

A STEP-BY-STEP PROCESS FOR BUYING A HOME

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One of the most common questions I hear from clients is "what is the home buying process?" Here's a quick step-by-step to buying your new home.

Getting a pre-approval letter. Before you start house hunting, you'll want to contact a mortgage lender and ask them for a pre-approval letter outlining how much money you'll be able to borrow to buy a home, as well as what rate and terms they can offer you. They'll ask you about your income and assets, and they'll run a credit report on you and anyone else you plan to purchase the home with. They'll then issue you a pre-approval letter outlining the amount of a loan they feel they can approve you for.

Note: You are not required to use this lender for your loan. You can continue to shop for the best interest rates.

Finding an agent to represent you. In Massachusetts, it's common to work with a buyer's agent to help you find a home and negotiate the best price. Usually this does not cost you anything as the home sellers pay the home sale commission. The buyer's agent represents your interests while the listing agent represents the seller's interests.

Searching for the right home. There are lots of tools that make it easy to search for homes. You can receive auto emails of home listings that meet your search criteria or get mobile applications that give you data about homes for sale based on your current location.

Making an offer on a home. In Massachusetts, offers to purchase real estate must be made in writing. When you submit an offer, your buyer's



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agent can counsel you on the price and terms, such as the closing date and any special provisions. Once you've decided what you're offering, you'll sign the offer paperwork and provide a copy of your preapproval letter, along with an initial deposit check (usually \$1,000). Your buyer's agent will then present the offer to the listing agent.

The home seller may choose to accept your offer, reject your offer or make a counter offer. It's very common to have several counter offers back and forth before settling on a price that both parties can agree to. If you and the home seller come to an agreement on the price and terms of the purchase, you'll both sign updated offer paperwork and the listing agent will then deposit your initial check into an escrow account.

Note: If you decide to back out of a purchase due to home inspection issues that can't be resolved between you and the seller, you are entitled to receive your deposit back, provided that you notify the seller in writing within your inspection contingency date. However, if you get cold feet and back out without cause, the seller is not required to return these funds.

Applying for a mortgage. Once the offer to purchase is signed, contact your lender and complete a formal mortgage application. You'll need to provide information such as your Social Security number, current and previous employers and residences, recent pay stubs, copies of bank statements, credit card and loan state-

ments, and asset information (such as stocks and pension funds). The lender often charges a fee to process your application.

Conducting a home inspection. You'll want to hire a certified home inspector to inspect the home's interior and exterior for material defects. Typically, the home inspection is done within seven days of the offer being accepted on the home. Inspections usually take several hours, during which time the inspector will look at the roof, siding, windows, furnace, etc., and give you a written report outlining their findings. Based on the inspection, you may choose to continue with the purchase, withdraw the offer or ask the seller for concessions.

Signing a purchase and sale agreement. At this point, the home seller's attorney will draft a purchase and sale (P&S) agreement outlining the terms of the purchase in further detail. You will also want to have your own attorney review the purchase and sale agreement to ensure the terms are written in a way that protect your interests. You may choose to use your lender's attorney, or to hire a real estate attorney on your own. Once the language is agreed upon, you and the seller will both sign the P&S. Commonly you'll be required to make a further deposit (typically 5 percent of the purchase price) at this time. Then, the listing agent deposits these funds into an escrow account.

Securing a mortgage commitment. It usually takes several weeks for your lender to review your mortgage application. During this time, they will send an appraiser to the home to determine its value and whether they can issue the loan on this property. Once they finish the review process, the

lender will send you a mortgage commitment letter notifying you that they can issue the loan.

Note: Your offer to purchase (and subsequent P&S) will include a mortgage commitment date. This is the date you have until to secure the home loan. If you can't secure a loan by that date, it's very important to notify the seller in writing so that you don't put your deposit in jeopardy. It is not uncommon to need a short time extension to secure a mortgage. This is usually not a big issue as long as you notify the sellers beforehand.

Do a walk-through. Before the closing, you'll walk through the home to make sure there's been no catastrophic damage to the home, that any promised repairs were taken care of, and that the owner's belongings have been removed, before you take ownership.

Attend the closing. The closing is usually scheduled at one of the attorney's offices or at the local Registry of Deeds. Your attorney will be there to walk you through the paperwork to be signed and answer any questions you may have.

Once all the paperwork is signed, the attorney will record the deed to the home at the Registry of Deeds. (This is referred to as "going on record"). As soon as the deed is registered, your buyer's agent will give you the keys to your new home!

Follow <http://blogs.wickedlocal.com/onthemove> for the latest real estate tips. Have a real estate question? Contact Leslie Mann at realestatequeries@yahoo.com or 508-904-4967 and she'd be glad to answer your confidential questions here. Mann is a real estate agent with Hallmark Sotheby's International Realty in Hopkinton.