

A Homebuyer's Transaction Overview: Step-by-Step

1. Speak to a real estate who has the REALTOR® designation.

(REALTORS® are real estate agents who have professionally vowed to follow specific codes of conduct with clients, and with other agents.)

This initial conversation should entail your family's real estate needs & goals. Your chosen REALTOR® can also provide references for mortgage lenders, if needed. Depending on your financial needs, it is always a good idea to speak to a few...including the financial institution you already have a relationship with.

2. Speak with a lender.

Be prepared to share your income, monthly expenses, incurred debt, and have your credit report checked. (The lender will ask for documentation for all provided info.)**Request a Pre-Approval Letter to share with your agent. This letter is submitted with and supports your purchase offer. It proves your financial stability to the homeowner selling their property.

3. Go see properties!

Prioritize your "must haves" in a home. Chances are, there will be some compromising on certain items. The more you see, the better. It will help you feel more confident in deciding if a home is "the one". This is also a great time to get familiar with varying neighborhoods and inventory.

4. You found "the ONE!"

Discuss your offer strategy with your agent. Market conditions, specific property specifics, and your own family needs will help provide the offer outline. Of course Purchase Price is a main item in the offer, but other terms can weigh heavily in an Offer to Purchase as well. Such as: Are you paying cash with a quick closing...or borrowing 100% of the price with a longer closing date? Are you asking for the seller to pay any of your closing costs? Will you be requesting a home inspection with the option to back out depending on the results? Do you have a home to sell prior to closing with this property? These are called "contingencies", and directly affect the negotiation tactics.

5. A ratified contract has been created...Now What?!

You will give your agent the Earnest Money Deposit. This is an agreed amount of money that is provided in good faith that you intend to "perform" on the contract. This amount is held in escrow until closing, and will be used towards your costs at closing. This EMD is also the collateral if you default on the contract.

Besides, the EMD. You also need to know the important dates & deadlines everyone agreed to within the contract. If financing, you will have a certain number of days to submit your application. Do you plan on having a home inspection? You will have a specific timeframe to have that inspection completed, and ask for any repairs, which are negotiable. Your agent should provide a review of all action items agreed upon.

6. During this time, your bank will be ordering their appraisal for the property.

(The Purchaser, pays for this appraisal either upfront, or as a part of their closing costs at settlement.) This appraisal validates the home's value to the bank. They want to ensure that the property's value is equal or worth more than what they are loaning you.

7. Your chosen Settlement attorney will be completed what is called a Title Search.

The title search follows the land, and researches it's history & condition of title. They should discover any easements or encumbrances against the property that may affect the use or enjoyment of the land. (Your lender will require title insurance to cover their interests, you will need to decide if you will want to pay for additional coverage to cover any easement or encumbrances not discovered during the search, or in the property's future during your ownership.)

8. Research and obtain Home Insurance.

Consumer Reports has a very thorough section dedicated for homebuyers. Check with your car insurance company, many of them offer package deals for home & auto coverage.

9. Once your lender has provided their final loan commitment.

(This means that all of their borrowing criteria has been received & approved. Basically, all of your financial info has been validated, double checked, and approved, the property's title is clean, and the appraisal equals the value or more.) Schedule your "walk through". This is a moment prior to closing where the Buyer ensures everything is in the same condition as it was during the showing or home inspection period. This when any negotiated repairs are checked for completion as well.

10. Review your lender's Closing Disclosure.

(This document provides every cost associated with the loan. It also will state how much you need to bring to your closing. The Settlement attorney will also provide a settlement statement for you and your agent to review. This document includes the numbers from the bank, as well as for the Seller.

11. CLOSING DAY!

Bring your Driver's License and certified cashiers check with amount due at closing. Be prepared to sign *many, many, many* documents with a smile. Receive the keys to your NEW HOME! The transaction isn't officially complete until the settlement company records it at the local courthouse, but here locally, the standard is to exchange home keys & best wishes at this time.

