

Everything you need to know from start to finish

How to Buy



a Home





IT'S OKAY TO NOT KNOW WHAT TO DO

Buying a home could be the biggest financial investment of your life. It's important to approach buying a home with clarity, understanding, and wisdom. That is why we created

this guide to help you lay a foundation of knowledge that will help you through each step of the process, no matter what kind of home you buy!

At The Joyful Roberts Group, our mission is to educate and support you throughout the home buying process. We hope this guide gives you the ability to move forward in confidence.

WARMLY,

DANIEL, JOHN, AND KAREN

GLOSSARY

APPRAISAL

A professional appraiser determines the value of the home.

CASH TO CLOSE

Total amount of money needed at signing to close on a home. Typically down payment plus closing costs and prepaid items (like taxes, HOA)

CLOSING

The loan is funded by the bank and recorded with the county; occurs after signing.

CLOSING COSTS

Costs that are incurred as a result of the sale (ex: title, lender, appraisal fees)

COMPARATIVE MARKET ANALYSIS (CMA)

Your agent will compare properties to determine an appropriate offer price based on comparable properties.

DOWN PAYMENT

The amount of money the buyer will pay out of pocket towards the loan.

EARNEST MONEY

A deposit to go towards the seller if buyer is unable to complete the contract for sale.

ESCROW

A third party that facilitates the transaction and holds all documents and deposits until closing.

HOME OWNERS ASSOCIATION (HOA)

A governing body within a housing area that oversees community regulations, common spaces, and determines allocation of HOA dues.

LENDER

The mortgage broker handling all aspects related to the loan during the transaction.

MORTGAGE

A debt instrument where a piece of property is used as collateral for a loan. The buyer is required to pay this back with a predetermined number of payments. Most people use this term to refer their home loan.

POSSESSION

The date and time the buyer is granted access to their new home. Typically 5pm on date of closing unless specified otherwise.

PRINCIPAL, INTEREST, TAXES, INSURANCE (PITI)

Principal is the amount of the loan, *interest* is the amount paid for borrowing the money, *taxes* are the property taxes, and *insurance* is the private mortgage insurance that protects the lender if you paid less than a 20% down payment.

PRE-APPROVAL LETTER

A document from a lender showing that a buyer is approved for a specific loan and purchase price.

SIGNING

The process where the buyer and seller separately sign all documentation related to the purchase of the home.

TITLE

Refers to the title of the home signifying home ownership. Title can also refer to the company that handles escrow and works to transfer the title to the buyers.

UNDERWRITING

The process where a lender assesses the risk of the borrower and decides on type loan coverage.

START SAVING

Before you start house hunting you want to make sure you have enough savings. Knowing your price range can help you figure out the finer details of your savings plan. If you don't know what you could afford, talk to a lender (pg 6).

Your down payment will depend on your loan type. Different loans require different down payment

amounts. Typically first time home buyers put around 3-5% down for their first home.

Closing costs will cover fees related to title, lender, appraisal, and other costs.

Having enough finances to cover these costs will save you from stress down the road when it's time to close on your home.

Your savings plan should include savings for:

Down Payment
(Typically 3-20%)

Closing Costs
(Around 2.5% *unless covered by seller)

SAVINGS EXAMPLE

\$600,000

Offer Price

\$30,000

5% Down Payment

\$15,000*

Closing Costs

\$45,000

Total Saved



Insider Tip

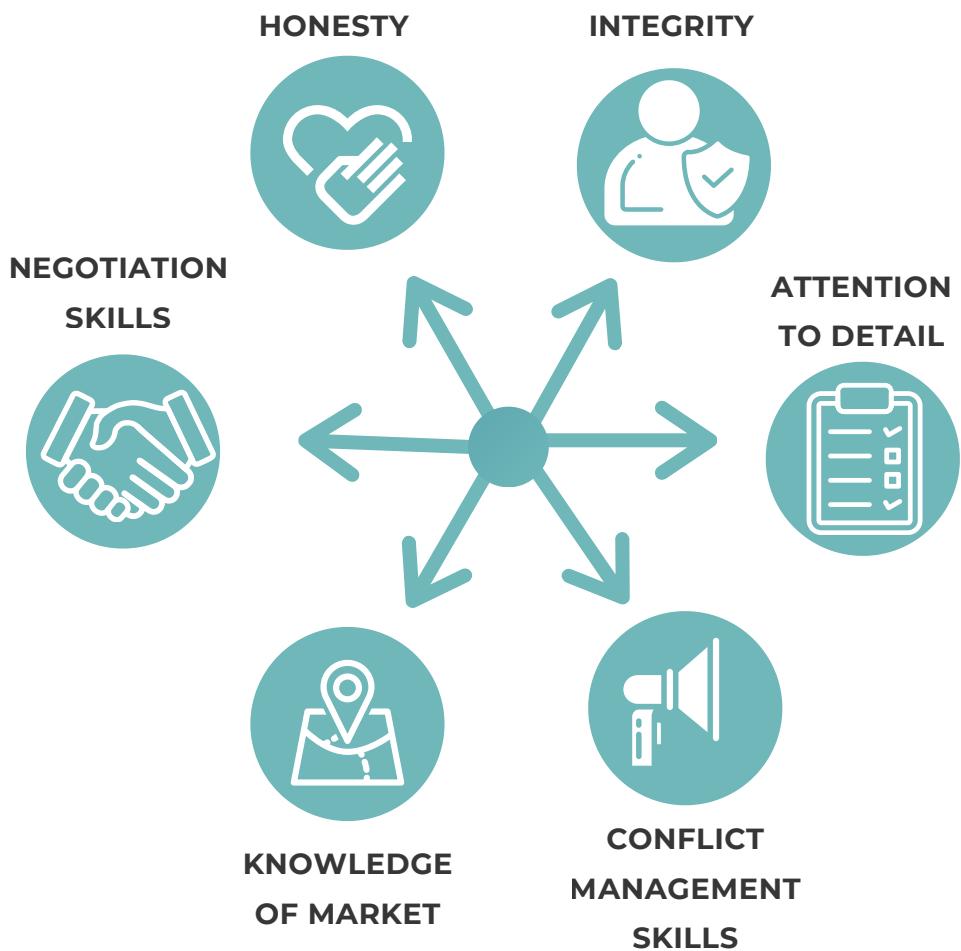
First time homeowners may choose to use a *First Time Homeowner Savings Account*. These accounts are tax-free, meaning you can put money in without that income being taxed by the government. It can also help to keep your savings from being spent!

FIND AN AGENT

"A team is not a group of people who work together. It's a team of people who trust each other."

SIMON SINEK

Real estate agents come with a variety of skill sets. Look for these qualities when interviewing your local agents—



Real estate agents discreetly handle all of the behind the scenes interactions with the large amount of people involved throughout the process. Agents with high social skills have been known to get their offer chosen because the seller's agent knows that a good-natured agent will make sure the deal goes through with the least amount of drama with all who are involved.

SET A BUDGET

You may know the average price range you can buy in, but you also want to think about your total monthly expenses that will take place after you own your home. What you can afford each month could impact where you choose to live. For example, a home with a price that is within your range might actually not be affordable because of a high tax rate in that area.

WHAT TO BUDGET FOR

- Monthly Mortgage Payment
- Private Mortgage Insurance (PMI)
- Homeowners Insurance
- Property Taxes
- Homeowners Association Dues (HOA) - If applicable
- Utilities
- Maintenance (preventative and emergency)



Insider Tip

Online mortgage calculators and home search sites are notorious for estimating low monthly payments. Look closely at the data provided. It will often give an estimate based on a 20% down payment and no PMI.

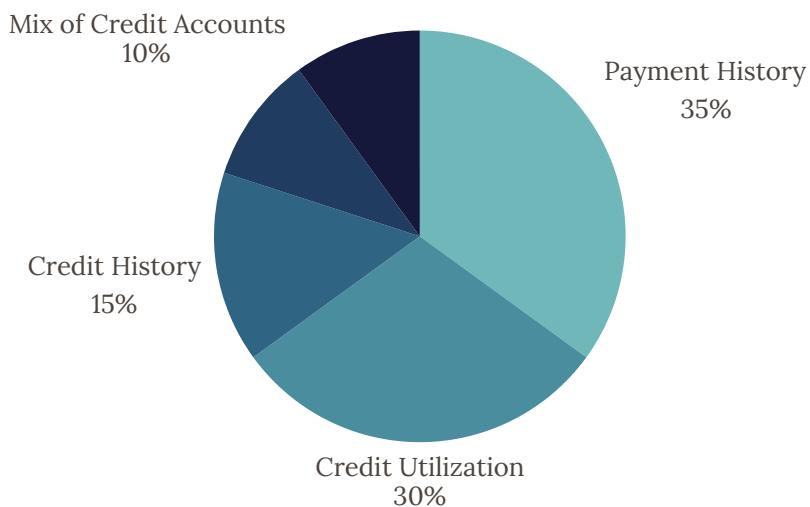


CHECK YOUR CREDIT SCORE

Your credit score is one of the primary ways for a lender to determine your risk as a borrower. If you have a bad credit score, you are seen as a liability and will have to pay more to borrow money. This translates into higher interest rates and therefore higher monthly payments.

There are quite a few ways to view your credit score and many banking apps will allow you to see your score. If your score is above 780, you'll most likely get the best rates. However, if your score is lower than 780, you'll want to see if there are ways to raise it before buying a home.

CREDIT SCORE BREAKDOWN



This process can take several months, so check your score well before you buy a home and stay up to date with it. Lenders often have a list of programs to help get your credit up. Call a trustworthy lender to see how you can start working on your credit score now. Your real estate agent may also have excellent referrals if you are not sure where to start.



780

A credit score at or above 780 typically gets the best interest rates

FIND A LENDER

Before purchasing a home you will need to have a lender or bank verify your ability to purchase a home. While it's possible to get pre-approved using an online portal or company, we always encourage first-time homebuyers to meet with a lender in person (if possible) early in the process to discuss your financial situation. Some lenders take the time to discuss all possible options and provide a loan option that works best for your specific scenario. That is the kind of lender you want! Some lenders give

very attractive loan estimates to draw in customers, but once under contract, the amounts may go up. This can be avoided by working with a lender who will be upfront about realistic costs. Most importantly, a good lender will also discuss in detail home buyer loan types and programs that you could possibly qualify for. Meeting with a lender ahead of time gives you the advantage of getting pre-approved (next page), so that you are at an advantage over other home buyers.

Common Loan Programs

CONV.

Conventional
Loan

Typical Minimum
3% Down Payment

Good for people
with good credit,
most used loan
program, not as
strict

FHA

Federal Housing
Administration
Loan

Minimum 3.5%
Down Payment

Good for people
with lower credit,
PMI for life of loan

USDA

United States
Department of
Agriculture Loan

Minimum 0%
Down Payment

Good for some
home buyers in
rural areas, stricter
loan program

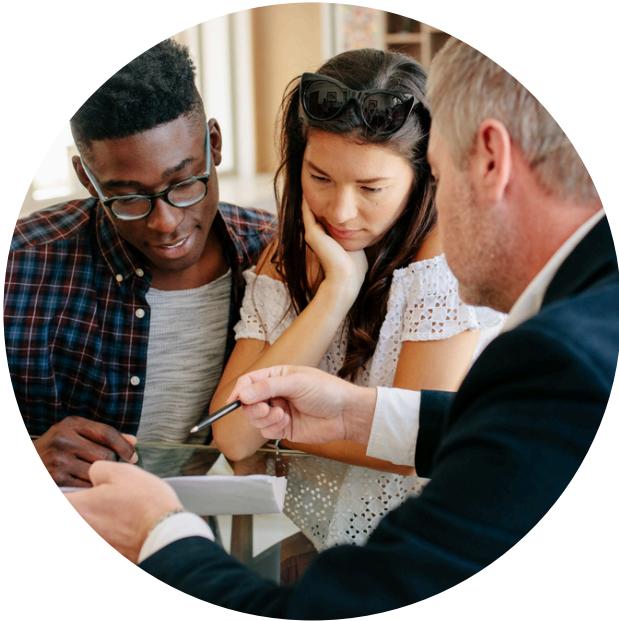
VA

Veterans
Association Loan

Minimum 0%
Down Payment

Great for Veterans,
strict loan program
requirements

GETTING PRE-APPROVED



Getting pre-approved *before* searching for homes can save you time because you know how much you are qualified to purchase and sellers will take you seriously knowing you can afford their home. A pre-approval letter typically states information related to the loan such as who is the borrower, the lender, the loan type, the purchase price, interest rate, the length of the loan, and the expiration date of the preapproval letter.

THE PRE-APPROVAL CHECKLIST*

- State Issued Identification - Driver's Licence, Passport, etc
- Proof of Residence - current address, rental history, etc
- Credit Information - mortgage statements, student loan docs, etc
- Letter of Explanation - If late payments have impacted credit
- Bank Account Information - Most recent bank statements
- Divorce Statements, Child Support, Alimony
- Profit and Loss Statements - for Self-Employment
- Monthly Expenses - anything not included in other documents
- Gift Letters - If another person is supplying a financial gift
- Property Tax Bill - If you already own property
- Retirement/Investment Account Statements
- Tax Returns - Form 1040
- W-2 or 1099 Forms - Within the last two years
- Bankruptcy and Foreclosure Statements

*Your lender may request more, less, or different documentation.

SEARCHING FOR HOMES



Now is the time to tour homes! A helpful agent will ask for your "wants and needs" (see page ten for example questions) ahead of time so that they can look for homes that fit your dreams and your budget.

After searching for homes on their real estate agent database (with more information on the home than public home search sites) and combining the info with what you find online...they will start scheduling home tours!

Your agent will carefully choose a handful of homes per outing that match your desired property description. They will create a clear, concise schedule that will help you see a variety of homes without causing you to be exhausted from extensive home touring.

Check out the "Tips for Tours" to keep in mind before you head out!

TIPS FOR TOURS

1

BE CLEAR WITH WANTS/NEEDS

Spending time touring 100 homes may sound enjoyable at first, but after about ten or so you start getting tired of the constant home visits. Being clear with your agent about what you want and need will help them narrow down the search right away to homes that will actually fit what you are looking for.

2

KEEP TOURS TO 2-4 A DAY

You want to remember the details of what you do/don't like about each home you see. Stick to 2-4 at a time to keep from burning out and to help with detail retention. Seeing too many homes in a day will make it hard to remember the details for each home.

3

REMEMBER THERE IS MORE THAN MEETS THE EYE

It's important to look past just aesthetics and look for deeper issues with the home like your agent will be doing. Keep an eye out for water damage, foundations issues, poorly done renovations, among other issues that could crop up.

WANTS & NEEDS QUESTIONNAIRE



WANTS

Qualities you would like to have in a home. However, if a home meets your "needs" you will be willing to choose a home without all of these qualities.

NEEDS

Qualities that are non-negotiables.

YOU MAY BE ASKED THESE QUESTIONS (OR VARIATIONS):

1. What about owning a home is most important to you?
2. What kind of home are you looking for? (Single family, town homes, condos, etc.)
3. What is your price range?
4. How many bedrooms?
5. How many bathrooms?
6. Where would you like your home to be? (Specific cities, neighborhoods, views, etc.)
7. How do you see yourselves spending the majority of your time in your home?
8. What about owning a home is most important to you?
9. What rooms are most important?
10. What kind of lot would you like? (size, features, slope, etc.)
11. Would you like your home to be move-in ready, a remodel, or somewhere in between?
12. What are 3-5 must-haves for your new home?
13. Is there anything else we should know about the kind of home you're looking for?

MAKE AN OFFER



Your offer will be written in a binding contract that will include information like the purchase price, earnest money, etc. Your agent may do a CMA to help you determine a competitive and reasonable purchase price. To complete your offer, your agent will most likely use the state's pre-written real estate forms, so no need to worry about forgetting to include important legal details!

OFFER BASICS

Offers will include the following details:

- Purchase Price
- Earnest Money Amount
- Down Payment
- Seller Credits
- Inspection details
 - Closing Date
 - Loan amount
- Expiration Date of the Offer

POSSIBLE ADD-ONS*

A letter: Best way to personalize an offer and tell how much you love the home

Early close date: If possible for your loan

Shorter inspection period: Shortens up negotiations

Larger Earnest Money Deposit: Shows the seller

you are a serious buyer



BUYER'S MARKET

A buyer's market is when there are more homes than there are buyers. In this type of market homes are often on the market for longer periods of time and sellers are often more eager to get their home sold. In this case you— as the buyer— have the possibility of making specific requests in your contract that can benefit you. You may request: lower purchase price, closing costs, a home warranty, longer inspection period, etc.

SELLERS MARKET

A seller's market is when there are more buyers than there are homes. Oftentimes this is referred to as a housing inventory shortage.

In this case there could potentially be multi-offer situations where your offer will be competing against others. In this case, you— as the buyer— would want to keep your offer as simple and attractive as possible. Adding the "additional add ons" shared on *Make an Offer* (page 11) may help your offer succeed in multi-situations.

COUNTER OFFER NEGOTIATIONS

The seller may want to accept your offer, but may also want to make changes to the contract. In this case, you will enter negotiations. The seller will make their desired changes and will send you back a counter offer. You could accept the counter, send another counter, or back out of the offer all together. You can go back and forth until one party accepts or backs out.



INSIDER TIPS OF NEGOTIATION*



EXPRESS YOUR NEEDS

Be clear with what you want. Flexibility is important, but all parties need to know what you really need.



ASK GOOD QUESTIONS

A quality agent will ask the seller's agent lots of valuable questions to figure out the seller's needs and areas of flexibility.



LISTEN

As your agent explains the perspective of the seller, listen attentively to have a full scope of the negotiations.



LOOK FOR WIN/WIN

Work with your agent to find things the seller is happy to give up. A happy seller makes for an easier time during the deal.



TRY TO KEEP FEELINGS OUT

Emotions can get in the way of logical reasoning. Try your best to keep peace as you navigate the negotiations.



HAVE PATIENCE

There may be a lot of back and forth. Having patience throughout the process helps the conversations stay open and fluid.

*YOUR AGENT WILL HANDLE COMMUNICATIONS AND NEGOTIATIONS, BUT THESE TIPS CAN HELP YOU WORK TOGETHER TO FIND A SOLUTION.

EARNEST MONEY

Earnest money is a deposit made to the seller to show you are making an offer in good faith. This deposit is held by escrow to go towards the seller in the event you are unable to fulfill your contract.

Depending on the market, buyers may choose to provide 1% or more of the purchase price for an earnest money deposit. Others may choose to put an amount not dependent on the purchase price.
(ex: \$1,000).

Thankfully, once the contract is fulfilled, your earnest money goes towards your down payment!

Your earnest money needs to go into escrow within three days of your offer being accepted.

INSPECTIONS

The inspection window begins the following business day after the offer is accepted. Typically, this is a ten day window. Within this time all inspections and negotiations must be completed. You choose the inspections you want and pay for them out of pocket. Inspections are typically the only item not included in closing costs, and usually cost between \$500-\$700. If there is anything discovered you do not feel comfortable with you can legally back out of the contract (within the ten day window) and get your earnest money back. You may also choose to negotiate repairs.

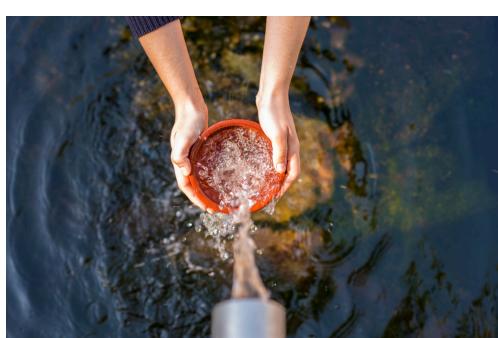
COMMONLY USED INSPECTIONS

GENERAL HOME INSPECTION



This inspection takes a deep look at the entire house including the attic and crawl spaces. Home inspectors will make sure everything is up to code, check for water damage, and inspect all systems, among many other observations.

SEWER OR SEPTIC & WELL INSPECTION



Whether you get a sewer or septic and well inspection will depend on whether the home has its own water and sewer system or is connected to the city. In any situation, the inspectors will make sure each system is functioning properly.

RADON INSPECTION



Radon is an invisible gas that may be present below the foundation of a home. A radon testing tool will be placed in the home to determine the levels present. Anything above the EPA limit will need to be fixed immediately with ventilation systems.

INSPECTION NEGOTIATIONS

Once you receive your inspection reports you can work with your agent to negotiate which repairs the seller will pay for. All negotiations must be completed within the ten day inspection window. The seller may wish to pay towards closing costs rather than deal with handling repairs.

Review page 13 for negotiating tips!

“ Negotiation in the classic diplomatic sense assumes parties more anxious to agree than to disagree.

DEAN ACHESON

APPRAISAL

Your lender will hire an appraiser to make sure that the loan they are issuing matches the value of the home.

An appraiser will perform a visual inspection of the condition of the home, as well as look at similar homes that have sold recently. If the value of the home is less than the offer price, the contract is void until both parties renegotiate a new offer price or the buyer pays a larger down payment. Depending on the lender, the appraisal may be paid for out of pocket or as a part of closing costs.





SIGNING

Until a contract is signed, nothing is real.

Typically, the buyer signs all of their documents the day before closing. This is important to remember because many first time buyers confuse signing day with closing day. Signing documents usually takes about an hour and often requires taking time off from work unless you pay for a mobile notary. The process involves signing dozens of forms in a stack of papers about two inches thick.

Remember to bring a government issued form of identification!

WHAT YOU WILL BE DOING

- Signing all documents related to the loan
- Cost reconciliation and paying "prepay" costs (taxes, insurance, interest)
- Sign all documents related to home ownership
- Discuss next steps with the escrow officer

Insider Tip

When possible, it's good for the real estate agent to be at the signing in case there are any issues or questions that come up.

CLOSING

Closing occurs when the buyer and seller have signed all documentation, the loan is funded, and the title is recorded with the county under the buyers name. For this reason, closing is often referred to as "recorded and funded." The title company takes care of this process and it usually happens the day after all documents have been signed. Once the deal is recorded and funded, you are officially owners of your new home!



YOU DID IT! YOU OWN YOUR HOME!

The contract usually states that possession of the home is to occur at 5pm on the day of closing, but sometimes it's possible to move in earlier.

Although the sellers are required to leave all keys behind, it's a good idea to change your locks once you move in. It's possible that the sellers could keep a key or may have given keys to someone else while they lived there.

NOW IS THE TIME TO CELEBRATE AND MOVE IN!

REACH OUT TODAY FOR A **FREE** CONSULTATION!

WHAT WE OFFER:

- Expert Advice and education throughout entire transaction
- Pricing advice and purchase offer strategies
- Strong negotiation skills
- Excellent communication and support from our entire team
- Recommendations to over 100+ trusted professionals
- Excellent Service and attention to detail
- Ongoing support after the sale closes with periodic check-ins
- Free access to HomeBot home finance tool with personalized home value updates
- Annual real estate reviews to help monitor home value and equity
- Support from the largest brokerage in Oregon
- Plus so much more!



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