



Home Buyer's Guide

Complete Guide to the Home Buying Process



An Introduction *to buying your home*



WHAT YOU SHOULD KNOW

Contrary to popular belief, beginning the home buying process is actually quite simple! The information included in this Home Buyers Guide should give you a good starting point and idea of what to expect when purchasing your home.



GENERAL DISCLAIMER

If you plan on purchasing out of state, just note that each state may have a slightly different process from the information included in this guide, and each professional you talk with will have a slightly different approach. I recommend that you speak with the professionals in the area you plan on purchasing in to get the best "full picture".



Make Your Plans

set your priorities

After answering the following questions, you will be in a great position to research your housing and mortgage options as well as create an action plan and timeline.

SET YOUR PRIORITIES

What do you want from a home?

What does your family want?

Do you want a turnkey home or would you prefer to renovate?

Choose the top five 'must-haves'

Choose the top five 'would-likes'

Are you pre-approved for a mortgage?

What can you afford each month?

When is the ideal time to move?

Home Buying Process

in nine simple steps

- 1 Find the right agent
- 2 Prepare finances
- 3 Get pre-approved
- 4 Start home shopping
- 5 Make an offer
- 6 Order inspection
- 7 Order an appraisal
- 8 Final Walk Through
- 9 Closing day

1. Find the Right Agent

Tips and Tricks



1. SEEK AGENT REFERRALS

To find a good agent I would recommend getting referrals from those you trust. If your best friend recently bought a house, find out who they used and ask them how the process went with that agent.

2. FIDUCIARY RESPONSIBILITY

Agents have a fiduciary responsibility to their clients, so they should be looking out for your best interests through the process, but it is very important that you work with someone you feel comfortable with and that you trust will take good care of you. In most states, the seller will pay the agents commission in a home sale, so working with a great real estate agent won't cost you a thing.

Fun Fact: Not all real estate agents are REALTORS. Agents need to take extra courses and are held to higher ethical standards in order to become a member of the **NATIONAL ASSOCIATION OF REALTOR**. Ask your real estate agent if they are a REALTOR.

2. Preparing Your Finances

Don't overextend yourself - you should aim to be as realistic as possible about your budget before falling in love with a home you can't afford. A good rule of thumb is to keep your housing costs (mortgage, insurance, etc.) to 30% of your income. However, most professionals will even suggest aiming for 25%. A mortgage lender will help you determine exactly what you can afford and, therefore, which houses you should be considering.

DEVELOP A BUDGET

Use receipts and your banking transactions to create a budget that reflects your actual habits over the last several months. This approach will better factor in unexpected expenses alongside more predictable costs such as utility bills & groceries. You'll probably spot new ways to save!

REDUCE DEBT

Lenders typically look for a debt load of no more than 36% of income. This figure includes your mortgage, which ranges between 25-28% of your net household income. So you need to get monthly payments on the rest of your installment debt (car loans, student loans & credit card debt) down to 8-10% of net monthly income.

INCREASE YOUR INCOME

Now's the time to ask for a raise! If that's not an option, you may want to consider taking on a second job or side hustle to get your income at a level high enough to qualify for the home you want.

SAVE FOR A DOWN PAYMENT

Designate a certain amount of money to put away in your savings account each month. Although it's possible to get a mortgage with less than 5% down, you can usually get a better rate if you put down more. Aim for 20% of the purchase price.

KEEP YOUR JOB

While you don't need to hold the same job forever to qualify for a loan, having a job for less than 2 years may result in a higher interest rate.

ESTABLISH A GOOD CREDIT HISTORY

Get a credit card, make payments on time, and pay off entire balances as quickly as possible. Get a copy of your credit report, which includes a history of your credit, bad debts, and late payments. Ensure that it's accurate and correct any errors immediately.

Mortgage Financing

Credit scores play a huge role in the loan qualification process. Increase your chances of success by following these guidelines:



DON'T OPEN NEW CREDIT

If you're applying for a mortgage, having too much available credit can actually lower your score. You'll want to speak to a professional, but it's best to avoid opening new credit cards when applying for a mortgage.

AVOID ANY BIG PURCHASES

Although you might be tempted to order new furniture, appliances and decor for your future home, you'll want to avoid making any big purchases until you close on the property.

PAY MAX CREDIT CARD BALANCE

In order to secure a loan, you'll need to stay on top of credit card payments. Pay off as much of your balance as you can each month, as well as paying your bills on time.

SUBMIT APPLICATIONS AT ONCE

Having too many credit applications can lower your credit score. On the other hand, multiple credit score inquiries from the same type of lender are counted as one if they are submitted over a short period of time.

3. Get Pre-Approved

Before you walk into your first meeting with a real estate agent, you'll want to offer proof that you have the income, credit score, and the budget for a home purchase. In short, you need to be pre-qualified and pre-approved.

A mortgage pre-approval tells real estate agents working on behalf of sellers that you will likely be approved for a loan. It means that your offers will be taken more seriously, and could even lift you above others eyeing the same homes as you.

Both pre-qualification and pre-approval are steps on the way to lender approval. Typically, the pre-qualification phase comes first, while the pre-approval—a more intensive process—is the next step. Before you put in your first offer, aim to be pre-approved.

During pre-approval, you'll submit financial records to the lender to provide evidence of your total net worth—your assets, income, and current debts, as well as your credit score. So long as you don't buy a big-ticket item or take out a new loan, you'll most likely have no issues getting the funding you seek. Many lenders do pre-qualifications and pre-approvals over the internet.





To improve the chances of your offer being accepted, you'll want to get pre-approved by your mortgage lender. This will also give you a more accurate idea of what you can afford and make the home shopping process more affordable! But there's a big difference between being "pre-qualified" and "pre-approved". Let's discuss!

PRE-QUALIFIED



Offers a general estimate of the loan amount you can qualify for.



Provide basic information to the mortgage lender, but not financial history.



Makes realtors and sellers suspect that you're just a window shopper.



Pre-qualification isn't strong enough to support a contract or offer.



The process can be done either online or over the phone.

PRE-APPROVED



Offers a specific loan amount for which you've been approved.



Provide important details such as financial and employment history.



Has a better reputation, and let's realtors & sellers know you're serious.



Pre-approval is often required before a contract can be signed.



The process can be done either online or over the phone.

4. Start Home Shopping

Shopping for your dream home is usually the most exciting part of the process! However, it can also be a very stressful & tiresome experience. Here's a few top tips to help you navigate the process.



GETTING STARTED

Your real estate agent will most likely get you set up on a search through the local MLS that will send you houses via email meeting the criteria that you gave them. You can browse through the listing photos and read through the descriptions for each property and then decide if you'd like to go check it out or not.

TAKE DETAILED NOTES

Take note of the things you do and don't like about each potential new home to help you refine your search. Be brutally honest about your feedback on the home - this is a huge decision! If you're really not fond of the home layout, you won't hurt your real estate agent's feelings by telling them that up front.

5. Make an Offer

You've found a house you love, talked things over with your agent, and you're ready to approach the seller with an offer. For most buyers, this is when the butterflies really show up.

Once you've found a home you want your agent will work with you to craft an offer. Remember, the listing price is only a starting point. Your agent will understand the market and help guide you to make the most attractive offer, whether it's below, at or above listing price. Are there any contingencies to your offer? Will you require an inspection? These are all things your agent will help you with.

Once you've submitted the offer you get to wait. You may get a simple yes, but you should be open to the possibility of it not working out, too. Don't let personal attachment get in the way of the nuts and bolts of the home-buying process, or you'll most likely be disappointed. The time to pop the champagne is when the keys are in your hand. Not a moment sooner.



WHAT IS EARNEST MONEY?

Earnest money is, in short, earnest. It's a sign to the seller that you want this house. Your real estate agent should be able to guide you on the benefits of an earnest money deposit, which is sometimes required by the seller and other times offered in good faith.

Earnest money typically ranges from 1% - 3% of the home's price. And no, it doesn't go directly into the seller's pocket, regardless of outcome. If the deal ultimately falls through, in most scenarios the deposit will return to you. Earnest money is held in escrow until the day of closing, and is put toward the closing costs of the home purchase.

6. Order an Inspection

If your offer called for a home inspection, this is a big day. Sure, you get to have a home inspector look over the home to make sure there are no defects you want to negotiate to have fixed, which will be discussed below. But more importantly, this is the most time you'll spend in your new home until closing. Start measuring things and figuring out what goes where. This may be the last time you are inside the home until it's yours!



THE LOGISTICS OF A HOME INSPECTION

The goal of the home inspection is to make sure that all major systems & structures in your prospective home are in working order. A home inspector evaluates things like plumbing, electrical, HVAC, roofing, exterior walls, fireplaces, pools and basement. Testing is also usually done for harmful effects like mold, radon, and asbestos. The inspector will follow a checklist and make notes of anything that may need early repairs or isn't functioning correctly.

You'll want to be present during the inspection, so make every effort to coordinate schedules with the inspector and be there to ask questions as you walk through the home together. Don't let anyone convince you into thinking "you don't need to get an inspection." A home is the biggest of big-ticket items, and due diligence is essential. You can expect a home inspection to run you \$250 to \$400—possibly more if the home tops 2,000 square feet. Average home values by zip code and square footage are the biggest drivers of higher fees for home inspection.

7. Order an Appraisal

Tips and Tricks

During an appraisal, a licensed appraiser evaluates the home you want to buy in person and gives you an estimate on its worth. Typically, the appraiser is chosen by the lender but paid for by the buyer as part of the closing costs. Appraisals cost around \$400 (but can vary depending on home size and location) and the appointment usually takes an hour.

1. ASSESSMENT OF PROPERTY

The appraiser will walk through the home, taking note of its condition, finishes and location — you can somewhat think of it like a light inspection.

2. REVIEW OF COMPARABLE SALES

The appraiser will use the findings of their walk-through to identify similar homes that have sold recently in the neighborhood. This will help them decide a fair market value.

3. FINAL REPORT

The appraiser will deliver a physical report on the fair market value of the home, including photos and descriptions of comparable sales. In most cases it's just the lender and the buyer who will receive copies of the report. The seller may request a copy of the appraisal report, but in most cases you are not required to share it. Ideally, the appraisal will return higher than the agreed upon sales price. That indicates that you're paying less than the fair market value and your lender will approve the loan.



8. Final Walk-Through

Preparing to Close



The last steps before closing typically involve a survey, appraisal, home inspections, and title search. If you're not paying cash, you will now be waiting on your financing to get finalized. The mortgage financing approval period takes on average 4-6 weeks to complete. During the process, be prepared to prove your finances, maybe multiple times! At a minimum, you will need the last two years of tax returns, two months of bank statements, and your most recent two pay stubs.

The lender will probably call your employer to check your current employment status right before closing. Once the underwriting of your loan is complete, and the lender feels you are qualified, they will give a Clear to Close. Each title company closes a little different, so they will provide your REALTOR® instructions on what they'll need for you to close. You will need to prove your identity, and in most cases, have funds wired to the title company in advance.

The day before closing, after the seller completely moved out of the house, you and your REALTOR® will want to do a final walkthrough of the home. This walkthrough is to make sure the home is left as per the contract. You want to verify that all the appliances that are supposed to remain have been left in the house, all personal property has been removed, the home is clean, and that there was no damage done to the home.

FINAL WALKTHROUGH

- ☐ Check appliances
- ☐ Run water for possible leaks
- ☐ Flush all toilets
- ☐ Run garbage disposal
- ☐ Open & close garage doors



9. The Closing Day

Finally, the closing day is here! Typically 72 business hours after you receive a Clear to Close, you can close on the property.

WHAT TO BRING TO CLOSING

- ☐ Government issued photo ID
- ☐ Copy of sales contract
- ☐ Homeowner's insurance
- ☐ Proof of funds to cover costs
- ☐ Any outstanding documents

CLOSING DAY NOTES

Usually, the day before closing, you will wire any funds that you will need to close to the title company. On closing day, you'll sign contracts to finalize the mortgage, pay the seller, and pay closing costs. The property title will be transferred to you, and you can move into your new home!

In most states, you'll get the keys to your new home at the closing once everything is finalized. Remember if this is your primary residence to apply for a Homestead Property Tax Exemption. You can do that about three weeks after you close at the county property appraiser website.

Guide to Closing Costs

Terms you should know

Closing Cost: Fees paid at the end of the property transaction either by the seller, buyer or both parties. They include the taxes, insurance and any other lender expenses which will be discussed prior to closing.

APPRAISAL FEE

The fee that is charged by a property appraiser to make a fair market value estimate of a property. *This fee is required by the lender.

DISCOUNT POINTS

Paid to lender at closing to reduce the interest rate over life of mortgage. *This will generally be around 1% of the total loan amount.

FLOOD CERTIFICATION FEE

A check of public records to confirm that the seller owns the property and is free from unsettled items, liens or claims.

HOMEOWNERS INSURANCE

This is an insurance policy that provides coverage for home damage, as well as claims of negligence that result in someone's injury.

HOMEOWNERS ASSOCIATION

A maintenance fee applied to planned developments & condominium owners to maintain the common area. *Charged to each owner.

INITIAL ESCROW

Funds held in an account that are to be used by the lender for property taxes, homeowners insurance and flood insurance.

ORIGINATION FEE

A fee paid to the lender to evaluate credit & underwrite and process loans. *This is usually calculated in the form of points.

PREPAID INTEREST

A required prepaid deposit that covers the interest due on your mortgage between the date of closing and the first mortgage payments.

MORTGAGE INSURANCE (PMI)

Private mortgage insurance that protects the lender in the event that the borrower defaults. Required if down payment less than 20%.

PRORATED PROPERTY TAX

The property taxes that are transferred from seller to buyer on the final closing date, until a new buyer purchases the property.

RECORDING FEE

A fee that is charged by the County Clerk to record the transfer of property from one owner to another via public record documents.

TERMITE INSPECTION FEE

A required fee paid for a professional inspection to certify that the property is free of any active termite damage.

TITLE INSURANCE

An insurance policy that is required by most lenders & protects against any errors or claims that may arise about ownership.

TITLE SEARCH

A check of public records to confirm that the seller owns the property and is free from unsettled items, claims or liens.

TRANSFER TAX

Transaction fee imposed on the transfer of property title. *Usually paid by the buyer and is based on the amount of the home mortgage.



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Resources

Key Local Service Providers

MORTGAGE BANKERS

Joe Delegado

Atlantic Bay

757.874.6040

www.atlanticbay.com/joedelgado

Sylvia Hazelwood

Movement Mortgage

757.603.7459

<https://movement.com/lo/sylvia-hazelwood>

HOME INSPECTORS

Ammon Young 757.344.5152

Steve Thomas 757.660.6593

TITLE & SETTLEMENT

Hannay Joyner

Southeast Title & Escrow

757.645.4137

Bill Bray

Otey Smith & Quarles

757.903.2665



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TRADITIONS

OUR HISTORY

Established over a century ago as Brooks Real Estate, our company was based on the principals of Client Service and Community Commitment. The tradition continues! True Quality Service is what we deliver to every client every day. We understand the complexities of today's real estate transactions, but we make it easy -- we lead our clients through the entire process of buying or selling a home. Our commitment to the community is reflected in our participation in local and state Realtor organizations. We believe it's important for us to be active in serving the community as well as our clients. To maximize our client service capabilities, in January of 1997 we became a member of the Coldwell Banker Residential Affiliates, the premier real estate franchise organization in North America. Founded in 1906 and dedicated to customer support, Coldwell Banker was the obvious choice for us because we believe it was the best choice for our clients!

We are committed to work with you to market your home. Having already helped hundreds of clients successfully sell their homes for top dollar through our proven marketing and expert personal service, we are confident we can sell your home for the best possible price in today's market. Your right is to evaluate how well we live up to this standard and end the listing agreement at any point with no penalties or obligation if we do not deliver the services we promise.

OUR VALUES

We cultivate a spirit of collaboration, innovation, and integrity by offering a complete suite of today's best marketing and real estate services. We deliver a successful and proven way to professionally transact business with the highest transparency. Creativity, locality, quality, and passion are fundamental to our success and growth.

PROFESSIONALISM & INTEGRITY

We pay attention to our client's needs and we know every listing and neighborhood inside and out. Our clients know we do our homework. We work hard to get our clients the best possible outcome. We skillfully guide you through every step of your real estate transaction.



GARRISON GROUP

DEFINED BY SERVICE & EXPERTISE

We are a mother and son team that brings the power of business experience and real estate skills to our clients. We provide an exceptional experience with our commitment to providing you the critical information and expert advice you need in making the best decisions.

Buying a home is one of the biggest decisions you will make and we going to be with you every step of the way to make sure that you are comfortable, taken care of, and that your home buying experience is as smooth and easy as it can be! We will represent you focusing on your interests with the utmost care, honesty, integrity and discretion. We will guide you every step of the way—making sure you know what to expect, answering your questions and helping you determine the best way to package an offer and negotiate. Each transaction is unique, and so is every buyer and seller. We would love to discuss your needs, wishes and desires in buying your home! We love helping our clients find the best home for them. Let's chat!



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CALL 703.456.7891



COLDWELL BANKER
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GARRISON GROUP

4071 Ironbound Road, Williamsburg, VA 23188

Mobile 757-784-7875. Office 757-229-9595

www.garrisongroupva.com