

Home-Buying Process

Consumers MUST protect their credit score AND be aware of the debt-to-income ratio if a mortgage will be required to purchase a home. Lenders need more than a good credit score! DO NOT OPEN ANY NEW CREDIT ACCOUNTS. A final credit report will be pulled just before closing and CLOSING MAY BE CANCELED if debt- to-income reaches a level that makes a buyer ineligible for the mortgage.

Preparation

- DO NOT OPEN ANY NEW CREDIT ACCOUNTS
- Pull CLUE report (Recommended if selling a home)
- Determine budget
 - Analyze debt-to-income ratio
 - Use Buyer Qualification Worksheet to determine maximum house payment
 - Pay off accounts if necessary in order to become eligible for a mortgage
- Select a lender (check desired programs for lender compatibility)
 - 1st Time Buyer Programs (some require loan education programs)
 - Tax credit programs (if available)
 - Banks specific products with no PMI (if available)
 - Forgivable down payment assistance programs (free money)
- Quotes from Attorneys (usually a price range of home will be sufficient for an estimate)
- Quotes from Inspectors (basics run \$500+\$100/150 to add the CL100 inspection)
- Select preferred locations/neighborhoods/school district
- Begin to think about your Must Have vs Nice to Have in a home shopping lists and where compromises are possible
- Write a generic letter that can be customized later to possibly include with an offer if desired
- Begin collecting required mortgage documents
- Review contract documents so that they are familiar when it is time to make an offer

Determine Wish List for Home: Location/Specific Features

In a competitive, low-inventory, or seller's market compromises will almost certainly be needed.

- Determine "Must Have/Not Have" and Location criteria vs "Nice to Have/Compromises"
 - School District
 - Proximity to Work/Other
 - HOA
 - Garage
 - Lot Size

Shopping/Searching for Homes

Some may disagree but I believe home shopping and home searching are 2 different things. It is possible that home shopping will make home searching easier because a buyer will be able to more easily recognize a good fit. Depending on the type of home buyer, it may make home searching more difficult. Only the buyer will be able to determine what works best.

I also work with buyers considering new construction. Many buyers don't realize they need someone representing their best interests when working with new construction in a community. When visiting a new construction community inform the on-site agent you are working with me and give them my name, phone number, and email address.

Home shopping = actively reviewing homes on a regular basis because it will be time to buy a home soon/ later (this stage may quickly turn into searching)

Home searching = ready to make an offer upon finding a home that is "the one"

When Searching:

- DO NOT OPEN ANY NEW CREDIT ACCOUNTS
- Look everywhere: Zillow (good for seeing listed homes and For Sale by Owner), Trulia, Realtor.com, Redfin, Social Media
- Review remarks, pictures, rooms sizes, etc.
- Add any possibilities to the potential list of homes
- Do a drive by of potential properties and review disclosures provided by agent
- Schedule showing
- In a competitive market be ready to make a decision when the desired home is located
- Review the offer information section to be ready to make an offer when appropriate



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Offer Information

The official offer to purchase is made by submitting the Agreement/Contract: To Buy and Sell Real Estate (Residential) to the seller's listing agent (if listed in MLS) or to the seller directly if for sale by owner with an expiration of offer. It will either be accepted, countered, or rejected without counter.

In a competitive market a personal letter sometimes helps bring attention to the offer. The buyers' agent will read your personal letter, if desired, and offer suggestions as to whether it may help a buyer secure the contract in a competitive situation.

In a new construction community the on-site agent will use the builder's contract which needs to be reviewed carefully.

The following information is needed at the time of offer:

- Legal Names as they should appear on the title
- Closing Attorney selected
- Purchase Price and means (financing %, loan type, cash, etc)
- Closing/Possession Date (on or before a set date is the contracted close date and is usually not less than 30-45 days out)
- Earnest Money amount and how paid and to whom (Attorney)
 - Note: Earnest Money and Termination Fee are NOT the same
- Transaction Costs responsibility (each party pays their own closing costs unless otherwise specified)
- Contingencies of Offer
 - Financing: % of financing, lender, and loan type
 - Due Diligence Period end date
 - Termination Fee amount (NOT the same as Earnest Money)
 - Appraised Value
 - Wood Infestation Report (also known as a CL100)
- Home Warranty may be purchased for the home by the buyer or seller at closing
- The SC Residential Property Disclosure Statement (CDS) will be signed by the buyer and submitted with the offer if applicable
- Expiration Date of Offer
 - A buyer SHOULD NOT sign an agreement unless he/she is willing to follow through with the transaction
 - NOTE: The offer may be rescinded at any time before expiration (in writing) UNTIL it is accepted by the seller.
Once accepted by the seller the parties are officially UNDER CONTRACT.
 - Expiration occurs in one of the following ways: 1) when the expiration date and time is reached, 2) the seller COUNTERS or 3) the seller REJECTS



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Inspection and Appraisal

- Inspection is paid for out of pocket at the time of service and usually occurs before the appraisal
- Attend the inspection if possible
- Review the report to determine what repairs should be requested (if applicable)
Refer to Contract: Due Diligence date drives the follow-up process
- Repair addendum will be submitted if repairs are requested
- Re-inspection after repairs ALWAYS suggested
- The appraisal may be paid for at closing or may be paid for out of pocket depending on the lender
- No news from the lender on the appraisal usually means that there are no issues

Waiting for Closing

- DO NOT OPEN ANY NEW CREDIT ACCOUNTS
- Respond to all requests from lender in a timely manner
- A “Clear to Close” will be given by the lender to the attorney
- The disclosure document MUST BE delivered by lender 72 hours prior to closing.
 - The Consumer Financial Protection Bureau has a Closing Disclosure Explainer that can be very helpful to review while waiting for closing. It can be found at <https://www.consumerfinance.gov/owning-a-home/closing-disclosure/>
- Lender/attorney will communicate any cash to close requirements (wire or cashier check usually required)
- Important: NEVER trust wiring instructions sent via email! Fake wiring instructions are often sent via emails that are convincing and sophisticated. ALWAYS independently confirm wiring instructions in person or via telephone to a trusted and verified phone number. Jennifer Richeson and The Virtual Realty Group will NEVER ask for money to be wired via phone, mail, or email.

After Closing

- To ensure the property is taxed at the primary residence tax rate (if applicable) the homestead exemption form must be completed and filed with the county.
- Homeowners insurance is typically paid annually by the mortgage company (a portion of the payment collected monthly is held until insurance is due). If there is no mortgage the insurance is paid by the buyer when due.
- Annual taxes are typically paid by the mortgage company (a portion of the payment collected monthly is held until insurance is due). A copy of the invoice is mailed to the buyer to save for tax records. If there is no mortgage the taxes are paid by the buyer when due.
- Protect the investment by maintaining the home and the property.



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