

Buying A Home

The process involved in buying your home doesn't need to be a difficult one. However, if you've never purchased a home before or if you don't buy homes on a regular basis (and who does) you will find guidance from a Real Estate professional very helpful. Here are some of the things you need to keep in mind when you are buying a home:

1. Identify your needs
2. Locate a REALTOR®
3. Determine your ability to purchase a home
4. View homes that match your needs or requirements
5. Evaluate homes you reviewed and make a decision
6. Submit an offer
7. Lock in a rate
8. Order inspections
9. The closing process
10. Acquisition

Identify your needs

Regardless of how many homes you've purchased in the past or if you are searching for your first home you need to narrow your search parameters by identifying the features you are looking for in your home. Here are some of the things you should consider:

Location: You don't need to limit yourself to one area, your REALTOR® can search multiple areas.

Size: Square foot living space

Style/stories: colonial, ranch, cape, bi-level, split level, raised ranch, etc.

Number of Bedrooms

Number of Bathrooms

Garage: attached, detached, parking spaces

Lot size: city lot, half acre, acre, more

Other amenities: pool, Jacuzzi, etc.

Price Range

Once you identify your needs or requirements in your home you will have narrowed your search and taken the first step in simplifying the process.

Locate a REALTOR®

Regardless of levels of experience you will want to find an agent you can feel comfortable with and one who will work in your best interests. Generally, you will want to find an agent who conducts his/her business in a professional manner, communicates often and effectively with you, and will be able to give you guidance every step of the way in the buying process.

Determine Your Ability to Purchase a Home

You need to evaluate your financial status and determine if you have funds available to make a down payment or if you will need to find financing that affords you “no money down” terms. Keep in mind that you will generally pay a higher interest rate with no down payment.

Note: The higher the interest rate the higher your overall cost will be in financing your home.

You will want to locate a lender and investigate financing options. Your REALTOR® can give you the names lenders you may wish to contact. You will want the names of at least three or four lenders to contact in order to get a better idea of what financing options are available.

Once you make a decision on a lender you want to work with you will need to have them “pre-approve” you (determine your purchasing power). When you submit an offer on a home your REALTOR® will need a Pre-Approval letter from your lender as evidence of your ability to purchase the home.

View Homes

If your REALTOR® is an Internet savvy professional he/she will be able to set you up with a portal that will permit you to view homes that meet your search criteria. You will be able to look at homes on the market from the comfort of your home and determine which homes you would like to view.

Once you have made a list of the homes you would like to view your agent will be able to coordinate and schedule times when he/she may take you through the homes that interest you.

Ask your REALTOR® to give you a “features” sheet for each property you want to view as well as a copy of any disclosure documents that may be available.

When viewing homes you will want to look at positive and negative features of the home. What do you like? What do you not like? Look for defects that may not be revealed in the property disclosure

Evaluate Homes Viewed/Make a Decision

It will be in your best interest to take notes or keep a chart that will permit you to make notes on each home and evaluate them once you have had the opportunity to go through them with your agent. Keep in mind that homes will tend to blend together once you have looked at a number of them and in order to remember which ones you liked and how they compare to other homes you’ve looked at will require some form of organization tool that will assist you.

Once you narrow your search down to the top four or five homes on your list you will want to go through for a second or even third viewing. Some buyers even as parents or close associates to go through the homes with them to get a second opinion and get input from persons who's opinion they value.

At some point in time you will arrive at a decision as to which home you like better than all the rest. At that time you will want to sit down with your REALTOR® and write an offer.

Make an Offer

Before you make an offer on a home that interests you ask your REALTOR® to compile information for you that is specific to the home you wish to buy and the neighborhood it is located. Some of the things you will want your agent to find out for you include:

- Home value
- Appraised value
- Appreciated value
- Neighborhood home values
- Taxes (annual)
- List price history

Having a better understanding of the value of a home will help you make a decision on what you will want to pay and whether or not the asking price is reasonable.

Meet with your REALTOR® and discuss the structure of your offer. Your offer will include more than just price, it will include other terms that will be important to you including:

- Price
- Earnest money
- Closing date
- Inspections (who pays)
- Seller financed options
- Appliances included in the deal
- Length of time the offer is open
- Other special instructions related to the deal
- And more...

Once an offer has been made three things will happen. The seller will accept the offer without modification, counter the offer, or reject it outright. If an offer is countered, you will need to meet with your agent to discuss the counter offer and decide whether or not you will accept it, reject it, or submit a counter offer. If it's rejected you will either walk away from the deal or submit a new offer.

Lock In a Rate

Interest rates fluctuate on a daily basis. At some point in time you will want to “lock in a rate” with your lender. Locking in a rate will assure you that you will get a specific interest rate if you initiate financing with that lender over a period of time (generally 90 days).

Order Inspections

Once an offer is accepted it is necessary to order inspections. The buyer will generally have a 14 day window to have inspections completed and act on any defects that may be brought out through the inspection process. If you or your agent do not request remedy for any defects found by the inspections within the 14 day window you may find yourself buying the home “as is.”

There are a number of inspections that may be ordered and include the following:

- General home inspection
- Wood boring insect inspection
- Well
- Septic
- Radon
- Mold

Some municipalities require special sewer inspections while others may have local ordinances that require other types of inspections. Check with your agent if any special inspections may be required.

The Closing Process

Once all elements of the contract are satisfied including any remedies required as a result of inspections, the closing process will proceed toward closure. There are fees that will be incurred as a buyer and you should discuss anticipated closing costs with your agent. Your costs will be determined in part by contract language and generally by standard costs that are part of the closing process.

Acquisition

The contract will specify when you may take possession of the home. In some cases it will be at closing and on other instances it might be at some point in time after closing.

Prior to and leading up to taking possession you will need to get your home owner's insurance in place (you should have home owner's insurance by the closing date) and make arrangements for utilities to be placed in your name.

Final Note

This report in no way purports to be an in-depth representation of the buying process. It is merely a short version of a complicated process. Your best resource will be your Real Estate agent; don't be shy about asking him/her questions. You may also research this topic on the Internet. There are several articles on the "web" that will satisfy your thirst for information.

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