



THE COMPLETE HOME BUYER'S GUIDE

Includes:



Glossary of Real Estate Terms



Home Search Worksheet

If you're looking for a resource to help you through the complex steps of buying a home 🏠, look no further.

You'll learn about the home-buying process step-by-step, including:

- 1. Researching your options**
- 2. The benefits of pre-qualification**
- 3. Making an offer & negotiating**
- 4. Securing your financing & closing the deal**

Plus, you'll get access to a [glossary that includes the key concepts](#) and terms every home buyer should know, and a helpful [home search worksheet](#) to help you target your search and define your priorities. So, let's get started!

- Define your goals, research your options, make your plans
- Contact a real estate agent
- Get pre-approved for a loan
- View homes and select THE one
- Make an offer and negotiate with the seller
- Secure your financing
- Close the deal
- Home buyer's glossary
- Home search worksheet

The home buying process – a brief, step-by-step overview

If you're like most people, buying a home represents your single biggest investment – and debt. As such, the home buying process can be one of the most exciting, but sometimes also stressful, experiences you ever go through. And this is true whether you've bought many homes or you're looking to buy your first, whether you're in the market for a new primary residence, an investment property or that perfect vacation getaway.

There are so many factors to consider and so many decisions to make. That's why, when buying, it's crucial for you to have all the available resources necessary to make a well-informed decision, together with the time required to make complete use of them. That's also why you should enlist the help of a trusted real estate agent who'll be able to provide you with expert consultation at each step of the buying process.



Generally, finding and purchasing a home includes the following steps:



1. Define Your Goals, Research Your Options, Make Your Plans

Given that buying a home is such a big step, it's all the more important for you to educate and prepare yourself as much as possible in advance. This means clearly determining why you're buying and what kind of home you're looking for. And because buying and financing a home are so closely related, it also means examining your current financial situation and projecting how much you can afford.

Once you've answered these questions even tentatively you'll be in a better position to research your housing and mortgaging options, as well as create an action plan and timelines for moving forward. You may want to do this yourself, but you may also benefit by consulting an experienced real estate agent right from the start.



2. Contact a Real Estate Agent

Buying real estate is a complex matter at the best of times, given that there are so many factors to consider and no two homes or transactions are alike. However, with all the unique opportunities and potential pitfalls of the current market, it's even more important for you to contact a real estate agent once you've definitely decided to buy.

In choosing a real estate agent to guide you through the property search, financing, negotiation and transaction processes, you should consider their local market knowledge, experience and track record.



3. Get Pre-Approved for a Loan

Generally, it is recommended that you get pre-qualified for a loan before you start viewing homes with the serious intention of buying. The pre-approval process involves meeting with a lender and authorizing them to examine your current financial situation and credit history. On the basis of this examination the lender will provide you with a document that details how much you can borrow to buy a home.

The benefits of pre-qualification include:

- ✓ You'll have information about what you can afford and be able to plan accordingly
- ✓ As a qualified, motivated buyer you'll be taken more seriously when you make an offer on a home
- ✓ Lenders can tell you whether you qualify for any special programs that will enable you to afford a better home (particularly if you're a first-time buyer)

Real estate financing is available from many sources, and an experienced real estate agent will be able to suggest lenders with a history of offering excellent mortgage products and services.



4. View Homes and Select THE ONE

Simply put, key to the home search process is knowing what you're looking for. Among other things, that means distinguishing between "must-haves" and "like-to-haves". To help you target your search and define your home preference priorities, this guide includes a [Home search worksheet](#).

That said, here are a few recent facts about the search process that might put your experience in perspective:

95% of buyers use the internet to search for homes¹

The number of weeks a buyer searched for a home remained at **8 weeks**¹

91% of recent buyers found their real estate agent to be a useful information source¹

There are many benefits to starting the search process on a real estate website. You can view many homes and their details, take video tours and access neighborhood info.

However, it's also important to view homes in person. While their property details may seem similar online, homes can actually be very different in terms of layout, design, workmanship and other aspects. In addition, you should ideally view homes with the help of an experienced and eagle-eyed real estate agent who'll notice things you might miss, provide expert analysis, and act as an impartial sounding board.

1 - National Association Of REALTORS® 2021 Profile of Home Buyers and Sellers



5. Make an Offer and Negotiate With the Seller

Now that you've found the home you'd like to buy, it's time to make an offer. Your local real estate association, working with legal counsel, has developed the contracts that are used for transactions in your area. These contracts enable you to specify a sale price and also include many clauses for specifying various terms of purchase, such as the closing and possession dates, your deposit amount, and other conditions. You should carefully review these clauses with your real estate agent to ensure that they express your desired offer. In addition to drawing up the contract, your real estate agent will be happy to address all your questions about the offer process.*

Once you've written the offer, your real estate agent will present it to the seller and the seller's representative. At that point, the process – given that a home's eventual sale price is subject to supply and demand - will depend on the kind of market you're in. Generally though, the seller can accept your offer, reject it, or counter it to initiate the negotiation process.

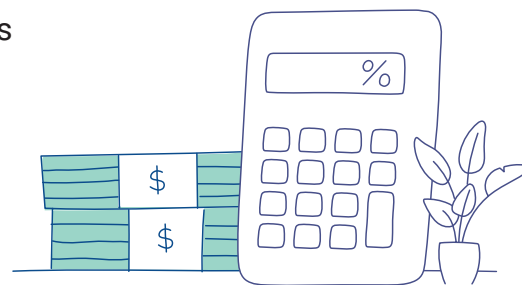
Successive counter-offers, with deadlines for responding and meeting conditions, will be exchanged between you and the seller until a mutually-satisfactory pending agreement is reached or the negotiations collapse. Negotiations can involve many factors relating to different market conditions, homes and sellers.

* Customs for drawing up contracts vary by region.



6. Secure Your Financing

Once you have a pending agreement with the seller, it's time to go back to your chosen lender to finalize your mortgage details so you can close the deal. This means finalizing your down payment, interest rate, regular payment schedule and any other financial conditions associated with the closing.



As noted in the section on loan pre-approval, if you've already been qualified with a lender for a certain loan and home purchase, this phase of buying your new home should be a relatively straightforward matter that centers around finalizing the loan details and signing the mortgage papers. That said, it can definitely provide peace of mind if you have an experienced real estate agent by your side at the time to explain every aspect of your mortgage.

Indeed, your future may depend on it. As the old saying goes, 'let the buyer beware'. You don't want to suffer the consequences of not fully understanding your financing options, so it's crucial for you to work with people you trust. In this regard, a good real estate agent can be a true friend for life.



7. Close the Deal

If you've efficiently taken care of everything connected with purchasing your next home, the experience of taking ownership will be a positive joy with no surprises. Key steps to the closing, also referred to as the "escrow" or "settlement", include:

- ✔ **Getting a Title Search** – an historical review of all legal documents relating to ownership of the property – to ensure that there are no claims against the title of the property. It is also necessary to purchase Title Insurance in case the records contain errors or there are mistakes in the review process.
- ✔ **The Final Walk-through** – you'll be given the chance to look at the home to make sure it's in the same condition as when you signed the sale agreement.
- ✔ **The Settlement** – typically, on the Closing Date you'll go to a lawyer's office to verify and sign all the paperwork required to complete the transaction. The settlement will include you paying your closing costs, legal fees, property adjustments and transfer taxes. At that point, you'll receive the property title and copies of all documentation pertaining to the purchase.

Oh, and one more thing – you'll get the keys. 🗝️ In most cases, Possession Date will fall within a couple days, at which point you'll be able to move into your new digs.



A home buyer's glossary

When buying a home, it's important to understand some of the key concepts and terms. Throughout the purchase process, your real estate agent will be available to explain any unfamiliar terms you encounter. That said, here is a short list of terms you'll want to know:



Abstract Of Title – A complete historical summary of the public records relating to the legal ownership of a particular property from the time of the first transfer to the present.

Adjustable Rate Mortgage (ARM) – Also known as a variable-rate loan, an ARM is one in which the interest rate changes over time, relative to an index like the Treasury index.

Agreement of Sale – Also known as contract of purchase, purchase agreement, or sales agreement according to location or jurisdiction. A contract in which a seller and buyer agree to transact under certain terms spelled out in writing and signed by both parties.

Amortization – The process of reducing the principal debt through a schedule of fixed payments at regular intervals of time, with an interest rate specified in a loan document.

Appraisal – A professional appraiser's estimate of the market value of a property based on local market data and the recent sale prices of similar properties.

Assessed Value – The value placed on a home by municipal assessors for the purposes of determining property taxes.

Closing – The final steps in the transfer of property ownership. On the Closing Date, as specified by the sales agreement, the buyer inspects and signs all the documents relating to the transaction and the final disbursements are paid. Also referred to as the Settlement.

Closing Costs – The costs to complete a real estate transaction in addition to the price of the home, to include: points, taxes, title insurance, appraisal fees and legal fees.

Contingency – A clause in the purchase contract that describes certain conditions that must be met and agreed upon by both buyer and seller before the contract is binding.

Counter-offer – An offer, made in response to a previous offer, that rejects all or part of it while enabling negotiations to continue towards a mutually-acceptable sales contract.

Conventional Mortgage – One that is not insured or guaranteed by the federal government.

Debt-to-Income Ratio – A ratio that measures total debt burden. It is calculated by dividing gross monthly debt repayments, including mortgages, by gross monthly income.

Down Payment – The money paid by the buyer to the lender at the time of the closing. The amount is the difference between the sales price and the mortgage loan. Requirements vary by loan type. Smaller down payments, less than 20%, usually require mortgage insurance.

Earnest Money – A deposit given by the buyer to bind a purchase offer and which is held in escrow. If the property sale is closed, the deposit is applied to the purchase price. If the buyer does not fulfill all contract obligations, the deposit may be forfeited.

Equity – The value of the property, less the loan balance and any outstanding liens or other debts against the property.

Easements – Legal right of access to use of a property by individuals or groups for specific purposes. Easements may affect property values and are sometimes part of the deed.

Escrow – Funds held by a neutral third party (the escrow agent) until certain conditions of a contract are met and the funds can be paid out. Escrow accounts are also used by loan servicers to pay property taxes and homeowner's insurance.

Fixed-Rate Mortgage – A type of mortgage loan in which the interest rate does not change during the entire term of the loan.

Home Inspection – Professional inspection of a home, paid for by the buyer, to evaluate the quality and safety of its plumbing, heating, wiring, appliances, roof, foundation, etc.

Homeowner's Insurance – A policy that protects you and the lender from fire or flood, a liability such as visitor injury, or damage to your personal property.

Lien – A claim or charge on property for payment of a debt. With a mortgage, the lender has the right to take the title to your property if you don't make the mortgage payments.

Market Value – The amount a willing buyer would pay a willing seller for a home. An appraised value is an estimate of the current fair market value.

Mortgage Insurance – Purchased by the buyer to protect the lender in the event of default (typically for loans with less than 20% down). Available through a government agency like the Federal Housing Administration (FHA) or through private mortgage insurers (PMI).

Possession Date – The date, as specified by the sales agreement, that the buyer can move into the property. Generally, it occurs within a couple days of the Closing Date.

Pre-Approval Letter – A letter from a mortgage lender indicating that a buyer qualifies for a mortgage of a specific amount. It also shows a home seller that you're a serious buyer.

Principal – The amount of money borrowed from a lender to buy a home, or the amount of the loan that has not yet been repaid. Does not include the interest paid to borrow.

Purchase Offer – A detailed, written document which makes an offer to purchase a property, and which may be amended several times in the process of negotiations. When signed by all parties involved in the sale, the purchase offer becomes a legally-binding sales agreement.*

Title – The right to, and the ownership of, a property. A Title or Deed is sometimes used as proof of ownership of land. Clear title refers to a title that has no legal defects.

Title Insurance – Insurance policy that guarantees the accuracy of the title search and protects lenders and homeowners against legal problems with the title.

Truth-In-Lending Act (TILA) – Federal law that requires disclosure of a truth-in-lending statement for consumer loans. The statement includes a summary of the total cost of credit.

Title Search – A historical review of all legal documents relating to ownership of a property to determine if there have been any flaws in prior transfers of ownership or if there are any claims or encumbrances on the title to the property.



* The purchase offer and contract procedures vary by region.

Home Search Worksheet

Main Requirements

Price range: _____ Lot size: _____

Area: _____ Square footage: _____

Detached/Attached: _____ Number of bedrooms: _____

House style(s): _____ Number of bathrooms: _____

Age of property: _____ Garage: _____

Specific Features

(e.g., waterfront, view, large lot, pool, fireplace, basement, garage size, built-in vacuum, distance to school, additional room preferences, etc.):

Additional Comments

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