

The Buying Process

1. Find a Lender and get Pre-approved - Before calling an agent to go look at all the homes you've tagged on Zillow, you'll want to find out how big of a loan you qualify for. By providing a pre-approval letter alongside any offer, a seller will know you are a willing and able buyer. Your real estate agent should have a strong network of qualified lenders that he/she can refer you to in order to get you started.
2. Viewing Homes and Making Offers - Your agent will be able to provide you with real time data on all active listings within your desired neighborhood. Once you find a home that gives you "that feeling," make an offer. Don't worry about your "fear of better options," because you can continue viewing homes during the inspection period, defined within every purchase and sale contract. If you find a better home within that 10 - 15 day window, you can walk away from your original contract with no obligations, and make another offer on the different home. This is an aggressive home buying strategy, and this is an aggressive market that we are in.
3. During the Inspection Period:
 - a. Open Escrow - More likely than not, your offer will include a small up-front deposit of cash, usually between \$1,000 - \$5,000, that represents your "skin in the game," and shows the seller that you are a serious buyer. This cash needs to be deposited into a holding account called escrow, which is controlled by a third party title company or closing attorney. This money will go towards the purchase price of the home, and you will get this money back if you decide to not purchase the home, as long as you are still within your contractually defined inspection period.
 - b. Order Title Insurance - Hire a trusted title company or closing attorney to conduct a lien and title search, to uncover any title defects that need to be corrected prior to closing. Once all title issues, if any, have been solved, your title agent will be able to order a title policy which protects your investment against any outside claims of ownership.
 - c. Order a Professional Inspection - During the inspection period you are given the opportunity to take a closer look at the property to determine if it is a safe investment. At this time, you'll want to hire a professional inspector to prepare a

home inspection report, which highlights all visible items of concern of the property. For insurance purposes, you'll also want to purchase a wind mitigation report from your inspector. A 4-point inspection will be required by insurance companies for homes older than 25 years. The total cost for all of these together shouldn't exceed much more than \$600.

- d. Renegotiate for Unexpected Repair Items - Before your inspection period expires, you'll want to review the inspection report, and make requests to the seller to handle repair items that weren't previously disclosed. Keep in mind the seller may decide to do nothing at all, and you must evaluate whether or not it is still in your best interest to move forward with the purchase of the home. As long as you are within the inspection period, you may elect to cancel the contract and receive a full refund on your escrow deposit.
4. Stay on your lender - It's important to keep tabs on your lender to make sure they are processing your loan, and will be able to close within your contractual guidelines. Have your agent coordinate an appraisal to determine the home's value. If the home appraises for less than the purchase price, you will be unable to acquire the loan unless the seller is willing to drop the purchase price to the appraised value. You will not lose your escrow deposit, as long as all of this is done within the "loan approval period," which is usually 30 days.
5. Review and Sign the Closing Disclosure and Settlement Statement - The Truth in Lending Act (TILA) requires that all lenders provide a closing disclosure to borrowers no later than 3 days before closing. This document provides details about the mortgage loan you've selected, and should be compared to the original loan estimate provided by your lender. The Settlement Statement will go over all line-item costs and expenses to be paid or credited at the closing table. This document should also be carefully reviewed.
6. Sign the Closing Documents - After a long and nerve-racking 30 days, you've successfully endured all of the necessary processing and due diligence for the purchase of your home. Next, the chosen title company will provide you a time to come by and sign the lengthy mortgage and closing documents. Don't forget your I.D., and congratulations, you've successfully purchased a home!