

HOMEBUYERS Starting the Process

The Home Buying Process

Many decisions need to be made once you make that initial decision to buy a home. The buyer needs to determine what type of home meets the buyer's needs. If you are not going to pay cash, where do you get your home-financing. The buyer will choose the mortgage lender and determine the best loan package. If the buyer gets pre-approved for a loan prior to looking for a new home, the buyer will get assistance in determining the best price range. The general rule is that you should not spend more than 28 percent of gross monthly income on housing.

Next, you may choose to engage a real estate agent or broker. If you choose to work with a real estate agent they will assist you in finding your home as well as all other aspects of the purchasing process to smoothly get you to the settlement. If you choose to work with a real estate agent, the agent will assist in the processing of seller information. An appraisal of the property by a real estate agent will be important in pricing the house for sale. Agents can provide valuable information as to what makes a house marketable for sale. The strategy for marketing the house is then put into place by your agent. An agent will work with any potential purchasers and explain any contracts that are submitted for purchase.

Upon finding a house, the buyer submits a contract to purchase the house. A standard real estate form contract can be used and is available through your agent or a purchase-specific contract can be drawn up by an attorney of your choosing. A real estate agent or an attorney can explain to you how the purchase contract applies to your purchase. If the Seller chooses to accept your contract as presented, then the contract will be finalized by signatures of all the interested parties. The Seller may choose to counter your offer with some changes. The contract will not be final and ratified until all the parties agree to all the terms of the contract. Once there is an agreement in writing, a settlement company will be chosen to receive the loan documents, process the documents and prepare a final settlement statement. A settlement date will be set to accommodate the seller, purchaser and lender. Usually a pest inspection, appraisal, title examination and survey will be ordered as required by the contract and the lender. If you have an agent, the agent will assist you through the loan and settlement process. A final walk through the house will occur prior to settlement. If you have an agent, the agent will assist you in what to do for your final walk-through. Any open issues and unanswered questions can be dealt with at the settlement.

BORROWERS-REFINANCING

Other than purchasers of homes, those refinancing will go through a settlement process much like when you purchase a home. A title examination will be ordered to determine what if any liens, judgments, and/or assessments may need to be resolved prior to or at closing. A time will be set to sign all the lender documents. The settlement agent will receive loan papers from the lender. The settlement company will disperse all funds entrusted to it pursuant to the settlement statement.

SELLERS

Once a contract to purchase a house is ratified by all the parties, a title examination will be ordered. If the Seller has an existing loan, this will show up as a Deed of Trust lien that needs to be released. Any outstanding judgments, liens or assessments if unpaid may show up in the land records. These matters will be cleared or resolved prior to settlement or through the settlement process. The settlement agent will request information about all known existing loans. A loan payoff amount will be requested and the payoff will show as a reduction to the proceeds the seller will receive.