWNER!

THE COST OF

Buying a Home

Getting ready to buy a home is an exciting time. Make it as stress-free as possible by knowing all the costs associated with a home purchase before starting the process.

You'll notice there are no costs associated with using a Realtor. In general, the seller pays for the commission of both the buying and selling agents!

Before Escrow

DOWN PAYMENT

Talking to a lender can help you decide how much you need to have saved up for a down payment on a home.

Typically you want to have at least 3.5% of the purchase price. The seller will want to see proof of these funds before accepting an offer.

EARNEST MONEY DEPOSIT (EMD)

Typically 1–3% of the purchase price, this deposit is due once escrow is open. This is not in addition to your down payment, but instead, is a deposit and the rest of your down payment will be due when escrow closes.

Usually at least 3.5% of purchase price

During Escrow

GENERAL INSPECTION

This usually costs \$400–\$600. The general inspection is meant to give you an overview of the condition of the property and to find potential issues with the property before you commit to the purchase.

APPRAISAL FEE

Typically \$400–\$600. If you are getting a loan for the purchase, your lender will require the house to be appraised. The appraisal is meant to protect the lender by verifying the property is worth the amount they are lending you.

Usually \$800–\$1200

Close of Escrow

CLOSING COSTS - PREPAID

- Home Owner's Insurance
- Prorated Property Tax
- Mortgage Interest

CLOSING COSTS - FEES

- Lender Fees
- Escrow Fees (\$250 + \$1.13 per \$1,000 of property value)
- Lender Title Insurance
- Recording Fees
- Notary Fees

Usually \$7000–\$9000