Road Map To Home Ownership



A. Assemble Your Team

1. REALTOR - I'm here to look after your best interest and in fact it's my fiduciary duty.

Contact me via the button below. I can provide you with the expertise and knowledge of our local real estate market, including current property values, trends, and details on comparable sales. I have the tools and resources to support you through the entire process. By utilizing my resources, I can help save you time by making your search more efficient, work with you through the negotiation process providing an objective viewpoint, and I will be there to guide and support you through the complexities of the process reducing stress and anxiety associated with buying a home.

2. FINANCING - It is important to identify a trusted lender and build your relationship as early in the process as possible.

3. ESCROW SERVICE - Holds earnest money deposits and other funds in a neutral, third-party escrow account until all conditions of the sale are met.

4. TITLE COMPANY and CLOSER - Title companies are utilized in real estate transactions to ensure that the property's title is legally sound and that the closing process goes smoothly. Closers manage the entire closing process, from document preparation to the final recording of the sale.

** Don't know where to start, ask me - I can help!*

B. Check Your Credit and Stack Up Your savings

1. Building a strong financial foundation is crucial when planning to buy a new home. A good credit score is essential for qualifying for a mortgage and securing favorable interest rates. Here's are some suggestions to improve yours:

a. Check your credit reports for errors - Carefully review the reports for inaccuracies, especially regarding late payments or closed accounts. Dispute any errors you find with the relevant credit bureau as soon as possible.

b. Make timely payments - Payment history is one of the most important factors in your credit score. If you have past-due accounts, get caught up as quickly as possible.

c. Reduce credit card balances - Paying down credit card debt can significantly improve your score. Keep your credit utilization rate (the amount of credit you're using compared to your total available credit) as low as possible, ideally below 30%.

d. Avoid opening new accounts - Applying for new credit can result in hard inquiries, temporarily lowering your score.

e. Keep old accounts open - A longer credit history generally looks favorable to lenders.

2. Stacking your savings - A substantial down payment can reduce your loan amount, potentially lowering your interest rate and avoiding Private Mortgage Insurance (PMI). Here are ways to boost your down payment fund:

a. Set a clear goal and budget - Determine how much you'll need for a down payment and closing costs, typically 3% to 20% of the home's purchase price.

b. Consider opening a separate high-yield savings account or money market account specifically for your down payment.

c. Set up automatic transfers from your checking account to your dedicated savings account to ensure consistent contributions. Treat these transfers like a non-negotiable bill and prioritize them.

d. Scrutinize your budget for areas to cut back on discretionary spending, like dining out, subscriptions, or entertainment. Redirect these savings into your down payment fund.

e. Explore down payment assistance programs. Investigate first-time homebuyer programs offered by federal, state, and local governments. Many programs offer grants, low-interest loans, or forgivable loans to help with down payments and closing costs.

*****Contact a Trusted Lender for Further Assistance**

C. Obtain Pre-Approval Or a Validation of Funds Statement

1. **If financing** - find out what you can borrow for your home loan before you start house hunting. That way you can act fast when you find the right home.

a. You may have heard the terms Pre-Approval and/or Pre-Qualification. Although some people use the terms interchangeably, **Pre-Approval** is a more thorough process that holds more weight with sellers.

b. A mortgage pre-approval is a conditional offer from a lender stating that you are likely to be approved for a loan up to a certain amount. Based on a detailed review of your finances, it shows sellers you are a serious buyer and gives you a competitive edge in the housing market.

i. Pre-Approval is based on verified financial documents, a credit check, and analysis of your finances.

ii. A "hard pull" of your credit report, which may slightly and temporarily lower your score.

iii. A more accurate assessment that shows sellers you are a serious and vetted buyer.

iv. Involves a more detailed review and may take several days.

c. **Pre-approval letter** - After evaluating your financial information, a lender provides a pre-approval letter that states the maximum loan amount and terms you qualify for. **However, this is not a final loan guarantee**. The final approval depends on a full underwriting process, which includes a review of the property you choose.

d. A mortgage pre-approval letter typically lasts for **30 to 90 days**, depending on the lender. The lender needs to ensure that your financial situation, your income, debt, and credit score—is stable and has not changed significantly. If the pre-approval expires before you find a home, you will need to re-apply with updated documentation.

To avoid jeopardizing your final approval, do not take on new debt, make large purchases, or change jobs during your home search.

2. **If cash purchase -** obtain a bank supplied validation of funds for the value of home you are considering.

A Verification of Funds Letter may also be called a **Proof of Funds (POF) letter**, it is an official document issued by a bank or financial institution that confirms a buyer has sufficient liquid assets to complete a transaction. It is commonly used in **real estate** and other large purchases.

D. Go House Hunting

a. After determining your budget, we will discuss your **wants and needs**, **home styles**, as well as desired **locations,** etc.

Aside from your ongoing searches on sites such as Zillow, Realtor.com, Redfin, my tools and resources assist in determining or verify accurate property availability and/or details about your potential home, provide foundational data to gain insight and make informed decisions based on current market trends, implement effective search strategies, provide access to professional apps, set up private property viewings, etc...

**Keep an open mind – you might find "the one" where you least expect it.*

E. Make an Offer

After we find your next property, I'm here to guide and support you through the complexities of the process by helping **craft a competitive offer** and **negotiate** on your behalf.

F. Get an Inspection

*Once your offer is accepted, it is typically advised to have the **home inspected**. This is to verify your new home is in the condition you expect and so that you have an awareness of what you will be purchasing before closing.*

G. Title Work and Appraisal (if financing)

*1. Next, the **title** company will make sure there are no liens or clouds on the title so it can be transferred and ensure that the property's title is legally sound*

*2. If financing, an **appraisal** is required by all the lenders to determine if the property is worth the amount they are lending you.*

H. Closing

***1. Final Walkthrough** - Just prior to closing, we will perform a final walkthrough of the property (conducted 24-48 hours before closing) to ensure everything is in order as expected per the purchase agreement.*

2. Closing is the final stretch in the process! *A real estate closing is a meeting and transaction in a home sale where all parties sign legal documents, the title is transferred, money is exchanged, and the buyer receives the keys, officially becoming the new owner of the property. It involves signing the closing disclosure, deed, and mortgage documents, paying closing costs (based on the home's price), and ensuring all terms of the purchase agreement have been met. The process concludes with the delivery of keys and the official recording of the property title transfer with the county*

I. Moving In!

You did it *- Send in the movers, start unpacking, and make your house a home.*

Have Questions?

612-382-8266 christineolson@remaxsynergy.net