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## Let's Find a House!

Here's a step-by-step guide to the home buying process:

- Step 1: Get Pre-Approved
  - **Loan pre-approval** consists of a lender reviewing your income, assets, and credit, that lender discussing with you your loan options and that lender providing you an estimate of the closing costs and monthly payment you might expect.
  - I can recommend a lender, just ask!
- Step 2: Home Search
  - Once your Loan Pre-approval is received, and you know what you can afford, I can go to work and set up a home search for you. Depending on your location, and price range preference, we can set it up with cities, zip codes, neighborhoods, or school districts and the types of homes and characteristics important to you.
  - I can set an automatic email feed, updating you every time a new home comes on the market or a price drops fitting your criteria. Working with me, you also get access to "Coming Soon" properties before they hit the market.
- Step 3: Make an Offer
  - When you are ready to make an offer on a home, I will work with you to put together the offer that helps you buy the house for the very best possible price.
  - The two things that we need to send in with the offer: evidence of **Earnest Money Deposit** and the **Loan Pre-approval Letter**.
  - **Earnest Money Deposit (EMD)** is the collateral to secure your Ratified Contract with the Seller in case you default on the contract. The standard amount for the area is 1% of the sales price. I am required to collect and deposit the money in an escrow within a few days of the contract ratifying. This money will apply towards your down payment or closing costs at settlement. Typically, you write out a check for the EMD amount, take a photo, and I submit that photo with the offer.
- Step 4: Ratify a Contract & Closing Period
  - When you and the seller agree to all terms and sign the contract, it is ratified and the closing period begins. During this time the lender finalizes your loan, the title company researches and prepares the title, and various inspections are completed on the house.
  - During this time, your job is to get the lender and title company each requests from *as quickly as possible*. Time is of the essence!



- If the house that you are buying is an **HOA or a Condo Association**, the Seller will provide the documents with all the rules and regulations. Once you receive the documents, you have 3 days to void the contract and get back your Earnest Money Deposit.
- **Home Inspection:** typically completed within the first week of the closing period. I can set up the Inspection for you or you can schedule it yourself. The Home Inspection will take anywhere from 2 to 4 hours to complete, and you should attend if possible (and this is your time to take measurements/photos to plan furniture placement). It will cost anywhere from \$325 to \$600 depending on the size of the home. You pay the inspector directly at the inspection. This is one of the only bills (and radon, lead based paint, etc if you opt to do that) that isn't rolled into the settlement and your closing costs.
- **Radon Inspection:** If you choose to order a radon test, the cost is around \$100. The radon test monitor is placed in the lowest level to detect for traces of Radon in the air. If the house tests over 4.0 pCi/L, then we will negotiate radon remediation. The typical cost for a Radon remediation ventilation system is \$1000.
- **Schedule Settlement/Closing Time & Location:** Once we get through the inspection, we will schedule the time and location of your settlement. We want to schedule this early so you get your pick of times and locations.
- **Appraisal:** The lender orders the appraisal through a 3rd party appraiser. Buyer pays for the appraisal when it is ordered. The appraiser will visit the house and develop a fair market value estimate for it. If the appraisal is less than the contract price, that's a challenge because the lender will only give a loan based on the appraised value. We negotiate the price at this point, based on market conditions and demand. If we do not lower the sales price to the appraised value, then you will need to cover the difference in cash.
- **Financing Contingency:** The financing contingency is a clause in a home purchase and sales agreement that your offer is contingent on being able to secure financing for the house. If you get a rejection letter from the financial institution, you can void the deal and get your EMD back. At the end of the financing contingency, we must show a loan approval letter from the lender, or if the financing is not approved, void the contract.
- **Wood Destroying Insect (WDI) Inspection:** A pest inspection company inspects the house for any wood destroying insects (namely termites) and writes a report. Usually costs around \$40, and may be paid for by the seller, depending on what the contract states. If insects are found, seller is required to treat prior to closing.
- **Survey:** Most buyers do not get a survey done. Those planning to erect a fence or engage in other construction near the property edge will find it useful. A survey can be done later, and does not need to be a part of the closing period.

- **Homeowner's Insurance:** Once we complete the inspection and appraisal, you need to setup homeowner's insurance. I can recommend insurance agents if needed.
  - **Utilities:** Switch over the utilities to start the day of closing. I can help you determine the utility service providers.
- Step 5: Prepare for Settlement/Closing
- **Final Walk Through:** We will do a final walk through a day or two before closing. It will only take about 30 minutes to an hour. We will walk the house and make sure that everything is in the same condition that it was when you decided to buy it. If there were any repairs to be made, we make sure that all repairs are completed.
  - **Review Closing Disclosure/ALTA:** The Closing Disclosure (CD) is your lender-provided detailed accounting of the house purchase. The ALTA is the title company's version: same information, different layout. Review the entire document for accuracy, and ask any questions that you may have. These documents will be reviewed at closing.
  - **Wire Funds to Title Company:** The CD and ALTA will detail the "cash to close" amount. You must wire this amount to the title company a day or two prior to closing.
- Step 6: Settlement/Closing!
- **Attend Closing:** Bring your driver's license (or other government-issued photo ID) and checkbook. The checkbook is just in case you have a refund, or owe a small amount more.