

Five Key Steps to Buying a Home

Buying a home is one of the biggest purchases a person will make in his or her lifetime. It is an exciting and sometimes stressful process with many steps along the way. Working with experienced professionals can provide the guidance and expertise necessary to ensure a smooth journey to homeownership.

“The first time I meet with a buyer I tell them that buying a home is like being a race car driver,” says Carolyn Augur, 2017 President of the New Haven Middlesex Association of Realtors. “They need to assemble their pit crew that will get them to the finish line, which is the driveway of their new home.” A realtor acts as the pit crew chief who will put together the team of professionals the buyer will need to complete the transaction.

Find a Realtor. Before you begin your home search, choose a realtor. While it is easy to start looking for homes online, a realtor will guide you through every step of the process from start to finish. Your realtor will help you search for properties, negotiate the offer, prepare for the closing and most importantly, refer you to the professionals you will need. Realtors have built good working relationships with these professionals and know that they can be relied on to bring you to the closing table.

Find a Mortgage Lender and Get Pre-Approved. Your realtor can refer you to two or three mortgage lenders who will assess your financing options, review your credit score, help you determine which type of home loan is right for you and get you pre-approved for a loan so you know exactly how much you can afford. You’ll need to provide the lender with bank statements, pay stubs, W-2 forms, 1099 forms, and tax returns. The pre-approval will state what size loan you would qualify for and approximately what interest rate you would get so you can determine an appropriate price range for your search. Remember, when determining how much you can afford, the mortgage payment is not the only cost to consider – real estate taxes (which vary

from town to town), homeowner’s insurance and any association fees will also factor into your monthly expenses.

Choose a Home Inspector. Once your offer on a home has been accepted, you will need a home inspection to identify any potential problems. The main purpose of a home inspection is to look for major defects to bring to the seller’s attention so that repairs or a reduction in the selling price can be negotiated. The inspection will identify major repairs, not cosmetic items. The inspector’s report also will include maintenance advice and general knowledge of the workings of the house.

Contact an Insurance Agent. Most lenders require proof of a homeowner’s insurance policy to protect against certain losses and damage to your new home prior to closing. You will need to contact an insurance agent to prepare a

policy and quote the premium, which should be factored into your monthly costs. You also should talk to your insurance agent about possible additional coverage you may need such as flood insurance.

Find an Attorney. A real estate attorney takes over after the selling price and terms have been established in the contract and all parties have signed. Closing attorneys combine all materials related to the closing into one set of documents. They provide detailed explanations of the documents to ensure that the buyer understands all issues involved in the transaction. The closing attorney will review and negotiate the specific terms of contracts; help assess financing options and explain the terms of loans; evaluate all legal documents, such as the deed, title policy, mortgage, survey, closing statement, and seller disclosure statement; attend the closing and make sure clear title is transferred; and scrutinize charges to make sure they are consistent with estimates.

Now that your pit crew is assembled, there are still a few things you need to keep in mind along the way:

Know and Protect Your Credit Score. Your credit report and credit score have a huge impact on whether you will be approved for a mortgage, the amount and interest rate. Your credit

report details your borrowing history, including late payments and bad debts. Free copies of your credit reports are available from the major credit bureaus: Equifax, Experian, and TransUnion. You should carefully review them to ensure the information is accurate, and correct any errors before you buy. Even after your mortgage has been approved, keep a tight watch on your finances. Your loan doesn’t go through final underwriting until just a few days before closing. Any new debt will raise a red flag, so hold off on buying that new car or new furniture, don’t open any new credit cards, neglect student loan payments, or fall behind on your credit card payments.

Be Prepared for Closing Costs. Your down payment is just one cost associated with buying a home. Talk to your realtor about what other costs you can expect to pay including home inspections, attorneys’ fees, and any taxes and transfer fees.

With so many moving parts, it is no wonder that the home buying process can sometimes seem overwhelming. But you can rely on your realtor to help you assemble the right team of professionals and guide you through each check point to take you to a successful closing at the finish line.

–New Haven Middlesex Association of Realtors

