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HOME BUYER'S GUIDE

10 Steps to Finding the Path to
your New Home



So you're ready to buy a home...

It's a big decision and there's a lot to learn. But with these 10 easy steps, choosing and purchasing your new home will be easier and more seamless than ever before. This guide provides 10 key steps, information and tools in order for you to find, purchase and finance a home that meets your needs and preferences.

In this comprehensive guide, you will learn the 10 steps that will help you get on the path to finding your new home, including:

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STEP 1: Find a Qualified Buyer's Representative

How often do you purchase real estate? Once, twice, three times in your lifetime? So you can hardly be expected to know all the ins and outs of such a major transaction complicated by so many details. That's when a qualified buyer's representative comes in handy.



What is a buyer's representative? A buyer's representative (also known as a buyer's agent) is an advocate for the buyer--not the seller--in a real estate transaction.

Why should you use a buyer's representative? A buyer's representative can provide the expertise you need throughout the entire transaction, greatly improving your buying experience and potential results. Plus, retaining a buyer's representative seldom adds any expense to your transaction!

Why choose an Accredited Buyer's Representative? A [REALTOR](#) with the ABR designation has completed [Accredited Buyer's Representative](#) training, specialized education offered by the Real Estate Buyer's Agent Council ([REBAC](#)). REALTORS with the ABR designation understand the special needs of buyers. They have additional knowledge and experience that takes them a step beyond an agent who only concentrates on listing property for sellers.

What issues should you discuss? After narrowing down your favorite ABR agents, be sure to ask some questions. This will help you make your final decision. Topic questions include experience and credentials, references, knowledge, representation, services provided, compensation, finding properties, personal support, negotiating, financing and related service providers.

Once you've found your ABR, you can discuss compensation (usually commission to the buyer's agent) and then you may begin working as a team!



STEP 2: Assess Your Credit and Finances

Financial considerations and preparations are central to any home purchase. In addition to helping you make better decisions about what you can afford in a home, a buyer who already has financing in place is in a better negotiating position when it's time to make an offer.

Assessing your credit card and finances can be broken down into 6 steps. Be sure to check off each step before you purchase a home:

- Determine credit status
- Select a lender
- Determine interest rates and duration
- Pre-qualify for a [mortgage](#) and get pre-approved before you find your home
- Determine how much you can afford
- Offer down payment and mortgage insurance



STEP 3: Assess Your Wants and Needs in a Home

Deciding what you truly want, need and can afford in a home can be challenging. But your ABR can play a key role in helping you sort out your options. The following preferences should be discussed with your ABR before you purchase a home:

- **Basic criteria** (i.e. ideal price, total square footage, type of home, number of bedrooms, number of garages, number of bathrooms, etc.)
- **Other home preferences** (i.e. age of home, style of home, energy efficiency, floor plans, high priority home features, specialty rooms, storage needs, etc.)
- **Location** (preferred areas/communities, commuting considerations, proximity to desirable features, views, etc.)
- **Lot characteristics** (size and shape, landscaping considerations, home orientation)
- **Life at home:** Take children, pets, live-in parents and others into consideration
- **Trade-offs:** If you can't find what you want, how much are you willing to invest to pay for improvements? Are you willing to consider other neighborhoods that offer better affordability?
- **Resale:** How long do you plan to live in this home?

STEP 4: Search for Your Home

Your ABR can direct you to helpful sources of information for evaluating neighborhoods (although due to [Federal Fair Housing Laws](#), they can't tell you *everything* you want to know). When evaluating a neighborhood, keep the following in mind:

Neighborhood Profile: Research population density and level of commercial development

Household Data: Family type, average household income and homeowner education level/occupation

Crime Rate

Quality of Schools

Amenities (i.e. shopping, transportation, parks and recreation, restaurants, nightlife, etc.)

After selecting a neighborhood, it's time to view houses! You can view homes on your own (at Open Houses, for example) or with help. Remember that your ABR will help you refine your search if you can't find what you're looking for. To get started, I suggest searching my website on the [Home Search page](#) to find your next home. Another great resource is [REALTOR.com](#). This site provides online information on millions of properties, neighborhoods and other topics.

STEP 5: Negotiate Terms

You found your home. Now it's time to make an offer. Lucky for you, your ABR can provide valuable assistance on this regard--counseling you on market conditions, price ranges and negotiation strategies.

How do I start to negotiate? First, your ABR will perform a [comparative market analysis](#) (CMA) on the property. This will give you a better sense of whether the seller's listing price is higher or lower compared to other properties.

How do I make an offer? An offer must be a written contract. Your ABR will help you use a standard form that is up-to-date with changing real estate laws. Your ABR will also help you structure your offer and negotiation strategy. Purchasing offers contain a lot of information. Keep in mind that the more you demand, the less favorably the sellers may look on your offer.

What about contingencies? A [contingency](#) is a term that must be met for an offer to become a binding contract. They always weaken the offer, but some are considered normal.

What about earnest money? [Earnest money](#) is a cash deposit you make when submitting your written offer on a property to show your "good faith".

What are seller disclosures? Many areas require sellers to disclose any known material defects. Be sure to ask just in case. Read and understand all documents.

What if there are multiple offers? Don't panic and immediately withdraw your offer. It is quite possible that you have submitted the winning bid. Stay involved for at least one round of negotiations, but also establish your maximum price.

What can a seller's response be? A seller's response will either be:

- **Accept:** You will have a binding contract as soon as you are notified of the offer's acceptance.
- **Reject:** You are released of any obligation. The sellers cannot change their minds.
- **Counteroffer:** A seller may present a written counteroffer that includes the changes they want to make. You are free to accept, reject or make a counteroffer to their counteroffer.

STEP 6: Obtain a Mortgage

Securing a [mortgage](#) is oftentimes more complex and more expensive than a consumer may realize. That's why it's important to be organized and find a competent mortgage loan officer. Your ABR ([Accredited Buyer's Representative](#)) has already helped other buyers work through the mortgage application process and can also provide valuable assistance.

How to obtain a mortgage:

1. **Apply for a loan:** Your ABR can help you understand the pre-application steps, the information your lender needs, the decisions you will have to make at application, the application costs and the application legal requirements.
2. **Closing costs and The Truth In Lending Statement:** Mortgage costs include appraisal and points (a fee based on the amount of the loan). Depending on the loan, you may also be required to pay for mortgage insurance. To help you see everything you're paying for the length of the mortgage, you will receive a [Truth in Lending Statement](#), which is a good-faith estimate of all of the costs associated with the mortgage.
3. **Application and lender requirements:** Includes social security number, date of birth, photo identification card, paycheck, W-2 or 1099 tax form, employers, accounts, current assets, liabilities, current and previous addresses, sales contract.
4. **Special situations:** Lenders may require additional information if you are: self employed, compensated on a commissioned basis, separated or divorced, social security/pension/disability/any form of public assistance benefits considered as income, bankruptcy/foreclosure or any judgments against you in the past 7 years, [Department of Veterans Affairs \(VA\) Loan Application](#).
5. **Other considerations:** Be sure to consider points and rate options and keep in mind that your financial position must be the same at closing as it was when you were approved (don't buy a new car or purchase anything major!).
6. **Obtain homeowners insurance:** Before closing, your mortgage will require you to obtain homeowners insurance. Costs and coverage will vary.
7. **Escrow accounts:** Decide if you want to pay your property taxes and homeowners insurance policy on your own or if you would rather wrap them into your monthly mortgage payments.

STEP 7: Prepare for Closing Day

Many important details must fall in place before you close on your home. Your ABR will help you stay on track. The most important details include:

- Completing a home inspection
- Requesting an attorney review
- Finalizing your mortgage
- Getting ready to move
- Attending a final walk-through
- Preparing to pay closing costs



STEP 8: Close

The actual, legal transfer of ownership is called [closing or settlement](#). Participants of the closing usually include:

- You, the buyer
- The seller
- The closing agent, the title insurance representative and the escrow agent (one person may fill all these roles)
- The real estate agents
- Attorneys for the buyer and seller*

During the meeting, you'll sign many documents including:

- The closing statement
- The mortgage papers
- A Truth in Lending Statement
- Any additional documents required in your state

Be prepared to provide your payment of closing costs, proof of insurance and approval of inspections, too!



*In Missouri & Kansas, attorneys are not directly involved in the closing of your purchase. Unless you personally hire an attorney to handle the purchase, a Title Company will settle the closing.

STEP 9: Move

You found your home! The contract has been signed! The closing date is set! Now it's time to move. Be sure to plan for the moving day well in advance with these helpful tips:

Determine cost of moving: Many people are surprised by the variety of expenses associated with moving, including packing materials, utility connections, insurance, cost of movers, truck rental, etc. You can eliminate or reduce these costs by investigating moving companies, estimating moving costs and making a moving checklist.

Moving coverage: Before you select a mover to help you, confirm that the company is insured and provides coverage for your belongings. Three of the most common forms of insurance coverage are basic liability, declared value protection or actual cash value and replacement value.

Packing tips:

- Begin packing as early as possible
- When packing, go room by room
- Make a list of what's in each box
- Label all boxes by room
- Cushion the bottom and sides of boxes
- Pack heavy items in smaller boxes
- Packed boxes should not exceed 30 lbs
- Fill you washer/dryer with clothes, linens and light items
- Wrap and secure cords
- Use rope or elastic to secure doors and drawers
- Let the children help!

Take a look at an [online moving checklist](#) to help guide you too!

STEP 10: Celebrate!

Congratulations!

You've worked hard to achieve your dream of homeownership. I would like to wish you many years of happiness in your home. Cheers!

Produced by



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Want to find your new home?

*Contact me, Todd Ohlde, your Accredited Buyer's Representative today!
Visit www.toddohlde.com to get in touch with me and my team.
Looking forward to finding you the home of your dreams!*

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