

Beginner's Guide to



Buying a Home



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Congratulations on taking the first steps toward buying a new home. Buying real estate can be exciting and scary, but with a little preparation and a great team you can have a smooth transaction.

Most people think the first step to buying a house is, well, looking at houses – but there's so much you can do before you start looking that will make your life easier!

In this book you will get introduced to everything that happens between thinking about moving and getting the keys to your new home. I will help you break down the steps to get you there without having your own break down along the way.

This is one of the biggest purchases of your life. I'm honored to help guide you through the process. Let's get started!

Sincerely,
Kathleen Seide

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Chapter 1: The Steps to Buying a House

This is a quick overview of the steps for buying real estate, to give you a framework for understanding how each step applies to you.

Get Your Finances in Order

Before you start looking for a new home, it's crucial that you strengthen and evaluate your finances. Having a strong financial foundation to buy a home will make it easier, less expensive, and more successful.



Make a Budget



Save



Don't Change
Jobs



Payoff Your
Debt

Write Down Your Goals

Start considering why you want to move. What do you really want to accomplish?

Most people who start looking for a home don't really know what they like and don't like about the place they are living in now. It's hard to find the perfect home until you can define what 'perfect' means to you.



Timeframe



Lifestyle



Location



Must have
features



Things you hate

When You are Ready to Buy

Building a team you can trust will help you make the best choices easily. They will guide you through financial decisions, help you understand the questions you should be asking about different neighborhoods, and help keep you focused on your goals.



Find a lender



Find an agent



Your price range



Ask lots of questions



Drive by morning, noon, and night



Think long term

Making an Offer

Don't let your heart take over, this is business. Most people ride an emotional rollercoaster during this step. If you know what you need and what you are willing to live without ahead of time you can make this a much smoother ride.



Research
market value



Know your
walk line



Look at
future repair
costs



Be ready to
make a
decision



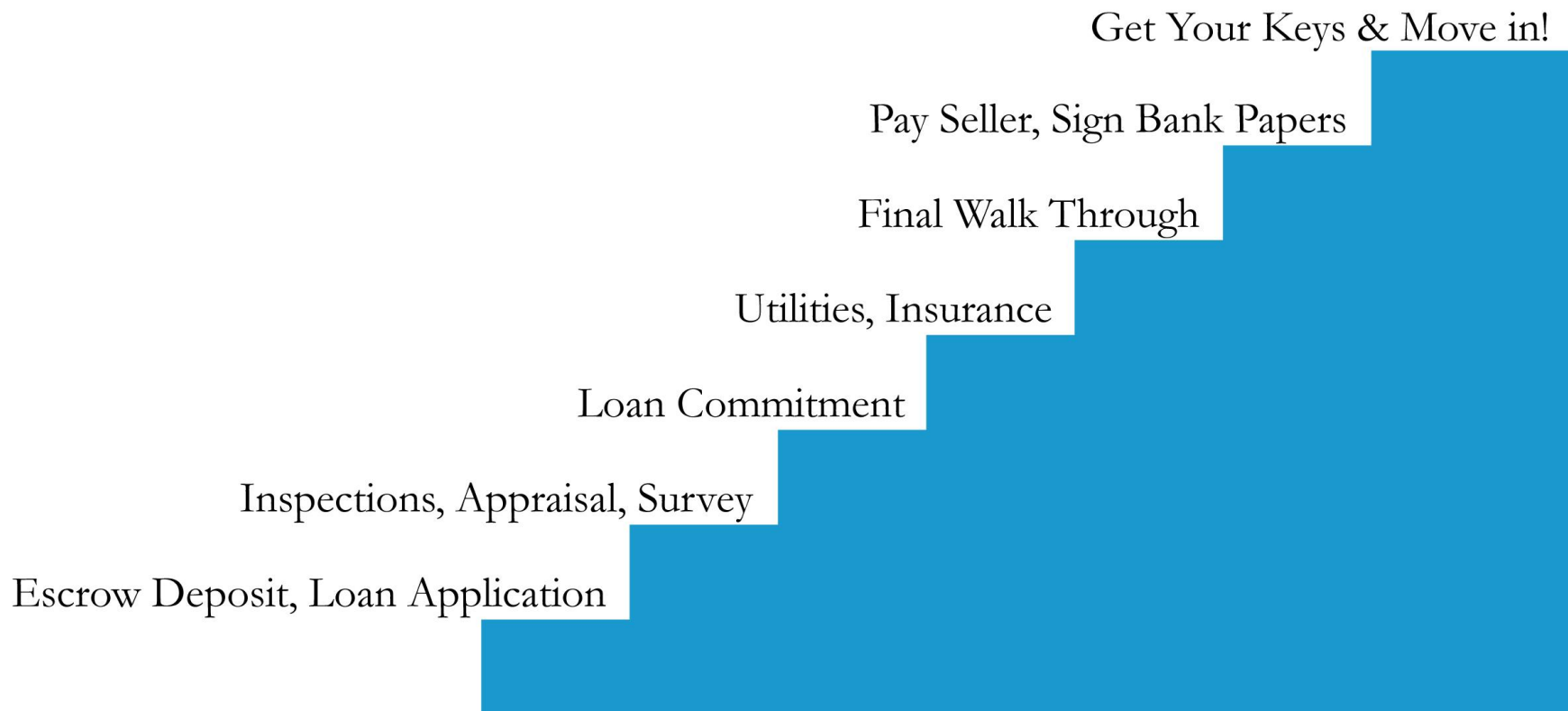
Read your
contract



Put
everything in
writing

Closing the Deal

The professionals on your team understand how all the pieces come together, and will guide you to closing step by step. There are a lot of small steps, but everything is spelled out in your contract so that everyone understands their responsibilities.



Chapter 2: Before You Start Your Search

Most people think that the first step to buying a house is looking for a house – but there is so much more you can do before you start to look that will make your life easier!

This chapter will explain what you can do six months to two years in advance of buying so that you will be prepared for your purchase and save yourself money.

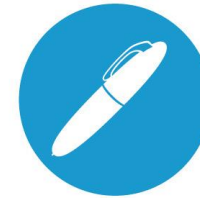
This is one of the biggest purchases of your life. It's worth the effort to get yourself ready for the investment.



Get Your Finances
in Order



Improve Your Credit
Score



Write Down Your
Goals

Get Your Finances in Order

Before you start looking for a new home, it's crucial that you shore up and evaluate your finances. This will provide a strong foundation for your search and keep you realistic about your options.

Understanding what your income and expenses actually are right now will help you decide how much home you can afford, how much you can expect to save for a down payment, and what extra monthly expenses you can live with.



Make a Budget



Save



Payoff Your
Debt



Don't Change
Jobs



Make a Budget

The first step in getting yourself in financial shape to buy a home is to know exactly how much money comes in and how much goes out of your household monthly.

Start by putting together a household budget if you don't already have one. Instead of creating a budget of what you'd *like* to spend, use receipts or statements to create a budget that shows your *actual* spending habits over the last few months.

This approach will factor in unexpected expenses, such as car repairs, as well as predictable costs such as rent, utility bills, and groceries. You probably know how much you spend on rent and utilities, but little expenses add up, too. Try writing down *everything* you spend for one month. You'll probably spot some great ways to save, whether it's cutting out that daily trip to Starbucks or eating dinner at home more often.

Why this is Important

- It helps you buy a home you can afford. Once you have a home we want you to enjoy living in it as long as you want to.
- It helps you make the best decisions about what to change so you can buy your home.
- You will need some of this information eventually to apply for a loan.

Budget Basics Worksheet

Enter your information below, it will help your planning in other parts of this book.

Expenses

Rent/Mortgage	
Life/Health/Disability Insurance	
Homeowner's or Other Insurance	
Car Payments	
Other Loan Payments	
Savings/401K and Retirement Account Contributions	
Utilities (gas, water, electric, phone)	
Credit Card Minimum Payments	
Car Upkeep (gas, maintenance, insurance, etc.)	
Clothing	
Personal Care Products (shampoo, etc.)	
Groceries	
Eating Out (restaurant meals and carryout)	
Medical/Dental/Prescriptions	
Household Goods (hardware, kitchen, garden)	
Recreation/Entertainment	
Child Care	
Education (classes, books, certifications, etc.)	
Charitable Giving	
Miscellaneous	
Total Expenses	

Income

Take Home Pay	
Pension	
Social Security/Disability	
Interest/Dividends	
Other	
Total Income	

Total Income	
Total Expenses	

Monthly Surplus	
<i>(Subtract Total Income from Total Expenses)</i>	



Save Money

Even if you are getting a 'no down payment' loan, you will still have some expenses when you buy your home.

Most buyers' closing costs run from 1%-3% of the home's purchase price. Down payments range from 0% to over 20% depending on what kind of loan you choose. You should also have a reserve of at least three month's expenses in your savings left after your purchase. Add those three together and you have your savings goal!

Now that you know how much money you will need and what your budget is, you can put together your plan. Set aside a certain amount of money each month to put in your savings account.

Increasing your income is another great way to help save for your home. Now's the time to ask for a raise! If that's not an option, you or your spouse may want to consider taking on a second job until you have enough money saved for a down payment.

What You Can Do Next:

Take a look at homes for sale in your area to get an idea of prices. You can get a quick glance on many real estate websites.

Talk to your bank to get some basic information about the loans they recommend for you, and what the down payment would be.

Figure out how much money you will need at closing:

Down payment + Closing costs + 3 month's expenses = Total savings needed

Figure out how long it will take you to save enough money to buy a home:

$$\frac{(\text{Total savings needed} - \text{Today's savings})}{\text{What you save each month}} = \text{Months until you are ready to buy}$$



Payoff Your Debt

Banks want to lend money to people who can afford to pay them back. If you owe a lot of money, or your monthly payments are high, it shows the bank that you may not be able to afford your monthly payments to them. If your money is spread too thin paying other bills you're unlikely to get a home loan.

Lenders generally look for a ***total debt load*** of no more than 36% of income. Your ***total debt load*** includes your mortgage payment, which usually ranges between 25% and 28% of your income, and your other monthly obligations. So, you need to get monthly payments on the rest of your installment debt — car loans, student loans, and credit card minimum payments — down to between 8% and 10% of your net monthly income.

Installment debt is made up of the loans you already have, they are usually paid in monthly installments.

What You Can Do:

Find out what your bank thinks you can afford based on your budget today:

$(\text{Total monthly income} \times 36\%) - \text{Installment debt} = \text{Maximum mortgage payment}$



Don't Change Jobs

Banks want to give loans to people that have a stable income. Try to stay with the same employer for a while, because work history is important.

You don't need to be in the same job forever to qualify for a home loan, but having a job for fewer than two years may mean you end up with a higher interest rate.

Also, moving to a new area or starting in a new field the year before buying a home may make it harder to get a loan. Certain professions and government jobs will be able to get a commitment letter from their new employer, but others will have to wait one or two tax cycles before they can get a loan.

If you need to make changes, do it soon. The longer you've been with your new company the better.

Tip:

If you are going to ask for a raise or change jobs, do it as soon as you can. You want as much history on the new job as possible when you apply for a loan.

If you are moving to a new area, talk to a lender there and tell them your situation. They will tell you how long you need to be on the job before they can give you a home loan.

Improving Your Credit Score

Banks want to lend money to people who have a good reputation for paying their bills on time, every month.

Your credit scores, along with your overall income and debt, are a big factor in determining whether you'll qualify for a loan and what your loan terms will be. You should do what you can to improve and maintain your credit score before you apply for a loan.



Check Your Credit
Report



Bringing Up Your
Credit Score



Check Your Credit Report

There are three companies that do credit reporting. They will give you a free credit report every year, if you ask for it. There is a central website to check on your credit information: <http://www.annualcreditreport.com>

Check your credit reports for errors and if you find any contact the agency to get them fixed. Mistakes happen, and you could be paying for someone else's poor financial management.

Also, information more than seven years old should not appear on your credit report. If you see information or accounts older than seven years, contact the agency to have them removed.

If you think you are a victim of identity theft, or if your purse or wallet has been stolen, you can request the credit agencies to put a fraud alert or a security freeze on your account to protect you and your credit history.



Bringing Up Your Scores:

Pay all of your bills on time for at least year. Many companies let you set up automatic payments, which is a great way to make sure you never forget to mail a check!

If you have had credit problems like missed payments, judgments, etc., wait twelve months to apply for a mortgage. You're penalized less for problems that happened over a year ago if you have a good payment record since then.

Your score will usually be higher if you have a couple different types of credit, but make sure none of them are charged to the limit.

If you owe a lot of money on many different accounts it can show the bank you are overextended. However, it's a good thing if you have a good proportion of balances to total credit limits. Focus on paying *down* the accounts that are maxed out first, then pay *off* accounts that have a little left owed on them and are charging you monthly fees.

Avoid finance companies; even if you pay the loan on time, the interest is high and it can be considered a sign of poor credit management.

Avoid transferring credit card debt from one card to another; it could lower your score.

Don't open new credit card accounts because having too much available credit can lower your score. If you have lots of extra accounts that you don't use consider closing some of them (unless they are accounts you've had a while).

On the other hand, keep your oldest accounts open and use them once in a while because old accounts in good standing help raise your credit score. If there is an account you are ready to pay off consider keeping it open and using it once in a while rather than closing it when you make your final payment.

Write Down Your Goals

Most people wander around from house to house hoping that one of the homes will stand out of the crowd, and that is the one they jump on. They don't question *why* they don't like a house and use that information to help hone their search. Let's make a plan to avoid looking through an overwhelming number of homes and getting very lost in the process.

Start considering why you want to move. What do you want to accomplish? A home is more than how many bedrooms or bathrooms you have. Understanding your goals now will help you avoid confusion later and many, many wasted hours.

Once you have made your lists don't forget to pay attention to them while your world goes crazy as you look for a home. Share your notes with your agent. Refer to your notes when you are deciding which home to make an offer on. This makes it easier to be sure you found the right home for you.



Timeframe



Lifestyle



Location



Must have
features



Things you hate



Timeframe

Your deadline for moving can cause you a lot of stress, so it's good to make a plan so you can relax and enjoy the rest of this process.

If you have a firm deadline for moving, like an expiring lease, it will limit which homes you can buy.



Lifestyle

Making sure that your new home fits the way you like to live is essential. Don't just think about your life today; think about your plans for the next five to ten years.

You may fit into a cozy cottage today, but consider what might happen with kids, relatives, or pets over time and make sure your home will continue to work for you. If your home is your retreat, make sure you have places to get away from the chaos. If your home is a meeting place for friends and family, make sure there are large, inviting spaces.



Location!

Location is the one thing you can't change after you buy a property. When deciding where to buy your home, don't base your decision on just one thing. Remember you might change jobs and end up working on the other side of town.

Make sure the area you choose to live in includes the things you want to be close to. For some, that may mean walking to fantastic restaurants. For others that may be living around the corner from friends and family.



Must Have Features

You have champagne wishes and caviar dreams, and it's always fun to stroll through open houses to see what's available. To get ready for your home search start thinking about the two or three things you can't live without.

When you start going into homes that are on the market you can quickly eliminate any that are missing these features. You won't have to second-guess your decisions.



Things You Hate

This is your one chance to be a hater, so don't hold back. To be happy in your new home it can't just have things you love, it also has to **not** have things you hate.

Start paying attention to the things in your home that irritate you. When you visit family and friends, pay attention to what would drive you crazy if you lived in their homes. You want to make sure that you don't have those problems at your new home, so write those things down.

House Goals Worksheet

Once you fill this out keep it handy. It's easy to get overwhelmed when you start looking at properties. Use this to stay focused when you're deciding between homes.

What are the top three things you love about where you live now?

What are three things you hate about where you live now?

Think about your lifestyle.

What are the things you like to do every day? How do you relax, exercise, entertain yourself, eat? Are you a chef, or a reader? Do you like walking the dog, going out to dinner, or listening to live music?

What parts of the house are always busy?

Which areas are unused now?

What are activities you wish you had room for?

What areas / activities do you want to make sure you can keep?

Think about the things outside your home. How far are you willing to drive to work? Is it important to you if you live near great schools?

On a separate piece of paper write down the top three features you want in your next home, and have your spouse/partner do the same. After you are done share what you wrote and talk about it.

Explain to each other why these items are important to you. Do you have any conflicts?

Chapter 3: Finding Your Next Home

There's a careful balancing act that happens when you choose a new home. You are comparing the features you want, locations, neighborhoods, asking prices, value, and maintenance costs. Trying to find the best home for your money can be confusing.

Getting the best deal when you buy your home takes patience and homework.

A great deal is more than negotiating the seller down by a few bucks. It's finding a home you love that doesn't have any expensive surprises waiting for you. It's also buying a home for less than you are willing to pay for it, and knowing that you already made money at closing.

By following this advice you will be in a great position to get a good deal when you are ready to make an offer.



Finding your Team



Home Search



Making an Offer

Your Team

Building a team of professionals you can trust is the first step toward getting the best deal. These are the people you will rely on for information about industry standards, real estate market activity, and negotiating strategies.



Find a Lender



Find an Agent



Your Personal
Advisors



Inspectors



Find a Lender

Mortgages can be very confusing because there are so many options and lots of legal language. Starting with the basics, when you accept money as a loan to buy a home you sign a **note** which is your promise to repay the money, and you sign a **mortgage** where you put the home up as collateral in case you don't pay the money back.

It's important to find a lender who is willing to take the time to explain the different kinds of loans to you, and why they recommend one over another.

Even if you have a great relationship with someone in the industry, it's still important to get two or three quotes. If you don't shop around for your loan it can be very expensive, and you may even make some unfortunate mistakes. Get a few quotes from different lenders and make sure they are in writing.

The quote will be on an official looking form. It is an estimate of what it will cost you to buy your home and is made up of lender charges **as well as** fees from third party companies like Home Inspectors and Surveyors. To make it easier to compare your three estimates you need to know which charges are paid to the lender and which are paid to third parties.

As far as your loan cost is concerned it doesn't matter if one estimate shows a survey fee of \$250 and another estimate shows \$500. You will be the one who picks your surveyor when the time comes, the bank doesn't dictate the cost.

Ask your lender to point out which charges on the estimate are related to the loan. If the estimate is on a mock HUD form then the 800 section is what you want to look at. Add up those charges and compare them along with the interest rate – it's the bottom line that matters to you anyway right?

Before you make a final decision find out about each lender's reputation for customer service both before and after closing. Some lenders offer great rates but make it very frustrating for you before closing. It's good to know what to expect before you make your choice.

Once you know where you will get your loan, have them prequalify you for a mortgage. They will give you a letter you can use when you are negotiating with sellers.

10 Questions to Ask Your Lender

Take this with you to your meeting, so you don't forget to ask!

1. What are the most popular mortgages you offer? Why are they so popular?
2. Which type of mortgage plan do you think would be best for me? Why?
3. Are your rates, terms, fees, and closing costs negotiable?
4. Will I have to buy private mortgage insurance? How much will it cost and how long will it be required?

(Private mortgage insurance, or PMI, is usually required if your down payment is less than 20 percent.)

5. Who will service the loan — your bank or another company?

6. What escrow requirements do you have? (This escrow is for your insurance, taxes, etc)
7. How long will this loan be in a lock-in period? Will I be able to obtain a lower interest rate if it drops during this period?

(The lock-in period is the amount of time you have to close your contract at the guaranteed rate. If you have a 30 day lock-in period and the sellers need 31 days to close you could lose your rate.)

8. How long will the loan approval process take?
9. How long will it take to close the loan?
10. Are there any charges or penalties for prepaying the loan?



Find an Agent

Most buyers don't understand why they should have an agent. Having an expert, who knows what is important to you, involved from the beginning of your home search means they can give much better advice to you. The more they know about you the more their advice is tailored to your priorities.

Did you know that having an agent is usually free for the home buyer? Your agent's fees are being paid by the broker who listed the property. The amount that broker will be paid is part of their listing contract with the seller, and that contract stays the same whether you have an agent to represent you in the transaction or not.

Your agent will be able to give objective information about each property, tell you if they see defects, advise you on price so you know if it is a good value or not. They can provide local community information on utilities, zoning, schools to help you find the neighborhood you will love.

Your agent has done business with dozens of local lenders, inspectors, attorneys, surveyors. They can recommend the best businesses in the industry and coordinate with them all for you.

Your agent will know the local contracts and disclosure forms inside and out. There are many negotiating factors like price, financing, terms, date of possession, and inclusion or exclusion of repairs, furnishings, equipment, or inspection periods. Your agent can advise you about them all so you can get the most out of your purchase.

Please, do yourself a favor by finding an agent you can trust and rely on them to be a professional. Finding an agent you can trust is an important step in finding the right house.

Interviewing Agents for the Job

Start by making a list of a few agents you want to interview. Talk with two or three before committing because you don't just want to find a great agent, you want an agent you can connect with.

When talking to friends, family, and co-workers who have recently moved, ask them for specific examples they liked and disliked about their agent. Many people have nothing to compare their agent to, so they recommend them. Getting specifics helps you compare and find someone who is a good fit.

Meet in person with the agents at a home you're interested in. It's easier to find a real estate agent who you connect with if you see how they behave in a real situation. Take the time during your meeting to ask them these questions. It's critical that the agent you chose is both highly skilled and a good fit with your personality.

Questions to Ask Before Choosing Your Agent

1. What is the Brokerage Relationship we'll have if I commit to using you for my purchase? You don't know who any agent is working for until you talk about it, and get it in writing so you see all their duties and obligations. There is a simple form they can go over with you.

Before you tell an agent anything about yourself it's important to know who they represent. Make sure your agent is officially representing you, and not the seller, otherwise they may not have to watch out for you. For example, the salesman at a builder's model is probably working for the builder, no matter how nice they are to you.

2. How long have you been in residential real estate sales?

While experience is no guarantee of skill, real estate — like many other professions — is mostly learned on the job.

3. Is it your full-time job?

Time is of the essence in real estate. You need an agent who is always available to answer your questions, and who can turn paperwork around in minutes instead of days.

4. How will you communicate with me about my purchase? How often?

This question doesn't have a correct answer, but it helps you find an agent that you'll be comfortable with. Do you want updates twice a week or do you not want to be bothered unless it's important? Do you prefer phone, text, e-mail, or a personal visit?



Your Personal Advisors

Whether it's your spouse, best friend, dad, or aunt everyone has a person they trust who will be an advisor when they buy a home.

It's useful to have a trusted friend or relative act as a sounding board. They can help you stay realistic and keep you from making decisions with your heart instead of your head. They can also give you a perspective you might not think about.

Don't ask for too many opinions. It's natural to want reassurance for such a big decision, but too many ideas from too many people will make it harder to decide anything. Focus on the wants and needs of your immediate family — the people who will be living in the home.

Don't get upset if your advisor is hard on the home you were excited to show them. They haven't been with you to see the twenty other homes you rejected. They don't know what you've been through and they are trying to protect you. Listen to what they have to say, and then decide for yourself if it's useful to you.

What You Can Do Next

Think about the people you know and their areas of expertise. Pick one or two people you trust, and ask them to help you with the specific areas they know about. For example, if your Uncle is a roofer you may want him to look at the roof for you, but keep in mind that his opinion of the pool is no more important than yours.



Inspectors

Usually inspections happen after you are in a contract, but you can start building your team now. Your agent will be able to recommend several companies, but if your family or friends recently bought they may have some useful suggestions.

There are many different things you may want inspected, depending on the property you are buying. Your agent will explain your options and what's normal in the area you are buying in.

It's important to hire professionals, even if you have a family member that wants to check out the property for you. From checking to make sure the title is clear, to making sure the water is drinkable, professionals will do their job systematically.

Ask the People You Know

Common inspectors you may need: surveyor, title company, attorney, home inspector, pest inspector, mold inspector, or water quality.

Who did they hire?

Why did they pick that company?

What was good and what was bad about the company?

Finding Your Home

Buying a home should be fun, not stressful. As you look for your dream home, keep these tips in mind for making the process as peaceful as possible.



Your Price
Range



House
Hunting



Drive by
morning, noon,
and night



Ask lots of
Questions



Think long
term



Your Price Range

This is the big question; how much do you want to pay for a home?

Your price range can be limited by what you can afford monthly, how much you have to put toward your down payment, or simply what you are willing to invest in a home.

By now you should have a pre-approval letter from a lender. Double check what you can afford monthly against the monthly payment, and down payment from your quote.

Make sure you are looking at the whole monthly cost when you are checking your budget, that's the principle payment, interest, taxes, and insurance.

What You Can Do Next

Tell your agent what your price range is and give them a copy of the pre-approval letter.

If your lender offered to let you borrow more money than you can afford ask them to give you a letter for the amount you plan to spend.



House Hunting

This is the fun part! You and your agent will start by putting together a list of properties that fit your needs.

Your agent will scour the MLS system for any property that fits. Meanwhile, you will probably be obsessively driving around the neighborhoods you love or spending sleepless nights on your computer.

When you're online searching, use a house hunting website or app that makes it easy to communicate with your agent. If you see a home you like just send your agent the address, MLS number, and/or name of the broker.

What You Can Do Next

Share your House Goals Worksheet with your agent and use it to evaluate each property you see.

Ask your agent which house hunting websites or apps to use.

Always set up showings through your agent, and let other agents you talk to know who your agent is. If another salesman shows you a property your agent may not be able to represent you.



Drive by Morning, Noon, and Night

Before you start going inside homes you can save time by driving by the homes you think you might like. It's easy to eliminate homes this way, and saves you from getting exhausted later. That way you get to spend more time inside homes that could work for you.

Remember your home doesn't exist in a vacuum. Don't get so caught up in the physical aspects of the house itself — room size, kitchen, etc. — that you forget about important issues as noise level, location to amenities, and other aspects that also have a big impact on your quality of life.

What You Can Do Next

Sort the list of homes you are interested in by zone. Drive by a few homes after work to see what the area looks like, how bad the commute is, and if the home looks like its photos.

Delete any homes that don't make the cut, so you can focus on the good ones.



Ask Lots of Questions

You aren't supposed to be an expert at this, that's why you hired one.

As you visit properties feel free to ask about anything you are unsure of. If your agent doesn't know the answer they will ask an expert in that field.

You are going to see unfamiliar appliances, drainage pipes, flooring, and fixtures, among other things. If you don't ask what something is you may be missing a great feature about the home.

What You Can Do Next

Use a showing checklist for each property you see. It will remind you to always look at the A/C, electric panel and other systems you might forget to check.

Write down questions when you think of them, so you can ask them to your agent when you are together.

When you find one or two homes you're serious about, sit down with your agent and get the facts. You want to compare them to each other, but also learn about their values by comparing them to homes selling nearby. Ask how much homes have been selling for in the area and how many days they have been on the market.



Think Long Term

If you only look at the asking price when comparing homes you could cost yourself a lot of money. When you are comparing your favorite homes consider the life expectancy of the major systems, and what it costs to replace them.

Factor maintenance, repairs, and upgrades into your monthly budget. Even if you buy a new home, there will be costs. Don't leave yourself short on cash and let your home deteriorate.

For example, two properties are offered at the same asking price. House one has a new roof and house two needs a roof soon. Your cost is higher for the second home.

What You Can Do Next

- Once you have found a handful of homes that could work for you it's time to start doing more research.
- Go over the seller's disclosure forms with your agent, talk about the age of the home, roof, air conditioner, and any other major systems on the property. Knowing if the home you love is going to need some updates in the coming years helps you make better decisions in negotiations, and budgeting.
- An important long term item is ***property taxes***. Don't assume your tax bill will be the same as the current owner's bill. Ask your agent for an estimate.

Making an Offer

It's always exciting to put together your offer. Signing the paperwork makes this whole process more real.

Buying a home, especially for the first time, is a big financial commitment. But it also yields big benefits. It's normal to get cold feet. Accept that a little buyer's remorse is inevitable and will probably pass. Don't lose sight of why you wanted to buy a home and what made you fall in love with the property you purchased.



Research
market value



Know your
walk line



Bid
Competitively



Read your
contract



Put
everything in
writing



Research Market Value

Once you find one or two homes you really like, sit down with your agent and get the facts.

It's going to be a lot easier for you to know how much to offer on a property after this step.

What You Can Do Next

Ask your agent to research local statistics for you: absorption rate, number of homes sold in the last six months, number available, days on the market, and price per square foot

Consider how long this property has been on the market. Have there been any price changes, how long ago?

How does this home compare to its competition? By now you're an expert on what buyers in this segment of the market are looking at. How does this home stack up?



Know Your Walk Line

Don't let your heart take over, this is business. Most people ride an emotional rollercoaster during this step.

When you find the right house you need to move quickly. Spend a lot of time in advance deciding what you must have in a home so you will be confident when it's time to make an offer.

During negotiations you will need to make decisions quickly. If you know what contract terms you need and what you are willing to live without ahead of time you can make this a much smoother ride.

What You Can Do Next

Review your House Goals Worksheet so you remember what to look for.

Rank each home you visit before you leave. If it's not in the top three then pull it out of your search. Doing this will keep you from getting overwhelmed.

Leave your options open. Choosing two or three homes that you could live with puts you in a better negotiating position.

Review your budget, savings, and estimated repairs costs on the home so you can respond quickly during negotiations.

Talk to your agent and lender so you understand the contingencies you must keep in your contract. For example, know how quickly your lender can close and how much time you need for home inspections.



Bid Competitively

When you submit your offer to the seller you are starting a conversation. You want to find out what their bottom line is, and they want to know the most you are willing to pay for their property.

Don't get caught up in a buying frenzy. Just because there's competition doesn't mean you should pay full price. And even if you are in a buyer's market remember you are trying to start a conversation with the seller, a very low offer has shut down more than one negotiation before it started.

Negotiation is based on give and take. The best negotiations leave everyone feeling like they got what they wanted. Trying to "win" by getting an extra-low price or by refusing to budge on your offer may cost you the home you love.

What You Can Do Next

Although you want to make your offer attractive, don't give up important contingencies like inspections that help insure that your house is sound.

Bid competitively. You may not want to start out offering the absolute highest price you can afford, but don't go too low either. In a tight market, you'll lose out.

If you ask for something be prepared to give something else up. When the other party asks for something, remember you can use it to your advantage.

If you are trying to get the lowest price you can, keep contingencies to a minimum. Restrictions such as needing to sell your home before you move or wanting to delay the closing for months can make your offer unappealing to the owner.

Get an updated pre-approval letter if your offer is lower than the amount in your letter.



Read Your Contract

The contract is long and boring. Read it anyway.

It controls everything that happens until closing. You need to understand what you and the owner are actually agreeing to. This is one of the places where people make assumptions that cost them frustration and money. You don't want any surprises.

What You Can Do Next

Ask your agent for a blank copy of the standard contract so you can read it ahead of time. Make notes so you can ask about anything you don't understand, or are uncomfortable with.

Talk to your agent. They should be able to answer your questions, and include the changes you want in the offer you make.

Go back to the one or two homes you're serious about and take some photos. Documenting what was there when you made your offer can make surprises a lot easier to deal with. Take photos of things like the appliances, any damage, air conditioner, and the pool.



Put Everything in Writing

If there's anything you and the seller agreed to, make sure it's in your contract. If it's not spelled out in your contract, the seller is not legally bound to perform.

You don't want to figure out the details once things are getting messy. For example, if you want the back yard cleaned up, make sure you give a deadline and include what happens if it's not done on time.

What You Can Do Next

Write down or email your agent any contingencies that are important to you when you think about them. Talk them over with your agent as you write your offer.

Chapter 4: Closing on Your Home

Congratulations, you've found the right home and made an agreement with the owner!

There's a lot to do between now and when you can move in. The professionals on your team understand how all the pieces come together, and will guide you to closing step by step.

There are a lot of small steps, but everything is spelled out in your contract so that each member of your team understands their responsibilities. It's time for you to start packing.



Paperwork



Inspections



Your Loan



Utilities



Final Walk-
Through



Closing
Day



Move In



Finalizing Your Paperwork

After you and the seller have come to an agreement, make sure your paperwork is signed and dated by everyone. It's easy to forget a final initial in all the excitement and you don't want anything to be unclear if problems come up later.

Talk with your agent. There are a few things that need to be taken care of right away, but your agent will take care of most of it for you. Some things you will need to do yourself include: finalizing your loan application and writing your escrow deposit check.

What You Can Do Next

Ask your agent if the seller, your lender, and the closing agent have copies of the contract.

Write the property address on the memo line of your deposit check.

Ask your lender what paperwork they need from you need to finalize your loan application.

Ask your agent what they will schedule for you and what you need to take care of next.



Property Inspections

Your contract should say how long your **inspection period** lasts. That's the time frame you have to do all of your inspections and make a decision about what to do if you find a big problem.

During your inspection period you can bring in any professionals you'd like to look at the home. Depending on the property you may want specialized people. For example, if there is a pool you should have someone look at the pool and pool equipment for you.

Keep in mind that you don't own the home yet, so any damage the inspectors do is your responsibility to fix. If there's a question, have your agent get permission from the sellers beforehand.

What You Can Do Next

Talk to your agent about the inspections they would suggest for the property you are buying and ask them when your inspection deadline is.

Ask your agent to make sure that any utilities your inspector needs will be turned on. If the sellers disclosed any problems with the home be sure to tell your inspector so they can pay special attention to those areas.



Your Loan

Once you have a signed contract, your lender starts a long process of approving you and the home for a loan.

At this point the loan underwriter will be looking over your file to check if everything is in order. If the bank asks for more information get it to them as soon as you can, the same day whenever possible. The sooner you get a commitment from the bank the better off you are, you may even be able to close early and move in sooner than you thought.

Your Realtor or bank will order any surveys or appraisals that you need. It's a good idea for them to wait until you are done with all your inspections before they do. That way you won't waste money on an appraisal or survey if you find a major problem with the home.

What You Can Do Next

Check in with your lender to make sure everything is on track.

Respond to your lender quickly and deliver any paperwork as soon as possible.

Ask your lender to wait until your inspections are over before ordering an appraisal, and don't forget to tell them when your inspections are done.



Utilities

It would be nice to have power and running water when you move into your new home, right? Of course! That's why most people want to take care of this first, but it's better to wait until a couple weeks before closing to schedule the transfers.

Even though you have a closing date in your contract, it's possible that the date will change. It's frustrating if you are forced to reschedule, but the bigger problem happens if rescheduling causes confusion with the utility company and delays your transfer.

It's best to wait until you have a firm closing date to set up your new utilities.

What You Can Do Next

Set your bills aside as they arrive, so you have all the information you need in one place.

If you want to know how far ahead to schedule your transfers, call your utility companies now to find out how long their wait times are.

If you need to meet service people at the property, make sure to leave yourself several hours between when your closing is supposed to end and the appointment in case closing takes longer than expected.



Final Walk Through

Always have a final walk-thru right before your closing. You never know what could have happened to the property, so it's important to make sure the home is still in the same condition it was in before.

This is usually a quick process, taking about 15-20 minutes. Everything should be the same as when were there for your inspections, but every once in a while something unsuspected comes up. Sometimes the power was turned off and the refrigerator is coated with mildew, the seller may have taken the washer and dryer with them, or maybe the toilet overflowed. You won't know unless you go look at the home.

You want to find these things before you sign everything and take ownership, because you still have leverage. Your agent can talk to the seller for you, and often some money can be put in an escrow account for repairs or replacements so you can still close on time.

What You Can Do Next

If anything looks wrong during your walk-through look at the photos you took when you made your offer and compare them.

Talk to your agent if there is damage, or something has been removed that your contract shows should have been left behind. Your agent can negotiate with the seller.



Closing Day

You are closing on your new home today! Hurray! There are two big things you need to do before showing up at the closing table today.

Your agent should have already sent you a copy of the preliminary closing statement. Its official name is the **HUD-1** form, and it's a standard form the government makes everyone use at closing. It shows all the charges and credits for you and the seller.

The left half of the first page is your side, showing what you are paying. Your deposit should show up, as well as your loan and any credits from the seller. One of the numbers from the first page is the total of all your charges on page two.

Your settlement charges are listed on page two. Your column is the second from the far right side. Everything will be listed here, from your bank fees and your mortgage escrow account to your tax pro-ration and your survey bill. Make sure that all the numbers match what you were expecting, and if they don't find out why.

You'll probably need to bring some money to closing. The amount you need to bring is shown at the bottom of page one, where it says **cash from borrower**. Sometimes you won't know the exact amount until the morning of the closing. Don't panic, no one can close without you there; they will wait for you to pick up a check from your bank.

When you get to the closing there will be a lot of people to meet. Unless you are excited to meet the sellers it's usually less stressful for you if you have a private closing, so only your own team shows up. If you are paying cash your closing may only take half an hour, but if you have a loan it could take an hour or two depending on what your bank requires.

Be patient and try to enjoy your big day.

What You Can Do Next

Read your HUD and ask your agent to explain all of your charges to you.

If you find something wrong on the HUD your agent can talk to the closing agent to get it fixed.

Ask how the closing agent will accept your money. Some closing agents make you use wire transfers instead of accepting any checks.

Set up any wire transfers a few days ahead of time. The closing agent will have all the instructions for you to give your bank.

Ask your bank for a **Bank Check** instead of a certified check. Bank checks are usually free.



Get Your Keys & Move In

Congratulations, you are now a home owner!

Once all the paperwork is signed you will get the keys to your new home. With all the excitement it's easy to forget a few important things you should do after closing, so you might want to put a reminder on your calendar.

The closing agent will record the deed and mortgage at the courthouse. They become part of the public record. After the deed is recorded the title company should give you a certified copy.

Your title policy gets paid at closing and takes affect right away. You should get a commitment or a copy of the title policy from the title company.

Filing for a homestead exemption will save you hundreds of dollars a year in property taxes. After your deed is recorded you can contact the tax appraiser to fill out your homestead application.

Once in a while you may find a problem with your home after you move in. Don't panic, there are a few steps to take that will help you. First, do what you need to do to stop any ongoing damage. Call your agent and ask them about your options. If you have a home warranty the problem may be covered, but you must go through the warranty company or they won't pay. The sellers may be willing to help with repairs, depending on the situation. The inspector you used may be able to help.

What You Can Do Next

Make sure you get a copy of your title policy and recorded deed from the closing agent. It may take a couple weeks for the paperwork to be processed.

File for your homestead exemption.

Make sure you have a confirmation number for your home warranty policy, and save the policy paperwork when you get it in the mail. You'll need your policy number for any claims.

Seven Reasons to Own Your Home

In case you are still deciding whether or not to buy a home, here are some things to think about. To calculate if buying is the best financial option for you, use the “Buy vs. Rent” calculator at www.GinnieMae.gov

Freedom

The home is yours. You can paint the walls any way you want and hang your pictures on the walls (with real nails). You can benefit from your investment for as long as you own the home.

Stability

Staying in one neighborhood for several years gives you a chance to be part of community activities, it lets you and your family establish lasting friendships, and offers your children the benefit of educational continuity.

Tax breaks

The U.S. Tax Code lets you deduct the interest you pay on your mortgage, your property taxes, as well as some of the costs involved in buying your home.

Appreciation

Real estate has long-term, stable growth in value. While year-to-year fluctuations are normal, median existing-home sale prices have increased on average 6.5 percent each year from 1972 through 2005, and increased 88.5% over the last 10 years, according to the National Association of Realtors®. In addition, the number of U.S. households is expected to rise 15 percent over the next decade, creating continued high demand for housing.

Equity

Money paid for rent is money that you'll never see again, but mortgage payments let you build equity ownership interest in your home.

Savings

Building equity in your home is a ready-made savings plan. And when you sell, you can generally take up to \$250,000 (\$500,000 for a married couple) as gain without owing any federal income tax.

Predictability

Unlike rent, your fixed-mortgage payments don't rise over the years so your housing costs may actually decline as you own the home longer. However, keep in mind that property taxes and insurance costs will increase.

Pick us! Pick us!

If this information has been useful to you we would love to help you take the next step.

My company, Seide Realty, operates in Tampa Bay and Gainesville, Florida. If you are moving to any of those areas I would be honored to work with you. If you know anyone in those areas who needs a real estate agent they can trust, I would appreciate your support by referring them.

If you need help finding the right team in another area of the country or if you want help answering any questions feel free to contact me and I will do my best to connect you with the resources you need.

Sincerely,
Kathleen Seide

kathleen@we-promise.com

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