



NW HOMESEEKERS



HOME BUYING GUIDE

WHAT TO EXPECT WHEN YOU'RE EXPECTING... TO BUY A HOUSE!

Buying a house is the biggest financial investment you will likely ever make. This guide is designed to give you a basic understanding of what goes into the home buying process, and what you can expect to encounter along the way.



GET PRE-APPROVED!

Before you even step foot in your first home, it is important to get pre-approved by a qualified mortgage broker. Pre-approval can take anywhere from 24 hours to a week to get done and is required when submitting any offer. In this hot market, homes can come and go in a day, so it is important to have this complete so you don't miss out on your dream home.



FIND AN AGENT

Many buyers will shop around online, and even go to open houses for months before ever starting to work with an agent. But did you know that working with an agent to buy a home is completely free? Don't wait to find your agent. They will not only be your biggest advocate when it comes to negotiating price, but they point out things in a home you may not be aware of, help you narrow down your options, and keep you educated on market conditions and the true value of the home you are viewing.



LIST YOUR MUST HAVES

Now that you have a budget and an agent, start writing out a list of things that you NEED and things that you WANT in a home. It may be difficult to find everything you want in a home but a skilled agent can help you sort through your list, and discuss what options will work best for you and your family.



LOOK AT HOMES

Most buyers spend months looking at homes online and view around 5-10 homes before ever making an offer. In today's hot market, homes can come and go in just a couple days, so make sure your schedule allows time to see a home on short notice, and when you see something you like, let your agent know right away.



MAKE AN OFFER

Once you find a home you love it's time to make an offer! Your agent will run comps, speak with the listing agent, and discuss a strategy with you for submitting a successful offer. Purchase Price, Days to close, Type of loan/Down Payment Amount, Length of Inspection period, and Earnest Money amount are all things that the sellers will factor in when it comes to making a decision. If there is a multiple offer situation, consider writing a personal letter letting the sellers know why you love the home so much and include a picture of you and your family. A home is a personal thing and you never know what small detail could put you ahead of the rest.



ESCROW

Once you and the sellers have both come to a mutual agreement on terms, you are officially in the escrow period. An escrow company is hired as an unbiased third party to collect and disperse funds throughout the transaction. This normally lasts 30-45 days depending upon the terms of your agreement.



FINANCING

Once you are officially under contract, your lender will start the underwriting process. If they haven't already, they will collect some or all of the following documents.

Income Verification

- + Names & Addresses of employers for 2 years
- + W-2s for 2 years
- + One to two years of tax returns
- + Most recent pay stub reflecting 30 days of income
- + Dividend earnings
- + Bonuses

Asset Verification

- + Bank account numbers and balances
- + Bank statements for two to three months
- + Copy of earnest money deposit
- + Debt Verification Information on debts, such as car loans, student loans,
- + credit card debt, etc

It is important that you have these documents ready and available. Any delay in getting these to your lender could cause major delays in the closing process.



UPFRONT COSTS

There are generally three upfront costs when it comes to buying a home: Earnest Money, Inspection, and Appraisal.

Earnest Money

A good faith deposit to show how serious you are about buying the home. Should you back out of the purchase for any reason not covered in the Purchase and Sale, the sellers would receive these funds as compensation for potential lost buyers and time off the market. Can be any amount, but generally is about 1-2% of the purchase price. (ex: Purchase price of \$300K, your earnest money would be anywhere from \$3,000-\$6,000). Must be deposited within 48 hours after mutual acceptance and will be held by Escrow for the duration of the sale. Upon closing, these funds will either be credited back to you, or used towards your down-payment or closing costs.

Appraisal

When getting a loan to purchase a house, a certified appraisal is ordered by the lender to verify the value of the home. Appraisals cost around \$600 and must be paid at the time the order is placed (usually within 1-2 weeks of mutual acceptance). If the appraisal comes in lower than the agreed upon purchase price, the purchase price will either have to be renegotiated or the buyers will have to come up with the difference.

CONTINUED...



UPFRONT COSTS (CONT.)

Inspection

Unless you are purchasing a new construction home, you will want to schedule an inspector to come out to the property to check the condition of the home. An inspection can cost on average anywhere from \$250-\$500 depending on the size, type, and age of the home and generally takes place within the 10 days of mutual acceptance. Just like when picking a lender, you will want to check reviews and ask your agent for any recommendations. Choosing the right inspector could save you thousands of dollars down the road. Depending on what is found the inspector could recommend additional inspections to be done. Once the inspection is complete and a full report is produced, you can go over it with your agent to decide if any repairs need to be done, funds for future repairs need to be asked for, or if you are no longer interested in purchasing the home, at which point, your earnest money would be returned and you would continue your search.



COSTS AT CLOSING

There are a number of fees and costs that will be paid upon closing. These include but are not limited to, Escrow Fees, Title Fees, Lender Fees, Property Taxes, and of course, your down payment. These costs are standard and paid by every buyer and seller. Aside from your down payment amount, closing costs will range from 1.5%-3% and vary depending upon type and purchase price of the home. The seller can assist with closing costs if necessary but it must be negotiated into the purchase price, and could cause problems if the appraisal comes in low.

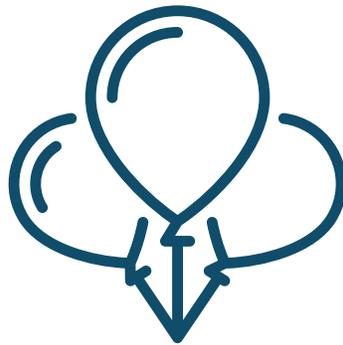


CLOSING

A few days before closing you will be contacted by escrow to come in, or have a notary public meet you, to sign all the paperwork. At that time, any additional funds needed for closing will be collected or directions for the wire transfer will be given.

Once your agent receives word that you have officially closed, they will collect keys from the listing agent and meet you to hand them over. Then it's time to...

CELEBRATE!



WANT TO KNOW MORE?

If you'd like to learn more about buying a home, contact a representative with NW Homeseekers today! You can read more about our services and the home buying process at our website <http://www.nwhomeseekers.com>



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