

FIRST TIME BUYER—DETAILED INFORMATION

If you are thinking about buying your first home, there are several things you should be aware of to make sure you are an educated buyer.

IMPORTANT QUESTIONS YOU SHOULD CONSIDER

- How soon do I want to buy?
- What kind of home should I buy—new or pre-owned?
- Do I want a single family, condo or a townhome?
- How many bedrooms, baths, garage spaces, etc. will fit my lifestyle?
- What can I afford?
- What lender should I choose? When should I get pre-qualified?
- What neighborhood, area of town or schools do I want?
- What other features are important to me?

MAKE AN APPOINTMENT WITH YOUR AGENT

Make an appointment with your agent to discuss your home purchase. Your agent will listen to you, ask important questions and give a few pointers on the current market. Ask your agent to go over all the steps necessary to complete the transaction. Ask lots of questions. A successful transaction takes good communication, so make sure you get all the information you need. When you're ready to start looking, your agent should recommend that you get pre-qualified by a lender.

With nearly 7,000 homes on the market in the Colorado Springs metro area, there are lots of opportunities for buyers. Once you are able to narrow down the features that are important to you, your agent should set you up on an automated Multiple Listing Service (MLS) program that will email you listings of only the homes you want to re-view.

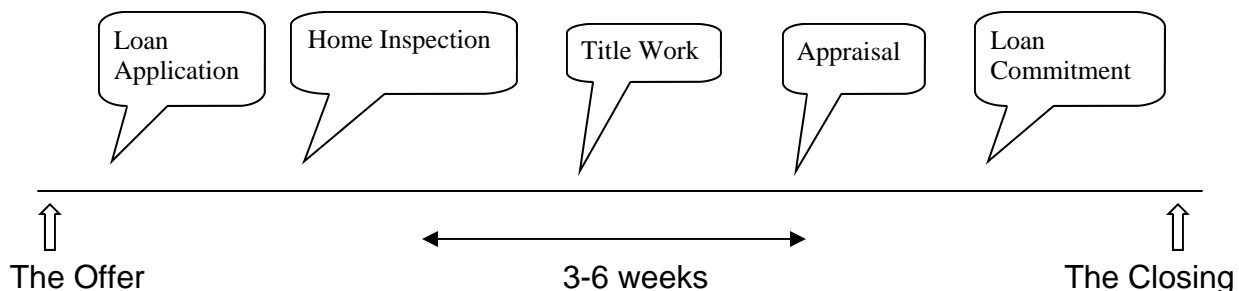
BEGIN YOUR SEARCH

Begin your search on this MLS program and note the homes that you would like to see. Have your agent set up appointments to view these homes. As you begin looking at homes, a good agent will be able to tell which type of homes excite you and which ones you definitely don't like. Communication between you and your agent is critical—make sure you both are on the same page. If the search criteria on the MLS program aren't quite to your liking, the criteria are very easy to change. The goal is to show you only the homes that meet your individual criteria.

When you find THE home you want to buy, there are several steps that will occur before you close on the home. Below is a time line that shows all the critical steps to a successful purchase. It generally takes 3-6 weeks from the time you make an offer on a home until closing. During this time your agent will manage the important steps and communicate to you what is happening.

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HOME PURCHASE TIMELINE



MAKING THE OFFER

When you have found the perfect home to purchase, your agent will perform a market analysis to help you decide on the offering price. Your agent will also ask you what type of financing you are going to use (including down the payment amount) and when you want to close and occupy the property.

Your agent will then write an offer with your input, have you review and sign it, attach your earnest money check (generally 1% of purchase price) and then take it to the listing agent. Once the listing agent has your offer, they will review it with their seller. If all the terms are agreeable to the seller, then he/she will sign it. If the seller wants to change a few things, then they will write a counteroffer and give it back to your agent. Once the terms of the offer are finalized and both parties have signed it, you are then Under Contract.

UNDER CONTRACT

This means the buyer has agreed to buy the property and the seller has agreed to sell the property. This starts the time line for purchase and closing, which is generally about 3-6 weeks.

DATES AND DEADLINES

Once you are under contract, several things will occur to enable you to close:

- Loan Application—you should already have been pre-qualified; now you need to finalize the loan application process by the date on your contract to purchase. Your lender will need information from you in order to process your loan, i.e., income statements, employer, credit report, etc. Make sure you cooperate with your lender to get these things done in a timely fashion.
- Home Inspection—It's very important to get an inspection. Your agent can recommend some good inspectors; just give one of them a call. Ask the inspector how long he or she has been in business and if they are ASHI certified (American Society of Home Inspectors) or NAHI certified (National Association of Home Inspectors). The inspection generally costs \$200-\$300 and is well worth it.

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- Title Documents—The title company will perform research to determine if there are any homeowner association covenants and by-laws, if there are any liens, judgments or easements on the property. The title company will send you all these documents, will certify that there is clear title on the house and will perform the closing. Your Realtor will coordinate all this.
- Appraisal— Your lender will hire an appraiser for you to determine the value of your house. Since the lender is lending you money to purchase, it is in their best interest to determine that you are paying the correct amount. Your Realtor will coordinate all this.
- Property Insurance—Prior to closing your lender must know the company which will insure your home. Just give your insurance agent a call and let them know you are buying a home.
- Loan Commitment— This is the most important part of the transaction because you must have loan commitment in order to close on the property. This step is completed about 3 weeks after you have completed the loan application. During this time, your lender will lock in your interest rate and the underwriters will do all the necessary paperwork. Once your lender says you have loan commitment, they will send the loan numbers to the title company so they can prepare for the closing. Your Realtor will help coordinate this.
- The Closing— The title company receives the numbers from the lender generally the day before closing. The title company then prepares a final settlement statement that you and your Realtor will review before closing. The closing will take about an hour and all parties will attend. You will need to bring a photo ID, and if you are bringing any funds to closing, they must be “good” funds, i.e., cashier’s check.

Buying a home is a complicated process, but using an experience Realtor is your best way to insure that the process is proper and complete. If you need more information or clarification, please contact me at 719.201.6009 or jmcgee@erashields.com. Also, take a look at my website for more valuable information: www.jackie-mcgee.com.