



Q: I think I am ready to buy my first home. I have a clear picture of what kind of home I want and my finances are all in order. What happens next?

A: Today many people begin their search for a new home on the Internet. There are a number of websites that will help you learn about neighborhoods that might interest you and the type of homes available for purchase. You may even be able to take virtual tours of properties through photos and videos available on web sites.

Not all homes available for purchase can be accessed through the Internet. Most of the time, sellers will work with a real estate professional to help them market their home. REALTORS® use a special tool, the Multiple Listing Service, to gather information specific to the needs of their clients. They can also access data about the history of a home that may not be accessible through a web site listing.

It is a good idea to work with someone who can access the MLS in your area and who can also save you considerable time and effort by previewing homes that may be appropriate for you. Your REALTOR® will go with you to view homes that might interest you and can help you gather information that will lead to a good decision.

How do you know when you have found the right home? Many buyers report that they can “feel it” when they have found a good match. Curb appeal, design and layout, built-in amenities and features, as well as the overall condition of the property all contribute to knowing that this is more than a house – it can be a true home for you.

Get started on the financing

If you follow the common advice of professionals, you have already been “pre-approved” for a loan. If not, before you make an offer on a house you will want to contact a lender to make sure you qualify for financing to help you buy the property. Pre-approval is not a guarantee that you will get the loan but it does provide lenders with evidence that you will be able to repay any loan they provide.

There are a wide variety of loan types available and you should spend some time shopping around for the best options. Your real estate professional can help you make contact with mortgage lenders who can work with you. In addition to mortgage brokers, savings and loans, credit unions and banks, the Veterans Administration and the Federal Housing Administration offer very attractive loan programs for first time buyers. Check with your REALTOR® and these agencies to see if you qualify.

Once you decide on a loan type and find a lender able to work with you, you will need to fill out an application that will require considerable information about you, your employment, income, assets and any debts you may have. Be prepared to answer

these questions and provide back-up documentation, including previous tax returns and pay stubs.

Make an offer

When you make an offer to buy a house using the forms required in your location, it will include the price you would like to pay along with a number of conditions or terms you want included such as dates for appraisals and inspections, deadlines to complete your loan application and a time by which the seller must respond to your offer.

Many times sellers will 'counter-offer' and you may find yourself in a negotiation with the seller. This is quite common – and for some people, an enjoyable part of the process. Your REALTOR® will typically handle the offer and counter offers through official forms required for each step.

Once you and the seller agree on a price and the terms of the sale, your lender will complete the loan review process and you will set a date when you will 'close' the transaction. But there is still work for you to do before you reach the closing.

Inspections are important

Your offer will include your right to have the property inspected to make sure that it meets your requirements and those of the state or municipality in which the home sits. There are various types of inspections but the most common is a structural inspection to make sure the home is sound and that all mechanical systems (water, plumbing, heat and air conditioning, appliances etc) are working properly.

Depending on where you live, you might want to order a test for potentially harmful gases found in soil, like radon, or for termites. As the buyer, you are typically responsible for the cost of these inspections unless you have an agreement with the seller to share costs.

Should any serious issues be discovered in the inspection you may need to renegotiate the terms of the transaction with the seller or have them correct the problems at their expense before closing.

Arrange for insurance

No homeowner should be without appropriate insurance. Protection against fire and theft, and providing yourself with personal liability coverage and coverage for important personal property like jewelry, furniture, musical instruments and home office equipment should be arranged before you move in.

You will likely be required to take out Title Insurance which protects your lender and in some instances you as the owner, against any claims by other people to ownership of your property. A one-time payment for this insurance is typically collected at closing.

In some areas flood insurance may be a good idea. Many companies now offer home warranty policies that you can buy to cover problems that develop later on with the workmanship of the home or the appliances.

The closing

By the time the date of your 'closing' arrives your funding will be in place, the inspections will have been completed and any changes to the terms of the purchase agreement will have been finalized. You (or your representative), the seller (or representative) and the REALTORS® involved in the transaction will all meet at the offices of the Title Company you have chosen to handle this final step.

A closing requires very little effort on your part – except the signing of many pages of documents prepared by the Title Company. Since those documents are written based upon real estate law you may want to have a lawyer or another knowledgeable person review the papers **before** you go to the closing meeting. Title companies are quite comfortable in providing the documents well in advance for review.

If you desire, you can arrange a final walk-through of the property before closing to assure that nothing has changed with the condition of the property and that any items that were to be included in the purchase price (e.g., appliances, lighting fixtures, and carpeting) are still in place.

With all the papers signed you are officially the owner of your first home. You've traveled a challenging path but your reward is in having both a home and a financial asset to build upon for the future.

Next month we will conclude this series with some tips on how to avoid common mistakes made in the home buying process.

This article was provided by the Craig Association of REALTORS®, the Colorado Association of REALTORS® and contains information developed by the National Association of REALTORS®. Additional information about buying and selling real estate is available at www.coloradorealtors.com.