



10 Steps to Buying a Home Guide

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Renting vs. Owning

With every rent check you write, you're helping to build equity in your landlord's property. That money could be building equity in a home of your own. Today's rates are low enough that your house payment could be lower than your rent payment!

There are many advantages to owning a home, including:

Lifestyle - Home ownership offers advantages that make life more enjoyable - backyards for pets, privacy, garages, workshops, gardens and entertaining, customizing & decorating a home and outdoor space to meet your needs, a sense of security -- the list goes on.

Location - Home ownership allows you to choose a unique home in a community that meets all of your life-style needs.

Financial Independence - Most people start on the road to financial independence through home ownership. While your principal and interest payments can remain the same for the full term of your mortgage, rent payments normally increase year-after-year as the cost of living increases.

Investment - Payments on your mortgage loan mean you are acquiring a major possession; instead of paying rent, you own more and more. The garden you plant, the permanent improvements you make - all enhance your lifestyle as well as the value of your home.

Tax Advantage - Your real estate taxes and interest on your mortgage are deductible from your income tax.

Cash Equity - Better than a savings account, your home can appreciate to keep pace with inflation.

Security - The feeling of security that comes from owning a home and the knowledge that your home is a safe-guard against inflation.

Why You Need Representation

Buying a home is often the biggest financial investment one makes in their lifetime. Real estate agents have a knowledge of **real estate law that can protect you** in a listing or buying transaction. Their expertise can make the difference between a good and bad investment. If you are looking to buy a home, **Buyers Agents are paid by the seller of the listing.**

Real estate agents make a career out of knowing the current market and what homes are available. A good agent will make your search easier, faster and stress-free.



Discovering Your Needs

One of the first steps toward buying your new home will be to discover your unique and diverse needs.

First, you should think about all the reasons you are looking for a new home. For example, are you currently renting and would like to have a home where you can begin building equity? Maybe you recently married and have outgrown your current residence. Or, maybe you have just gotten a promotion which requires you to move to a new city. These factors will all have a bearing on how you approach your home search.

Second, establish a time frame for buying your new home and selling your current home (or ending your lease). The current state of the market will be a huge factor in both buying and selling your home. Slow markets are usually in favor of Buyers, but can be the opposite for Sellers. A strong knowledge of the current real estate market is essential in estimating time frame.

Last, think about what you would like your house to look like and what features it should have. It's very important to write these ideas down to avoid any ambiguity later in your home search. You should make at least two lists: one should be a list describing your dream home and the other should list the features of the home that are an absolute must have in order to buy it. In a perfect world, your new home would fulfill both lists 100 percent. It is more likely that you will end up blending the two lists into a schedule of prioritized items as you progress through the buying process. This is a natural and evolutionary process as you get clearer about what you want and what is available.

A Buyers Agent can save you time and money by putting their expertise to work for you. They will be able to help you prioritize your wants and needs based on current market conditions and affordability.

Remember, **Buyers Agents are paid by the seller of the property - not you.** You should always have representation in a real estate transaction to protect your best interests! Real estate law is complex and comprehensive. Those professionals who have obtained their Brokers license have done so through hundreds of hours of training, exams and continuing education. **Not having agent representation is like going into court without a lawyer!**

Contact us today to help you find an agent that fits your unique personality and needs.



Qualify for a Home Loan

There are two ways to go about this. You can get Prequalified or Preapproved for a mortgage. Either way, you will need to contact a mortgage company.

Differences between Prequalification & Preapproval:

Home Loan Prequalification is a simple process. It takes into account very basic information regarding your financial status and gives you an amount for which you may qualify. This can be done strictly on a verbal level or electronically over the Internet. The prequalified amount is based solely on the information you provide. In most markets, prequalified buyers usually hold little clout compared to preapproved buyers due to the fact that the information given during the prequalification process is not thoroughly investigated and therefore may be unreliable. A prequalified buyer is only told that they might be approved for a certain amount.

Home Loan Preapproval is a much more involved process. A preapproved buyer is actually approved for a loan of a certain amount. The lender will take all pertinent information regarding your finances and perform an extensive check on your credit score and current financial status. This will give you the exact amount that you will be eligible for (depending on what type of loan you decide to go with). Being preapproved lets the seller know that you have gone through an extensive financial background check and there should be no unexpected obstacles to buying the home. You can see how being preapproved would be more attractive to a seller than just being prequalified.

Types of Mortgages. The type of mortgage you apply for will depend on many factors, but the majority of that decision will be based on your ability to pay a monthly installment. If you can only afford a \$1000 dollar a month payment, you are not going to go out and buy a \$250,000 home, unless you have a large sum of money set aside to make a sizable down payment! Financial planners say that you shouldn't pay more than 28% of your gross income for housing (that includes principal, interest, taxes, and insurance). Depending on your debt to income ratio, that percentage may change.

Once you have determined what you can afford, the next step is to choose a mortgage plan. There are many different mortgages out there, so take some time and explore all of the possible plans for which you qualify. You could save yourself thousands of dollars in the long run!

A real estate agent can save you time and money by being your professional guide through the entire loan process. They will be able to counsel you on the advantages and disadvantages of certain types of loans and help you understand the "real" cost of a mortgage. Your agent will also act as your personal advocate and liaison between you and the lender as you proceed through the approval process and closing by working with your lender on a regular basis.



Research Neighborhood Information

There is a well-known mantra in real estate- "Location, Location, Location". People don't just buy a house, they buy the neighborhood the house is in. There are many factors to consider when making one of the largest purchases in your lifetime. You'll need to consider your own personal needs as well as the future value of your home. When it comes time for you to eventually sell your property, you do not want to be in a position where your investment has depreciated!

This stage is where you should seek out a real estate agent to help you! Agents have access to a plethora of market information that you may not be able to access. An agent can also point out how to obtain neighborhood information from various websites, Chambers, etc. For example:

- You may have found the perfect house, but What have Comparable Homes Sold For in the neighborhood? Is this "perfect house" priced too high or even low?
- Do you know of the future highways, retail or commercial developments planned?
- Who owns all the land around the neighborhood and how is it Zoned?
- What about Homeowners dues or neighborhood assessments that could significantly raise your dues?
- Is the community on city water and sewer, wells or septic?
- Are there any nearby water treatment plants, potential hazardous waste sites, noise or light pollution?
- Is the community in the Charlotte-Mecklenburg Tax area, or outside the district?
- What are the tax differences in South Carolina?
- How long will my commute to work be? What is traffic like at all times of the day?
- What are the assigned public schools for the neighborhood and how are they rated? Where is the bus stop? How long will my child be commuting to school on a school bus? Are there private schools nearby?
- What kind of amenities are offered in the neighborhood? Will these amenities (or lack of) affect my quality of life or the future value of the home?

You will need to make a list of what type of neighborhood you want to live in.

Your agent can save you time and money by taking the information from your list of needs and wants for your home AND the neighborhood, your preapproval, and incorporating them into a search profile narrowed down to specific areas dictated by the market in which you will be looking. Your agent's experience in the local market will be an invaluable resource during this step.



Home Search

The advent of the Internet has certainly streamlined the Home Search process. Websites (like this one) allow anyone to search for thousands of listings in the area. The Charlotte Regional Realtor Association has the most comprehensive information on all area listings through the Carolina Multiple Listing Service (CMLS). The Helen Adams Realty website pulls information directly from the CMLS.

Some of the CMLS information is open to the public, but a large portion can be accessed by Realtors only.

Your agent can save you time and money by keeping up-to-date on available properties that meet your unique criteria and your agent will screen these properties for you. You can eliminate the haphazard searching through papers, wasting valuable time driving around the area only to find "hit or miss" properties.

To tour Listings, you will need the assistance of an agent to show you the home. Most homes are equipped with a "Lockbox", which can only be opened by a licensed Real estate agent who has a device that can retrieve the key for the property.

Remember, the **Selling Agent (or Listing Agent) represents the Seller and the Seller's best interest!**

Buyers Agents are paid by the seller of the property - not the Buyer. You should always have representation in a real estate transaction to protect your best interests! Real estate law is complex and comprehensive. Those professionals who have obtained their Brokers license have done so through hundreds of hours of training, exams and continuing education. Not having agent representation is like going into court without a lawyer!

We can help you find an agent that meets your unique and diverse needs! We'll work with you step-by-step, throughout the process.



Negotiation & Making an Offer

Once you find a home that meets your needs, negotiating the offer is not only critical, it is an art. Real estate agents play a key role in this stage because of their knowledge of the market, their expertise in settling issues, and their ability to secure the deal. Almost everything is negotiable when you are buying a home. This can give you a great deal of leverage in the buying process, that is, if you have adequate information and you use it in an appropriate manner. Some of the things covered in the negotiation process are::

- The price
- Financing
- Closing costs
- Repairs that need to be done
- Appliances and fixtures
- Landscaping
- Painting
- Occupancy time frame

The key to successful negotiating is to keep in mind that the end result must make both you, the buyer, and the seller happy. Otherwise, negative feelings will persist throughout the remainder of the process and someone may walk away feeling that they were not treated fairly.

Your agent can save you time and money by representing your best interests and negotiating on your behalf. Your agent will have the knowledge and expertise necessary to make sure that your offer is accepted at the best price and terms possible for you.

Your agent will also make sure that your contract meets all the legal requirements according to local and national guidelines. Also, your agent will ensure your financial position as the buyer by including any necessary contingencies to protect you if a particular requirement is not met.



Coordination of Vendors for Closing

After your written offer has been accepted, there are several steps taken to ensure that the condition of the property is sound, and your contract is approved by your mortgage lender.

1. Your mortgage lender may require a formal appraisal and a survey done for the property, as dictated by the contract.
2. To validate the condition of the property (set forth in your written agreement), a property inspection, a foundation inspection, and an environmental inspection may also need to be completed
3. If problems arise during this time due to the condition of the property or appraised value of the home, it may delay or even nullify the contract depending on the contingencies set forth in the contract.
4. Homeowner insurance is another very important item that will need to be taken care of at this point. Insurance experts recommend that you obtain insurance equal to the full replacement value of the home. Unless you have insurance coverage on the home, the closing can not proceed.

Your real estate agent will serve as your advocate in dealing with all vendors involved in the closing process. From coordinating inspections, appraisals and oversee repairs - your agent will make sure these services are done in a timely and professional manner by reputable vendors.



Pre-Closing Preparation

1. Before the closing, your real estate agents will be in contact with the escrow company or closing attorney as well as your lender to make sure that all the necessary documents are being prepared.
2. Your agent will also confirm that the documents will be delivered to the correct location so that they can be reviewed in ample time by all appropriate parties.
3. At this point, you should find out what form of payment you will need to bring to the closing for any unpaid fees. You will need to make sure that your payment is made out to the appropriate party.

Your agent can save you time and money by coordinating the necessary documentation with your closing officer. They can work with the closing officer as your consultant to insure thoroughness, accuracy, and timeliness. Making sure that each document is ready and available will enable you to have a quick, easy closing.



Closing

The closing is a meeting where ownership of the home is legally transferred from the seller to the buyer. Most parties involved in the buying/selling process will attend. Closing procedures are usually held at the title company's office or the closing attorney's office. Your closing officer coordinates the document signing and the collection and disbursement of funds.

In order for the closing to go smoothly, each party involved should bring the necessary documentation and be prepared to pay any related fees (closing costs). There may be more than one form of acceptable payment for your closing costs so ask the closing officer which form of payment will be required and to whom it should be paid.

Sellers sometimes pay for a portion or all of the closing costs, depending on local market conditions, terms of the purchase contract, and timing considerations. Any such concessions should be acknowledged in writing. Most lenders will allow a credit from the seller to the buyer for the non-recurring closing costs. However, they usually won't allow a credit that reduces the amount of the buyer's down payment or any of the buyer's recurring costs, such as expenses for fire insurance premiums, Private Mortgage Insurance (PMI), or property taxes.

Your agent can save you time and money by being present at the closing reading the documents on your behalf and answering any questions or helping to resolve any issues that may come up. Your agent will also be available to manage any last minute or unexpected details that come up.



Post Closing

Congratulations on the purchase of your new home!

Now you will need to have your local services such as electricity, cable, and phone set up. Also, you should already be aware of the expenses that are typically associated with owning a home. Homeowners Association fees, landscaping costs, and annual taxes should be budgeted for throughout the year to keep from getting into a financial bind.

Your agent can save you time and money by helping you coordinate the set-up of these local services. No doubt your agent already knows who the local vendors are for such services as water and electricity, as well as others, so he or she can help provide you with a list of contacts.