ATLAS

REAL ESTATE ASSOCIATES

# Home Buyer's Guide

# The Home Buying Process

STEP 1:

- Obtain a Lender Pre-Approval
- Tour Homes
- Write Offer & Negotiate Price

STEP 2:

- Order a Home Inspection
- Review of Inspection
- Order a Home Warranty (Optional)

STEP 3:

- Order Appraisal with Lender
- Final Lender Commitment Letter

STEP 4:

- Order Home Owner Insurance
- Determine Final Closing Amount

STEP 5:

- Transfer Utilities
- Final Walk Through
- Closing!

## HOW MUCH CAN YOU AFFORD?

The rule of thumb lenders recommend is a purchase price of no more than 3-5 times your annual household income.

A 20% down payment is also recommended due to no PMI insurance needed, but 20% is **not required and also can be as low as 0 down.**

STEP 1

## GET PRE-QUALIFIED & PRE-APPROVED

The first time you talk to a lender, typically you will only provide some insight into your finances such as income and savings

When you get pre-approved, you will provide your lender with W-2 statements, 2 paystubs, and 2 bank account statements. This is when a credit check will also take place.

## TOUR HOMES & WRITE OFFER

This is the fun part, we will tour homes until we find the right home for you. We may find you the right home quick, or it can take a couple months.

When we find it, we will present the seller with an offer based on comparable homes in the neighborhood. The offer may be negotiated until we come to an agreement on a price.

Step 2

# HOME INSPECTION

After the offer is accepted, a home inspection needs to be ordered if it was included as a contingency in the contract.

You will typically have 10 days to complete the home inspection. Once it has been done, you will determine if there are any counter offers you need to submit to the seller that needs to be done before closing such as defective problems.

# HOME WARRANTY

A home warranty is optional, and if purchased it will cover repairs and replacements on systems and appliances in your new home over a period of 12 months. The coverage can include electrical, plumbing, heating, and air conditioning systems and some home appliances.

Step 3

# ORDER OF THE APPRAISAL

Typically, the lender will order an appraisal for you and will add the cost of the service to closing. A licensed appraiser will inspect the property to come up with an estimate of the homes value.

An appraisal is done to back up the lenders investment in the property, and to protect you from overpaying for a home.

# FINAL COMMITMENT LETTER

Once you're approved for a loan, the lender will provide you with a final commitment letter that specifies the loan term agreement, APR, and monthly costs to repay the loan.

This letter will also included any conditions that are to be met and additional documents that will be needed.

Step 4

# HOME OWNERS INSURANCE

Before issuing a mortgage, lenders will require you to provide proof of home owners insurance. The cost of this insurance can be included in your monthly mortgage payments if you choose. You can have the insurance provider send a copy of insurance directly to your loan officer.

# FINAL CLOSING AMOUNT

You will not know your final amount to close, until a few days before closing. You will find the total amount in the Closing Statement from the Title Company.

Remember that closing costs are typically 3-5% of loan amount and separate from your down payment. Ask your lender for a specific quote to have ready for closing.

Step 5

# CLOSING

The final step of the home buying process is the closing. This is when the purchase of your new home is finalized and you receive the deed to the property.

Before heading to closing, make sure you have done a final walkthrough of the home to ensure the seller has fixed any issues (if applicable) and please make sure that all utilities are transferred into your name for day of closing. We typically suggest to wait for your Lender's Clear to Close email before setting the date for utility transfer.

## WHAT TO BRING TO CLOSING:

- A government issued ID.
- A Certified Check for the total amount due (unless it is over $10,000, then it will need to be sent over in a wire at least 3 business hours before closing.

## WHAT TO EXPECT

You will meet with an escrow officer to review and sign all your loan documents. The three main documents are mortgage, promossory note, and a closing disclosure.

## CLOSING COSTS

Closing costs can include:
- Escrow fees
-Mortgage points/ discount fee
-Origination fees
-Title search and title insurance
-Apprasial fees
-HOA fees
-Pre paid taxes and insurance

## POST CLOSING

You should receive copies of all closing documents, which you need to keep for tax purposes. You will be handed the keys to your new home!

# *Important Reminders for* FINANCING A MORTGAGE

## AVOID THESE MISTAKES BEFORE CLOSING ⚠️

### 1 - MAKING A BIG PURCHASE

Making a big purchase such as buying a new car can change your debt-to-income ratio which the lender used to approve your loan. If your debt increases without checking with your lender, your loan may be turned down before closing, so always check with your lender first.

### 2 - OPENING NEW CREDIT

Before opening new lines of credit, speak to your lender to get their approval. The amount of cards you have can change your score as well as the amount that you have on them

### 3 - MISSING PAYMENTS

It's important that your credit score stays the same before closing. Missing payments can lower your score and change how much you have to bring to closing, your interest rate and if you can still close with a late payment, so please stay close to your calendar to stay on track during the home buying process to make it as smooth as possible.

### 4 - QUITTING YOUR JOB

Do not quit your job! It's important to show you are stable and employed to your lender. Most lender's require a minimum of 6 months with the same employer so as not to reset your loan. Talk to your lender first before planning any job changes.

EQUAL HOUSING OPPORTUNITY

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## Get started in your search:

Whether you're planning on buying in a couple months or a couple years, I hope this information could be helpful for whenever you are ready. We can even get the home search started so that you can get familiar with the market when it's time.

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