



What to Expect in the First 10 -14 Days of a Purchase Transaction

If you are reading this, then you are probably about to enter the new world of purchasing a home and obtaining financing; perhaps for the very first time. Do you have 20 questions? Is the process, so far, more immediate than you had expected? The process is similar for everyone, no matter how many questions or how *immersed without warning* you find yourself.

Despite what you may be reading about the current housing market when you searched on the internet, tens of thousands of people, just like you, will obtain ratified contracts and the financing they want in the coming weeks. You are not alone; however, the light has just switched from red to green, so let's start moving.

Below is a rough order of steps involved and notes of what you can expect in the process:

- Whether you have a Realtor or not, someone will likely be asking you where you want to live, how much you can afford, what you are looking for etc. These are important first questions. Everyone is different. You may have answers to all these questions. Write down the questions you do not have answers for and write the best answers you can come up with next to them.
- Once you have identified a neighborhood or area, believe it or not, the finance and qualification process is the next task. It is not just the confirmation of how much house you can afford and whether the area you've identified fits, but also today's requirement that a *preliminary mortgage approval finance letter* be included with your contract offer. Obviously you will answer a lot of questions as you complete an application, so get to it and call me, or follow the instructions I've given you now.
- The process of completing your application requires you assemble some basic documents like pay stubs, W2's, drivers license etc. Why would you wait until you are submitting a contract offer and scramble around to find these documents when you can do it now and breathe little easier? The actual application can be completed on line through the josephchild.com site or by printing and completing a copy of the standard loan application you will find in the library by clicking The Library tab. There is also an "Items Required" for loan application checklist in The Library.
- Once I have your application I will convert it to the format I need and call you to fill in any missing information. During that call we will begin to talk about financing options and answer the questions you *really* want answered. **Can you do this and how much will it cost?** If the numbers fit, you should do this and you should move quickly before the numbers change. That is why it's so important to start the application process early and be as complete as possible at that time.

- Right about now, your Realtor is getting back to you with links to property listings that you have expressed an interest in and you are starting to have that feeling of too many facts, figures, ups and downs. Welcome to the process. Here's a tip as information overload begins to kick in. Pretend you are driving a bus and as you go through this process you are picking up experts in the different areas needed to buy a home. You have The Realtor, the Lender, the Home Inspector etc. Eventually you have *all kinds* of experts on the bus. Remember, you are the bus *driver*. When you have a question, just summon the appropriate expert in that area and ask your question. You will get great answers and you will begin to map out your route rather than worry about what is at the last stop.
- You are going out to look at houses now. You have Google mapped the locations and read the listings. Your Realtor may or may not be with you, but if he or she is, then you are also going inside and really getting a sense of this home's reality. Is this "the one"? Sometimes you don't know "the one", until after you leave. You are usually looking at several listings, so bring the following with you when you go. Most phones have cameras now. Don't leave your phone in the car. You are not on a "photo shoot", but a quick picture of the front and a few casual pictures inside is what you are after. You would not believe how quickly you will forget which kitchen went with which house or which back yard was the one with the swing set. If you can label your pictures in your phone – label the 1st picture of each house with the address. You can even e-mail the picture to yourself so it will be time & date stamped in your e-mail. Bring a note pad for notes and questions to ask later. You won't be spending a whole lot of time in each house and you may not have a chance to come back a second time before you make an offer, so take good notes.
- When you find "the one" you will spend about 2 hours writing a good contract offer to present to the seller or the listing agent. Yes; more facts and figures. Listen to your experts and then drive the bus. The contract will require a deposit – real money will be put up in escrow to secure the contract offer. If your contract is not accepted, you get the deposit back but this is the real deal so be ready to write the check ... and make a photocopy for your records.
- **More money?** One item that is typically discussed when preparing the contract offer is the subject of a **Home Inspection**. This is not the property *appraisal of value* that a lender requires, but an inspection of the house, its physical integrity, systems and working parts. The cost ranges from about \$350 and up, depending on access and design of the house. I think they are worth the money, particularly for new home buyers or older houses. This is another expert for your bus. It is money upfront and once it is spent – even if you do not get loan approval or for some other reason do not close, you do not get a refund like you can with the contract deposit. If the Home Inspection process goes well and your loan application is in process, properly disclosed, up and running, I will ask you for a check for the appraisal fee. The **Appraisal Report** determines the value of the house you are buying and lets you know if you are paying more for the house than it is currently worth. That's good to know isn't it? The fee for the appraisal ranges from about \$350 and up, again depending on the type of house, the price etc. Like the Home Inspection fee, the appraisal fee is not refundable if you end up not purchasing the house. So, be prepared for a contract deposit check, a Home Inspection fee and an Appraisal Report fee.
- You are now rolling down the *home loan processing* highway. Lately, there are lots of detours and bumps with the recent changes and new legislation in the mortgage and finance industry. Remember, you have a bus full of experts and you have my 25 year's experience on your side to help make it all happen. Listen to your experts and before you know it, someone will be handing you a set of keys.