



# STEP BY STEP

## GUIDE TO HOME BUYING

### **Step 1: Select Your Realtor®**

Building a solid relationship with a Realtor® is critical to a successful home purchase. Your Realtor® will work closely with you to understand the market, focus on key neighborhood characteristics, identify purchase options that meet your needs, and find you the perfect home. Professional Realtors® have unique market knowledge and understand both the housing market and the home buying process.

### **Step 2: Find the Perfect Home**

You and your Realtor® will establish multiple criteria for your home purchase goals: bedroom and bathroom count, square footage, school district, neighborhood, commute distances, and much more. The more precise you are in setting your goals, the more focused your Realtor® can be in the home search process. Ultimately, you and your Realtor® will work to find the home that best matches your goals so that your Realtor® can make the home seller an offer on your behalf.

### **Step 3: Determine the Seller's Motivation**

Not all homes are alike, and not all sellers are selling for the same reason(s). Your Realtor® will work to uncover the “story” behind each property before presenting a purchase offer. The goal is to help you leverage your purchasing power and make the most attractive offer you can.

### **Step 4: Drafting and Presenting the Purchase Offer**

Once you have decided to make a purchase offer, your Realtor® will draft a purchase agreement on your behalf. The offer will need to be specific, so your Realtor® will work with you to understand area home values, customary practices for fees and charges, and contingencies you can establish to protect yourself in the transaction. By this time, you'll need to have been pre-qualified or pre-approved for any purchase financing, and your Realtor® will include financing requirements (e.g., property appraisal) in your offer. Along with the offer, your Realtor® will ask you to prepare a check for an “earnest money deposit” (or “EMD”), usually ranging from 1% to 3% of the purchase price (note that the funds won't be withdrawn from your bank account until the offer has been accepted).

### **Step 5: Seller's Response**

Your Realtor® will present your offer to the seller (and the seller's listing agent) and will make the case for why your offer should be accepted. The seller may accept your offer, reject your offer, or counter your offer by asking you to change your original offer in some way. A professional Realtor® is expert in the negotiations that often occur at this stage in the home purchase process. His/her goal is to help you and the seller reach an agreement that you feel good about.

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### **Step 6: Escrow**

Once you and the seller have entered into a final agreement that meets both of your terms and requirements, your Realtor<sup>®</sup> will open an escrow with a licensed escrow company to handle the financial and documentation aspects of your home purchase. At this time, your earnest money deposit (or “EMD”) will be sent to the escrow company – all funds associated with your purchase (either held, received or disbursed) will be handled by your escrow company.

### **Step 7: Contingency Period**

The completion of your home purchase may be contingent on several requirements: a physical inspection of the property, the approval of your purchase loan, the review and approval of a preliminary report from the title company, the lender’s appraisal of the property to verify value ... The duration of your “contingency period” (that is, how long you have to complete all of the contingency requirements) will have been set in your purchase agreement. During this period, your Realtor<sup>®</sup> will work with escrow, with the listing agent and with your lender to address all requirements and issues.

### **Step 8: Insurance**

Prior to the close of escrow, you’ll need to have property insurance in place to cover your new home. Your Realtor<sup>®</sup> will work with your escrow officer and insurance agent.

### **Step 9: Down Payment Funds**

Prior to the close of escrow, you’ll need to make any additional deposits required by your purchase contract. Your escrow officer will give you a complete accounting of your home purchase, detailing the specifics of your purchase loan (if any), all transaction fees, and the deposit you need to make. All deposits should be transmitted by wire – and you should always speak personally with your escrow officer to confirm wire instructions before sending any funds.

### **Step 10: Close of Escrow**

Your escrow officer will arrange for a notary public to meet with you to sign all loan, purchase and closing documentation once all of your purchase contingencies have been met. After you sign all of the required documents and deposit any funds due with escrow, your lender (if applicable) will fund your purchase loan to escrow. The County Recorder’s Office will then record the grant deed that transfers ownership of the property, and you will become the proud owner of your new home!