

Process of Purchasing a Home

1. Connect to a lender

A lender is someone who gives you a pre-approval. A pre-approval determines your eligibility to purchase a property

2. Connect to a realtor

To connect to a realtor you can find one by searching online

3. Buyer consultation

Identifies buyers wants in a house. More paperwork starts to happen

4. Realtor sends buyer properties

Realtor emails buyer properties and they tour the ones the client likes



5. Offer is made

Once the buyer tours a house they like they send an offer to the seller

6. Home inspection

Not mandatory but they help the buyer understand the condition of the property

7. Appraisal

This is mandatory and determines the values of the property

8. Mortgage commitment

Buyer gives info to the bank so they can fund the loan

9. Resale certification

The county does an inspection to make sure home is safe (depends on what county you live in)

10. Closing

Sign paperwork and get the keys. The property is finally the buyers!

Connect to a lender

The first step to buying a home is to connect to a lender. A lender is someone who gets you a pre-approval. A pre-approval is a letter that determines your eligibility to purchase your property. On a Pre-approval, it identifies your name, loan officer, buyer info, the amount pre-approved for, and the name of the institution willing to lend the money. It doesn't mean you qualify since it's still more to the process.

To the right is an example of a real pre-approval

APRIL 18, 2021

Congratulations

YOU'RE Pre-approved

The pre-approval is \$170,000 FHA 30 YEARS FIXED is based on an automated review of the information you provided (your income, credit and assets) and is subject to a final underwriting review. Please note that this expires on 06/28/2021 so we will want to keep in touch as you begin the search for your home. I will continue to request updated paystubs and bank statement as we go along.

Are you ready to jump start the best mortgage process you will ever experience? You can count on us to guide you every step of the way as you finance your home.

After carefully considering your financial goals, I've selected CARRINGTON MORTGAGE SERVICES as the final lender. We will work together to ensure you have a smooth home buying experience. Should you need to refinance or have another mortgage in the future, I hope you will call me again.

If you or your real estate agent have any questions regarding this pre-approval, please do not hesitate to contact me. I am truly looking forward to helping you finance your home.

Sincerely,

Senior Loan Officer

Mortgage Loan Company

NMLS#

Office:

Cell:

Email:

SERVING PA AND DE

Broker partners:

Quicken Loans, Flagstar Bank, Carrington Mortgage Services, Freedom Mortgage, REMN Wholesale, LOAN DEPOT, HARD MONEY BANK LLC

*This pre-approval is valid for 60 days from the date of credit pulled. If we do not receive an executed purchase agreement within 60 days, we will regrettably be unable to give further consideration to your credit request. This pre-qualification is not a final loan approval or a commitment to lend. This pre-approval is contingent on an approved loan application which will include verification and approval of the information we received to issue this pre-approval as well as your credit, income, employment status, debt, property, insurance, appraisal and a satisfactory title report/search. If this pre-approval is for a primary residence it may be contingent on the sale of your current home. Not all properties are eligible for financing. Interest rates are used for qualifying purposes only and do not constitute a rate lock commitment.

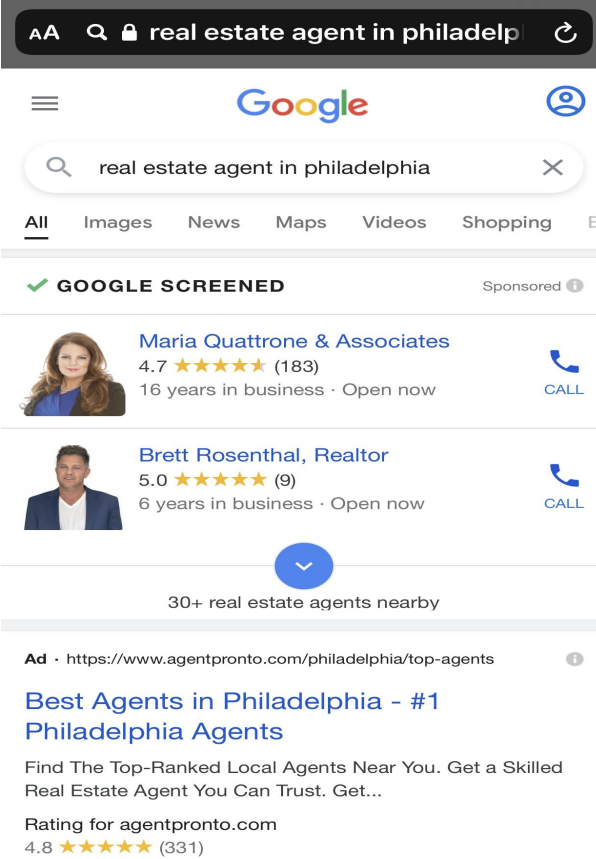


Equal Housing Lender.

Connect to a realtor

Then you can contact a realtor by searching for one or by getting recommendations and or referrals. Finding a realtor is as easy as going on the internet and searching “real estate agents in (insert city name)”.

On the right is an example of what pops up when you type “real estate agents in Philadelphia”





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🔍 real estate agent in philadelphia ✕

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Buyer Consultation

After that, you and your realtor do a buyer consultation. A buyer consultation identifies what the buyer desires are when it comes to purchasing a home. Buyer and realtor discuss the prequalification letter, home size, need for parking, recreational space, go over property taxes, buyer estimated closing cost, desired estimated monthly payment, estimated funds needed to close, and documentation to start the process.

Then there's the consumer notice that identifies the type of duties of the agent, the type of relationship between client and agent, and the agent's responsibilities. The consumer notice is NOT a contract. Lastly, there's the buyer tenancy agreement it's a contract that authorizes the licensed broker firm/licensee to represent you.

Realtor sends buyer properties

The next step in the process is when the realtor does a home search to find the desired properties for the buyer to tour. Those properties are emailed to the buyer for the buyer to decide if they like them. Once the decision is made as to what properties the buyer likes the realtor then sets appointments to tour the properties. A realtor must be present at all times during property tours.



Offer is made

Once the buyer decides on a property to make an offer on. The realtor will once again send out a buyer estimate closing cost specific to the property with estimated numbers and a breakdown of the estimated cost it may take to purchase that specific property and the realtor also complete comps of the area to let the buyer know what prices the homes in the area sold for in the last 3-6 months. This information is beneficial for the buyer to make an informed offer based on the data that's provided.

An offer is then written up by the realtor and reviewed and signed by the buyer to submit to the seller agent so they can review it with the seller. The buyer is then required to submit the documents to the right-->

Finance deal:

1. Agreement of sale (contract)
2. Buyer financial Income form (identify employment, years on the job, asset, liabilities, if any property is being sold to purchase a new one, gifts or grants needed for purchase, buyers name, address, and the buyer income)
3. Pre-approval letter
4. Deposit money notice (who will hold the deposit in escrow)
5. Seller Property Disclosure (seller must complete to furnish the buyer with information about the time and work if any they have completed at the property)
6. Deposit check
7. Lead Based Disclosure (let the buyer know if the seller has any knowledge of lead in the property (houses built before 1978 has the presence of lead because of the type of paint used)

Cash deals:

1. Proof of funds (bank statement)
2. Agreement of sale
3. Seller property disclosure (if applicable)
4. Lead based paint disclosure
5. Deposit money notice
6. Deposit check

Home inspection

From there a home inspection happens. They're not mandatory but they're good to get to understand the condition of the house. When getting a home inspection you have between 7-10 days to make an inspection appointment. Buyers used to have up to 15 days to set up an appointment but due to today's market-changing due to Covid-19 buyers are now granted a shorter amount of time. Once the home inspection is completed the buyer goes over the report to see if they want to move forward with buying the property. If the client doesn't want to move forward they get their deposit money back.

If they want to move forward they send the contract to the title company. A title company works in the background to determine if there's liens, judgments and making sure no one can come back and say someone owns the home. They also officiate the settlement.



Appraisal

Next, it's required the client gets an appraisal. An appraisal determines the value of the home. An appraiser is sent by the bank to check out the property to determine if the home is worth the price it's under contract for. If it's not worth the money they devalue the house, if they devalue the house you go back to the seller for negotiation. Most of the time the seller is fine with this but sometimes the seller isn't fine and takes the house off the market because they don't want the lesser value. If the house is appraised for more it goes for more then the buyer walks in the house with equity(seller can't change their sell price).

If the appraiser calls for repairs then the seller **MUST** fix what the appraiser says to fix. Unlike home inspections where the seller has the choice to fix things, the seller has to fix what the appraiser deems necessary. Once everything is fixed the appraiser comes back out to do a re-inspection and the buyer is charged.

Mortgage Commitment

After that, the file goes to an underwriter from the bank who reviews it. While this is still happening the buyer is still updating all info such as Pay stubs, Bank statements, Verification of employment, and anything the bank deems necessary for example an explanation of why employment stopped if it did. After cleared a Mortgage commitment is issued which is when the bank says they'll fund the loan. The mortgage commitment is then sent to the seller's agent. While this is happening the bank is continuing to verify if the client is still employed and has the funds to close on the house.

Resale certification

Depending on what county you're in you'll have to get a resale certification which is when the county comes and does an inspection. This inspection will say if the property is safe to sell, smoke detectors and carbon dioxide detectors are up to date, and inspect safety like a curb for tripping hazards. Once all is inspected if there's no repairs then the client gets the certification. If repairs are called for the buyer has to fix it, then the inspector is sent back and if all is well the certification is given. The buyer or seller could pay depending on what type of home is being sold. If the property is bank-owned the buyer pays and if standard the seller pays.

Closing

The buyer then prepares for the final walk-through of the property. The property has to be clean and in the same condition, it was in from under contract. The title company then sends a settlement notice which identifies the time and location of the closing/ settlement. The bank sends a closing disclosure that identifies the buyer side of the transaction. It states the interest rate, monthly payment, taxes, principal, closing cost fees, etc. It also summarizes the amount of money you need to bring to the table for the closing. This must be sent out three days before the closing

Finally, the bank will clear you to close and you go to settlement and sign paperwork. The buyer will sign an all doc for the mortgage and you get your keys and sometimes even take pictures!



Links

Link to instagram page:

[https://instagram.com/propertytips ?igshid=1k1sswzhiva4f](https://instagram.com/propertytips?igshid=1k1sswzhiva4f)