

Buying a Home Guide to Getting Started

Buying a Home Step-by-Step

By Elizabeth Weintraub

Home buying knowledge before you start shopping is powerful

Let's say one morning you wake up and realize that, yes, [buying a home](#) is the right thing to do for yourself. You're tired of throwing away money on rent and figure that it's time to get into a home of your own. But you have reservations.

After all, if it's your first time, you've got questions. You might be a little nervous that you'll mess up, and it's normal to feel that way. You are probably spending hundreds of thousands of dollars and making the most important financial purchase of your life.

You will find that being an informed individual about the home buying process is empowering for you. Lucky for you that you came to the right place. So let's get started buying your first home!

1. Consider if Buying a Home is For You

Many people harbor secret fears about buying a home, and some of those fears are justified. Not everybody is cut out to [own a home](#), and if you're one of those people, it's better to find this out now than when you're under contract.

2. Before Buying a Home, Get Your Finances In Order

Line up your financing, set aside a down payment and study the loan programs available. By doing your homework, you will know exactly how much you can pay and what it will cost you.

- [Order a Free Credit Report](#)
Give yourself time to clean up a credit report that contains mistakes. Dispute errors. Try to reduce your monthly debt obligations now by paying down those loan balances.
- [Find a Lender](#)
Check out places to get a mortgage and compare rates and fees. [Start with me](#) and I'll help you choose a loan product you completely understand.
- [Determine a Down Payment](#)
The more you put down, the lower your monthly mortgage payment.
- [Consider FHA Loans](#)
FHA loans carry competitive interest rates, come with minimum down payment requirements and allow sellers to pay some or all of your closing costs.
- [Get a Preapproval Letter](#)
Showing the seller you are already preapproved for a loan gives you an edge during offer negotiation.

3. Pick a Real Estate Agent to Help With Buying a Home

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With so much information available online, you might wonder why you need an agent at all. But all local markets vary from one another, and a good agent can guide you by giving you information based on experience and market knowledge.

- [Why Hire an Agent?](#)
An agent with experience can help you to avoid making mistakes such as choosing the wrong home or offering too much.
- [Find a Real Estate Agent](#)
Start by asking your friends and family member for referrals. Make sure you are comfortable with your agent before committing to work with that person. [Contact me](#).

4. Learn How to Avoid Home Buying Mistakes

The best way to avoid making a mistake it to learn from the mistakes others have made. Buying a home in a desirable location is your best defense. Remember: location, location, location.

- [Home Buyer Tips](#)
Start your search online, and don't rely on print because most homes are not advertised in the newspaper.
- [Preview Homes for Sale](#)
Ask your agent to look at homes before showing them to you, and tour only those that fit your parameters.
- [Avoid the Top 3 Home Buying Blunders](#)
Protect your earnest money deposit by writing contingencies into your contract. Here's how to make sure you buy the right home.

Number One Blunder: Refusing to Confide in a Trusted Advisor

Experienced real estate professionals handle such a multitude of transactions and personality mixes, there's little they haven't heard before. Your advisors are representing your best interests and have a fiduciary responsibility to do so. They can't help you if they don't know what you are doing behind their backs. Plus, they will likely have a better idea for you than you can dredge up.

If you have cold feet and have thoughts about backing out of the transaction, talk to your agent about those feelings. She can help walk you through the anxieties. Pros will help you to determine if you really need to cancel and, if so, manage the transaction so you can get your earnest money deposit back.

Number Two Blunder: Altering Financial Pictures Prior to Closing

Do not buy anything on credit and / or with a credit card once you have completed a loan application. Do NOT buy:

- Automobiles
- Washers, dryers, refrigerators

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- Lawnmowers or garden equipment
- Expensive electronics or computers
- Furniture for your new home

Slight alterations in your credit ratios could cause an underwriter to throw out your loan and deny it. If your loan contingency has expired or been removed, you could forfeit your earnest money deposit in addition to losing the home.

Number Three Blunder: Buying the Wrong House

The very first thing home buyers should do is make a list of priorities and define home purchase objectives. Figure out what features and benefits are most important and which you can live without. Before you close escrow, review this list. It's easy to overlook a major factor that could come back to haunt you later.

5. Make an Offer and Negotiate Like a Pro

Although buying a home is not like buying a car, for example, you can still negotiate to get a good price.

- [Top Three Negotiation Tips](#)

Price isn't the only consideration. Sellers often accept lower-priced offers for other considerations.

- The best way to boost your offer negotiation skills into high gear is to appeal to a seller's emotions. Why? Because residential real estate transactions are put together -- and sometimes blow up -- over emotional hotbeds of insanity, lunacy and what often seems to be bipolar mood swings. So it helps if you can give the seller a reason to care about you.
- Sometimes in the excitement of writing an offer, buyers don't read the offer for clarity. Ask your agent to double-check the offer as well.
- Just as the buyer tries to appeal to the seller, the selling agent should try to appeal to the listing agent as well. One of the biggest obstacles to a real estate transaction that listing agents face is incompetent selling agents. In the FAX or offer cover letter, a selling agent might want to: Share her experience and background, state she is a full-time professional agent (*to set her apart from some of the part-time rookies in the business*), indicate her willingness to cooperate, mention services she can provide that will help to expedite the transaction, express excitement over working with the listing agent.

- [Facing Multiple Offers](#)

If you really love the home, chances are another buyer will want it as well. Here's how to win your offer:

Multiple Offers in Buyer's Markets

- Submit a large earnest money deposit
- Show the Sellers You Are Qualified.
- Give the Sellers Time to Move.

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- Shorten or Waive Some Contingencies.
- Write Your Best Offer.

Multiple Offers in Buyer's Markets

- Sell Your Existing Home First.
 - Play Nice.
 - Find Out What's Important to the Seller.
 - Share the Love.
 - Prepare for a Counter Offer.
- [Dealing with Counter Offers](#)
It's common for sellers and buyers to negotiate back and forth through counter offers.

6. Get a Home Inspection and Read Disclosures

Never buy a home without getting a home inspection. Most states have laws about the types of disclosures you are entitled to receive. Go through an inspector's list and make sure your home inspector doesn't miss anything crucial. Besides disclosing lead-based paint, which any home built before 1978 can contain, sellers should notify you of major defects. Always do a final inspection a few days before closing to make sure the property is in the same condition as when you agreed to buy it.

7. Closing on Your Home

Transactions generally close within 30 to 60 days after your offer has been accepted. Remember to reserve movers or a moving truck early because many people move at the end of the month.

- [Home Insurance](#)
Shop for insurance rates carefully. Often, the company that insures your automobiles may offer you the best policy rates.
- [Title Insurance Policy](#)
You might think you don't need a title policy, but it's the cheapest form of insurance you can buy, and you pay the premium only once.
- [Home Buying Closing Process](#)
Unless the buyers are paying all cash for the home, it is the buyer's lender who will determine the length of time required to process the loan and close. A buyer and seller can agree to an earlier closing date in the purchase contract, but if the lender can't perform during that time window, it doesn't really matter which date is selected, because it's not going to close on the date the buyer and seller specify. It will close when the lender is ready to close.

The Escrow Closing Process

Depending on where you live, any number of entities can handle the closing process. The closing agent could be an escrow officer, a closer, the title company or a real estate lawyer.

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Closing processes can vary widely even within the same state. In California, for example, the escrow process is different in northern California versus southern California. The primary difference between the two is escrow instructions are drawn and signed on the front end in southern Cal and on the back end in northern Cal.

Before any escrow can close, however, all the terms of the purchase contract must be met; then the seller deposits the deed and the buyer deposits the funds. Here are sample types of conditions required in California. Your state closing process may vary.

- Fully executed purchase agreement and addendums.
- Deposit of earnest money deposit.
- Home inspection or waiver.
- Fulfillment of seller obligations such as submission of pest inspection report and / or completion, roof certification, home warranty, preliminary title policy, beneficiary demand receipt, repairs, if any, according to the Request for Repairs.
- Completion of buyer inspections, including release of contingencies, if demanded.
- Buyer's final walk-through inspection or waiver.
- Appraisal of property by lender's appraiser.
- Lender's loan approval and satisfaction of loan conditions by buyer such as depositing evidence of a homeowner insurance policy.
- Seller's and Buyer's signed escrow instructions.
- Seller's signed and notarized deed conveying title.
- Buyer's signed and notarized deed of trust and executed promissory note.
- Buyer's signatures on all loan documents.
- Deposit of buyer's funds from lender.
- Deposit of balance of buyer's down payment and buyer's closing costs.

How Long Does a Home Closing Take?

Buyers who have received loan preapproval versus loan pre-qualification are often in a position to close sooner. The preapproval process involves verification of certain items upfront, before signing the purchase contract, moving the borrower a few steps closer to closing.

If a lender has verified the borrower's employment, bank accounts and credit report, closing can take place as quickly as underwriters can process the paperwork and review the appraisal, generally within a week or two. However, if a document is missing from the file such as a preliminary title report or a seller's condition of sale, the closing may be delayed.

Most federally related mortgage loans can close within 30 days. Special first-time home buyer programs, particularly those involving help with the buyer's down payment, might take 35 to 45 days to close. These special loans typically require approval from two underwriting processes.

Home Closing Delays

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The biggest problems often occur after the file is submitted to the underwriter. Loan officers are generally familiar with underwriting guidelines; however, they can't always predict an underwriter's response.

If the purchase contract does not contain a provision that makes closing contingent upon loan approval, the buyer's earnest money deposit could be at risk if the loan is not approved and the transaction does not close.