

FIRST TIME HOMEBUYERS CHECKLIST

READY TO OWN YOUR VERY OWN HOME?

Buying a first home is one of the most important decisions a person can make, but it can be a complex process. ERA[®] Foster & Bond offers tips for first-time homebuyers with a checklist of the 10 essential steps to help make the process smooth and successful.

- Step #1 - Ask Your Lender About Available Mortgage Programs:** An experienced mortgage company should be able to work with you one-on-one to determine exactly which mortgage programs will meet your individual needs and what you can qualify for based on your personal financial goals. Applicants with higher credit ratings and/or higher levels of financial reserves generally receive more competitive mortgage rates. But with hundreds of available mortgage programs, there is usually one to meet the needs of almost any homebuyer.
- Step #2 - Research the Terms of the Mortgage:** Different mortgage lenders have varying price structures that can affect the amount that you pay for your home. An annual percentage rate (APR) includes the actual interest rate on the loan, as well as certain fees and costs associated with obtaining the loan. Because a customer may be paying “points” and other closing costs, the APR disclosed may appear to be higher than the actual interest rate quoted for the loan. Not all lenders calculate APR identically; however, it does give customers a relatively fair method of comparing price on their potential loans.
- Step #3 - Get a Pre-Qualified Loan Commitment:** Even before the house hunting begins, you need to determine how much you can afford. Mortgage companies or other lending institutions provide pre-qualified loan commitments. Sellers often don't take an offer seriously unless the prospective first-time buyer has some assurance of creditworthiness from a mortgage company. While you're free to choose any lender, many of our previous clients have been very happy with Shelter Home Mortgage. Shelter will do a full pre-approval because your full credit report is ordered... it's a true loan decision that can be made the same day you apply. Shopping for a home with a pre-approved mortgage enables you to negotiate as a cash buyer and submit an offer on a home with confidence that the mortgage will be issued, and the sale will be completed.
- Step #4 - Do Your "Home-work":** Be sure to go online to sites such as erafb.com to check for listings, neighborhood information, current mortgage information and home ownership services. The right amount of research will help you to better understand the marketplace and homes available in your price range when you're ready to work with a real estate professional.
- Step #5 - Make a Checklist:** To help make the home buying process a little easier, you should create a checklist of the important features you want in a home. Location and the number of bedrooms and bathrooms are usually important. Other important questions to answer: What will the commute to work be like? Are there shopping centers, parks, and schools located near the home?
- Step #6 - Find a Buyer's Broker:** A buyer's broker or agent represents your interests and helps identify homes that are for sale and in the right price range. The broker also can help with such tasks as writing contracts, negotiating the asking price, and closing the purchase.
- Step #7 - Make an Offer:** Once you find the right house, make an offer. Make sure that your offer is contingent on two items: 1) You're able to obtain adequate financing (if you haven't done so already), and 2) you can pull out if the property doesn't pass the home inspection (assuming you and the owner can't come to terms about how to fix the problem). Be prepared for counteroffers and some negotiation with the seller. Make an earnest money deposit, which is a check that you'll give your agent to indicate that you're serious about buying the house. The check will apply toward the sales price if the deal goes through; if not, you get it back (provided your contract allows for that). If your offer is accepted, you go on to the contract phase.

- **Step #8 - Hire A Home Inspector:** Making an offer contingent on an inspection by a registered home inspector can save thousands of dollars by avoiding unseen problems. Inspectors will check the house for any structural damage. In the contract with the seller, it should state any necessary repairs that must be made before closing on the house. Prior to closing, walk through the house and check that such repairs have been completed.
- **Step #9 - Buy Homeowners Insurance:** Lenders require homeowners' insurance to protect your interests as well as the lender's interest (mainly protecting the property as collateral for your loan). There are many providers so shop around for the best rates.
- **Step #10 - The Closing:** This is where you meet the seller and sign settlement-closing papers to transfer the ownership of the home to you. Your agent should offer the services of a professional closing firm and should help with all the details and to assure you of a smooth closing.

**Congratulations, you achieved the American
dream and you are now a homeowner!**