

# RE/MAX

— TOWN CENTER —

## BUYER'S GUIDE

**Buying Your Home  
with Expert Help**

[www.myremaxtowncenter.com](http://www.myremaxtowncenter.com)





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# 01. GUIDING YOU THROUGH THE BUYING PROCESS

## GUIDING YOU THROUGH THE BUYING PROCESS

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You've decided to purchase a home! Buying a home is an exciting and smart investment. Homeownership brings a sense of security and the freedom of having your own space. Financially, it can provide a tax shelter and the opportunity to build equity.

This guide is designed to walk you through the process of buying a home so you are prepared to act quickly when you find the perfect one. As you work through the home buying process, you'll find that your professional real estate agent is a valuable resource, and you can feel confident your search for a new home will be successful.



RE/MAX agents sell more homes in the U.S. and Canada than any competitor, according to a recent study of buyers and sellers in both countries.



## 02. THE BASICS

## THE BASICS

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**B**elow is an outline of the steps you'll be taking as part of becoming a homeowner.

### Steps to buying a home

1. How much can you afford?
2. Get pre-approval for a loan
3. Fine tuning your budget
4. Begin searching for your home
5. Make an offer
6. Your offer is accepted
7. Closing

### How much can you afford?

Before you begin searching for a new home, you need to determine a realistic budget that takes into consideration your current debt (credit cards, loans, etc.) as well as homeowner expenses such as taxes, insurance, utilities and maintenance.

### Getting Pre-Approval

A lender will borrow you money if they are sure your credit is strong and if they are confident you can pay them back.

To determine if you're a good candidate for a loan, they look at your credit score and study your financial history, income, federal tax returns and long-term debt such as credit cards, auto loans, child support, etc. If your credit looks good, you have an excellent chance of obtaining a mortgage.

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### Helpful Tips:

- Pay your bills on time and in full
- Limit how many credit cards you have
- Keep separate checking and savings accounts
- Stay at your current job for a few years - the longer the better



## 03. DECIDE ON A MORTGAGE

## DECIDE ON A MORTGAGE

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After you are pre-approved for a mortgage, it's time to decide on a mortgage type. There are many types of mortgages, and choosing the right one for you is an important decision. The two most common mortgages are a Fixed Rate Mortgage and an Adjustable Rate Mortgage (ARM). If you are interested in exploring additional mortgage programs, talk to a local mortgage professional.

### Fixed Rate Mortgage

The interest rate remains the same for the entire term of the loan - usually 15 to 30 years - meaning the principal and interest portions of your loan will never change. With a Fixed Rate Mortgage, your payments are stable and predictable; however, interest rates tend to be higher than with an adjustable rate.

### Adjustable Rate Mortgage

The interest rate is linked to a financial index so the rate fluctuates with changes in market conditions. With an Adjustable Rate Mortgage, your payments will vary over the life of the loan, but it usually includes a lifetime cap on the interest rate increase in order to protect the borrower. The advantage of an Adjustable Rate Mortgage is that it offers lower initial payments, making it easier for buyers to qualify.

## When you apply



**When you apply for a mortgage, have the following items available for each borrower:**

- Two most recent pay stubs
- Summary of current debt (credit cards, loans, child support, etc)
- W-2s for the last two years
- Federal tax returns for the last two years
- Last two months' bank statements



## 04. FINE TUNE YOUR BUDGET

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## FINE TUNE YOUR BUDGET

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Now it's time to calculate your budget in more detail. To help you, here are three major costs associated with purchasing property.

### Down Payment

This is how much you pay upfront. The larger the down payment, the smaller your mortgage. The standard down payment is 20% of the cost of the home, but other programs are available, especially for first-time homebuyers. Your real estate agent can help you determine which program is the best fit for you.

### Monthly Mortgage Costs

Include the mortgage, homeowner's insurance, mortgage insurance (if applicable), property taxes and escrow deposits, which can be combined with the monthly mortgage payment.

### Closing Costs

Include appraisals, title insurance, inspections, attorneys, title transfers and additional fees.

## CREDIT REPORT



"Greg Holmes is national director of sales and marketing for Credit Plus, a company in Salisbury, Maryland, that provides credit reports to mortgage lenders. He says potential buyers should request their free credit report at [AnnualCreditReport.com](http://AnnualCreditReport.com).

"Some people who think they have good credit don't, while people who think their credit is bad may be surprised that it is actually OK," Holmes says. "Everyone should check their report for accuracy and fix any mistakes. It can take months to correct errors."

Source: Michelle Lerner, BankRate.com, 2015



## 05. OFFERS & CLOSING

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## OFFERS & CLOSING

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Your financial papers are in order, you've been pre-approved for a mortgage, and you've calculated your budget, now it's time to start searching for a new home! One of the many advantages of working with a real estate agent is having access to multiple listings. Your agent can provide a detailed description of any property that interests you.

The more your agent knows about what you're looking for, the easier it will be to find the perfect match.

### Make an Offer

You've found the perfect home! Now it's time to make an offer. Your real estate agent will help you decide on an offer based on your pre-approved loan, current market conditions and the competition.

After you've determined an offer amount, your agent will present it to the seller on your behalf. Negotiations may follow between you and the seller as you work toward an agreement. This is normal, and your agent can support you through the process objectively and professionally.

### Your Offer is Accepted!

Now it's time to finalize your loan and have inspections done.

Based on the inspection results, repairs may need to be completed. The property is appraised, the title analyzed, the title insurance commitment is issued and the property is surveyed if necessary. At this point you need to secure homeowner's insurance.

### The Closing

This is the day you've been waiting for! If closing is a new experience, try not to worry, your real estate agent will guide you through it.

Bring identification, documents requested by the title company, your lender and agent and the closing money owed. All fees and transaction charges will be disclosed as separate line items within the statement. Check with the title company to determine how they want fees to be paid (i.e. cashier's check, wire transfer).

During closing, the sale transaction is finalized. The Disclosure Statement\* is released, money is exchanged, all paperwork and agreements are signed, and the title of property is transferred –the home is now yours!

\* Often in real estate transactions, the seller will present a Disclosure Statement. This statement includes the age and condition of the property and a list of any additional features (pool, garage, etc.). The Disclosure Statement protects the seller against liability from a buyer who charges that they were not informed of a particular condition, as well as providing the buyer with an extensive review of the property so that they can make a fully-informed decision before they purchase the house.



Working with a real estate agent gives your access to an expert to answer any additional questions.

## FREQUENTLY ASKED QUESTIONS

### What types of mortgage programs are offered?

There are many types of mortgages, and choosing the right one for you is an important decision. Below lists several programs, but talk to a local mortgage professional to see which program is right for you.

- 15, 20 or 30-year Fixed Rate loans
- Adjustable Rate Mortgage (ARM)
- New Construction financing
- VA and FHA loans

### How long does a mortgage application take to process?

It typically takes 45 to 60 days to process an application. The time depends on how quickly the lender can get an appraisal of the property, review your financial statements, employment and credit information.

### What could delay my loan approval?

Delays could result if the lender discovers credit problems or if your employment and/or financial status changes between the time you submitted an application and the final loan approval. There may also be a delay if the home you selected appraises for less than the agreed purchase price.

## What's included in my house payment?

Principal and interest on your loan. Depending on the terms of your loan, the payment may also include homeowner's insurance, mortgage insurance and property taxes.

## Can I pay those other things separately?

With most loans you can pay taxes and insurance separately if you borrowed no more than 80 percent of the purchase price or appraised value of your home. Check with your lender to be sure.

## What do the closing costs include?

Closing costs cover processing and administration of your loan. You may also have to prepay interest charges to cover the partial month in which you close and deposit money into an escrow account for property taxes, homeowner's and mortgage insurance.





## 06. NOTES





## 07. RESOURCES



For further information, please contact:

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