
Steps In The Home Buying Process



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STEP 1:

**Find, Interview, and
Choose One Agent to Work With.**

STEP 2:

Determine Your Credit Status and Ability to Buy.

STEP 3:

**Determine the Price Range You Can Afford
Given Your Resources.**

STEP 4:

Determine Your Needs and Wants.

STEP 5:

The Home Search.

STEP 6:

The Purchase Offer.

STEP 7:

Removing Contingencies.

STEP 8:

Closing (Also known as Settlement or Transfer).



STEP 1 - Find, Interview, and Choose One Agent to Work With.

- * Why is This the First Step
- * Customer vs. Client Level Service
- * The Negative Impact of Dual and Designated Agency
- * Hiring an “Exclusive” Buyer’s Agent is Best
- * The Questions to Ask Perspective Agents

STEP 2 - Determine Your Credit Status and Ability to Buy.

- * Obtain Credit Reports From All 3 Credit Reporting Agencies Early in the Process - Equifax, Experian, and Trans Union
- * Review and Correct Errors

Credit Repair Options:

- * Do It Yourself Credit Repair - Become Knowledgeable About Credit Repair.
- * Hire a Credit Repair Organization to Help You
- * Hire an Attorney Who Specializes in Credit Repair

Determine Mortgage Options Based on Credit Scores:

- * Credit Scores 720+ = Lowest Interest Rates and Down Payment - Easiest Qualifying
- * Credit Scores 640 to 720 = Higher Interest Rates and Down Payment - Stricter Qualifying
- * Credit Scores Below 640 = Should Wait - Save More Money - Increase Credit Score - Pay Off-Pay Down Debts

STEP 3 - Determine the Price Range You Can Afford Given Your Resources.

- * Cash Needed for Down Payment
- * Cash Needed for Closing Costs
- * Need for Seller Concessions
- * Meet With Mortgage Professional to Determine Mortgage and Price Range



Other Mortgage Considerations and Options Include:

- * Debt to Income Ratios
- * Loan to Value (LTV) %
- * Escrow for Real Estate Taxes and Insurance
- * Mortgage Type - Conventional, Government Loan - FHA, VA

STEP 4 - Determine Your Needs and Wants.

The Neighborhood and Location:

- * School District
- * Drive Time to Work, School, Shopping
- * Urban, Suburban, or Country Setting
- * Other:

Home Features:

- * Number of Bedrooms
- * Number of Bathrooms - Full and Partial
- * Size of Garage - # of Cars Plus Storage
- * Lot Size
- * Square Footage of the Home
- * What Style of Home
- * How Old a Home

Needs and Wants:

- * Swimming Pool?
- * Fenced Yard?
- * Fireplace?
- * Finished Basement?
- * Hardwood Floors?

Rate the items:

- * "Absolute Musts"
- * "Nice To Have"
- * "Doesn't Matter"



STEP 5 - The Home Search.

Sources of homes for sale:

- * MLS (Multiple Listing Services)
- * Word of Mouth
- * "For Sale" Signs
- * Ads in local papers, home magazines and penny savers
- * For Sale "By Owner" Property
- * Specialty Brokerages - "Help-U-Sell" - "Assist-2-Sell"
- * Open Houses

Next Steps:

- * Conduct Drive-bys (Check Out the Neighborhood & Curb Appeal)
- * Have Agent Set Up Showings
- * Batch the Homes to See by Area
- * Initial Inspection Used to Eliminate Prospective Homes
- * Re-Inspection for Those That Make Your "Short List"
- * See Enough Homes to Develop a Comfort Level (Gut Feel) for the Market

STEP 6 - The Purchase Offer.

- * Determine the Value Range of Comparable Properties (CMA)
- * Review Property Condition Considerations
- * Determine Negotiating Strategy

Factors to Consider to Determine Price and Terms to Offer:

- * Value range of similar properties
- * Seller's real motivation for selling
- * Seller's purchase price and improvements
- * Length of time the seller has owned the home
- * Length of time the property has been on the Market
- * Repairs to be done by seller or to be done by you
- * Closing Costs to be paid by Seller - "Seller Concessions"
- * Are other offers that you are in competition with



Write The Offer - Make sure the offer is made subject to:

- * Your real estate attorney's approval, if applicable in your area.
- * Obtaining financing.
- * General property inspections, as applicable.
- * Receipt of seller "Property Condition Disclosures", if applicable
- * Bank appraisal being equal to or greater than purchase price.

Present and Negotiate the Offer

- * Your goal is to at least get a counter-offer from the seller.
- * The more realistic your offer, the more realistic the seller's counter-offer
- * Under Contract or Continue Your Search

STEP 7 - Removing Contingencies:

- * Attorney's Approval, if applicable for your area
- * Property Condition Disclosures
- * Property Inspections and Repair Requests
- * Appraisal Contingency
- * Mortgage Approval and Commitment Contingencies
- * Good and Marketable Title

STEP 8 - Closing (Also Known as Settlement or Transfer)

Phase One - After Contingencies are removed:

- * Give Notice to Current Landlord
- * Start planning your move (People & Equipment)
- * Get Home Insurance Binder and Receipt for One Year's Premium
- * Fax the Binder and Receipt to Your Attorney or the Closing Agent



Phase Two - After a firm closing date is agreed to:

- * Call Utility Companies
- * Finalize your moving plans
- * Re-inspect property 24 hours before closing
- * Contact your Attorney or the Closing Agent re: Money for Closing
- * Arrange for keys to be at closing

Phase Three - At Closing:

- * Bring Cashiers Check per Instructions.
- * Bring the Original Insurance Binder & Paid Receipt
- * Bring Your Mortgage Commitment Papers
- * Bring Photo ID (Driver's Lic./Passport) for Verification
- * Sign Lots of Documents.
- * Get Keys to the Property and Copies of Closing Documents.

Phase Four - After the Closing:

- * Check on your new home as soon as possible
- * Change the locks on your new home at your earliest convenience
- * Follow-up with Utilities
- * Finalize your move and previous rental arrangement.
- * Move-in and Enjoy

Congratulations - You Made It!