



FINDING THE RIGHT HOME  
FOR YOU FOR THE RIGHT PRICE!

TIPS FOR FINDING THE RIGHT HOME

THEBYRNEGROUP.COM

# THE HOME-BUYING PROCESS



Take Possession  
of Your Home!



## WHAT DO I NEED TO APPLY FOR A LOAN?

### **Shown below is a list of the information that will generally be needed to order a loan application:**

- Completed Loan Application with each page initialed or signed
- Past two years of W-2s, 1099's and a full month of current pay stubs with year to date figures, social security awards letter if applicable
- Two of the most recent statements (all pages) from each checking, savings, and brokerage, investment and retirement accounts. Only 1 statement if received quarterly.
- A copy of a recent bill, coupon or year-end mortgage statement from any loans or mortgages you may have in addition to the most recent year end mortgage statement. Release of liens on properties owned free and clear.
- Past two years of personal tax returns with all schedules
- Past two years of business tax returns with all schedules
- Current year balance sheet and year to date P&L
- Copy of social security card and drivers license
- Executed earnest money contract (for purchases) builder contract, plans and specs (for construction)
- Settlement statement from original purchase of home (refinance only) and a copy of the current note.
- Copy of divorce decree if applicable
- Tax and insurance documentation for all owned properties
- Insurance agent's name, address, and phone number
- Copy of bankruptcy papers, schedules and discharge notice. Foreclosure papers.

## HOW TO GET PRE-APPROVED:

### **What is a pre-approval?**

A pre-approval is a preliminary commitment in writing from a lender stating that a borrower will qualify for a particular loan amount, based on income and credit information under a lender's guidelines. Most pre-approval letters are valid for 60 to 90 days.

### **Why should you get pre-approved?**

There are many reasons why you should get pre-approved early in the process of purchasing a home. The most important reason is that you will get an accurate idea of what you can afford. This will ensure that you only look at houses that are truly in your price range. A pre-approval letter is also essential in a competitive real estate market. If you make an offer on a house without a pre-approval, your offer will not be taken as seriously as an offer from a buyer with a pre-approval, and you could lose out on the house of your dreams. Additionally, most bank-owned homes require a pre-approval letter from a lender before accepting an offer.

### **How long does it take to get pre-approved?**

To obtain a pre-approval letter, you will need to contact a lender. Typically, the pre-approval process takes 24 to 48 hours.

### **How much does it cost to get pre-approved?**

With our lenders...IT'S FREE!

### **What if you can't get pre-approved?**

- 1. Correct any errors on your credit report.** A potential lender will look at your credit score and analyses your credit report for red flags such as late or missed payments, or charged off debt. Your credit score affects your ability to qualify for a loan, and determines what kind of rate you can get. Generally, a score above 720 will get you the most favorable mortgage rates.
- 2. Decrease your overall debt and improve your debt-to-income ratio.** In general, a debt-to-income ratio of 36 percent or less is preferable and 43 percent is the maximum ratio allowed. Use the debt-to-income calculator to determine your ratio.

## VIEWING PROPERTIES

One of the most exciting aspects of buying a home is looking at different properties in your price range and seeing houses of all sizes, conditions, and styles. This process is the best real estate education of all.

### **How many homes you should plan to view before making a decision?**

This depends on the neighborhood, market and your specific requirements.

With all the homes on the market at any given time, the key is to focus only on the most suitable properties.

### **Before your appointment:**

1. Schedule all visits in advance with your buyer's specialist. It is common courtesy to give the sellers a minimum two hours' advance notice.
2. Wear slip-on shoes in case you need to remove them.
3. Try to get a sitter for the littler ones. Children will often become tired and board, and without this distraction you can better focus on the homes

### **During your appointment:**

1. Pay attention to the home's curb appeal, floor plans and amenities.
2. Take notes, ask questions and make honest comments. This will help your buyer's specialist better understand your likes and dislikes.
3. Don't waste time in a home that does not suit your needs.
4. After you have viewed the first three homes, you will be asked to rate them. It is best to have a top three list from that point on. This will help you decide which home is right for you.
5. Relax and have fun!

## MAKING AN OFFER

### Your buyer's specialist will:

1. Work up a Comparative Market Analysis (CMA) to assist you with making an offer on the home. The best offer is on from which the seller simply cannot walk away.
2. Help you write up the offer. You will need to write one check for the earnest money (typically paid to the title company). This check will be cashed upon contract acceptance. Note: You will also want to submit the pre-approval letter from your lender with the offer.
3. Will present the offer to the listing agent. The negotiation process can take minutes, hours, or days. Your buyer's agent will keep you informed of the process and be sure you are always updated.

Don't be surprised if you received a counter offer from the seller - these are extremely common. You may need to be flexible on price, closing date, repairs, etc.

Once all the terms are agreed upon, you may need to initial and re-sign some items in the Offer letter. Congratulations, you are now under contract!

Next, you'll want to schedule a home inspection. It's important to get an appointment on the inspector's schedule as soon as possible, to ensure it's completed early in the inspection period. This way, you have time to negotiate any repairs within the selected period.

### What Is Earnest Money?

Generally one to two percent of the sales price, earnest money goes to a third party escrow officer at the title company or a real estate company. This is essentially a deposit on the home. Once you close, the earnest money is credited back towards the closing costs or down payment.



## HOW DO HOME APPRAISALS WORK?

You've found your dream home. The asking price is \$300,000 an amount you've already been pre-approved for by your bank. But is the home really worth that amount? That's the question at the heart of the home appraisal. The worth, or value of the property, will determine how much a lender is willing to give you to buy that particular piece of real estate.

This critical step in getting the financing you need is often times the most confusing part of the mortgage process, since both buyer and seller must depend on the expert opinion of a stranger. Typically costing around \$500, a real estate appraisal is simply that the expert opinion of a certified, state-licensed professional who determines the value of the property. If your \$200,000 dream home is really worth only \$180,000, then clearly the home is over-priced.

An appraisal also protects the bank from getting stuck with a property that's worth less than they've invested. It also protects you from paying too much for a home simply because it was "love at first sight." The home appraisal is a no-nonsense factor in a decision that is often emotional for the buyer.

## TYPES OF HOME APPRAISALS

### **Sales Comparison Approach:**

The appraiser compares the property with three or four similar homes that have sold in the area, often called comparables, or comps. The analysis considers specific components such as lot size, square footage of finished and unfinished space, style and age of the home, and other features such as garages and fireplaces.

### **Cost Approach:**

This approach is commonly used for new property and is based on reproduction costs. The appraiser estimates the cost to replace the structure on the property if it were destroyed. The appraiser then looks at land value and depreciation to determine the property's worth.

## THE HOME INSPECTION:

### **When do I get a home inspection?**

An inspection is done during the inspection period, which is usually 7-10 business days.

### **How does a home inspection work?**

Nearly all of today's home purchase contracts include a home inspection contingency clause a provision that allows the buyer to hire a professional home inspector to thoroughly evaluate the home and determine if there are any issues with the structure or systems. Once a purchase contract has been signed, the buyer can book a professional inspector of their choosing, whom they may or may not accompany during the two- to three-hour inspection.

### **Who pays for the inspection and what is the cost?**

The buyer pays for the inspection on the property they wish to purchase. The inspection can cost anywhere from \$300-\$500, depending on the size of the home.

### **What does a home inspector do?**

*The home inspector will:*

- Evaluate the physical condition: structure, construction, and mechanical systems
- Identify items that need to be repaired or replaced
- Estimate the remaining useful life of the major systems, equipment, structure and finishes

### **What goes into a home inspection?**

A home inspection gives the buyer an impartial, physical evaluation of the overall condition of the home, including items that need to be repaired or replaced. The inspection provides a detailed report on the condition of the structural components (exterior, roofing, plumbing, electrical, heating, insulation, ventilation, air conditioning, etc.). The inspection also includes a pest inspection to check for any damage to wood caused by insects.

## RESIDENTIAL SERVICE CONTRACT:

### **What is a residential service contract?**

A residential service contract is a home warranty that covers the breakdown of items due to normal wear and tear: HVAC unit, dishwasher, oven, plumbing systems, etc.

The average life expectancy of the nine critical home systems and appliances is 13 years, and the likelihood of failure in a given year is 68 percent. A residential service contract can help protect you from the unwelcome expense and frustration of unexpected repairs. It not only protects you, the buyer, but gives the seller peace of mind

### **How do I purchase a residential service contract?**

Your buyer's specialist will ask the seller to purchase one for you in the original offer. The contract will cover you for one year from the date of closing. You can later renew it or change your level of protection. You may also want or need to buy one yourself.

### **How much does a residential service contract cost?**

On a home, buyer coverage costs \$495 per year.\* You can also purchase optional coverage such as pool coverage (refer to the Optional Coverage section in the residential service contract)

***\*Not all items are covered, so be sure to refer to the Residential Service Contract for a complete list of covered and non-covered items.***

## CLOSING ON YOUR NEW HOME

The closing will take place at the title company. Your buyer's specialist will let you know the date, time and location. The seller may or may not be present during the closing; they can close before or after the buyer.

Your buyer's specialist will work with the title company to get a copy of the settlement statement, or HUD, so you'll know how much money you need to bring to closing. Payment can be in the form of a cashier's check, or you can wire the money directly from your bank account to the title company.

### **On the day of closing you will need to bring:**

- Two forms of ID
- A cashier's check in the amount of your closing cost (unless previously wired)

The closer will walk you through the paperwork that needs to be signed, which takes about an hour. The keys to your new home will be handed to you after the loan has been funded. The title company and/or the lender will contact you once the property has been funded.