

INTRODUCTION

Buying your first home is an exciting milestone, but it can also feel overwhelming. This guide is designed to walk you through every step of the process, from understanding your finances to closing the deal. After reviewing, you'll know exactly where to start, and where to make up some ground. What's a mortgage term? What if I don't know where to find a lender, inspector, appraiser, closer? What if I don't even know what those terms mean? Don't worry. As your Realtor®, that's what my job is all about. I have all the connections you need from start to finish right in my rolodex. If you're familiar with some of these steps, feel free to skip around! This guide was made for you to utilize. There is no quiz at the end of it.

ASSESSING YOUR FINANCES

This is the time to be real with yourself. How much are you making? How much are you spending now for rent or current mortgage? Is this a comfortable number? Could you stretch it a bit? Where may you need to cut back? These are all questions that nobody likes to think about, but are important to answer so you know exactly what you're getting yourself into.

- **Understand Your Budget:** Calculate how much house you can afford based on your income, debts, and expenses. It's also a good idea to sit down and understand where every dollar is currently going.
- **Check Your Credit Score:** A good credit score can help you secure better mortgage rates. There are free ways to increase your credit score - Reach out directly for more tips. Most banks will let you soft check your credit score at any time with no impact!
- **Save for a Down Payment:** Typical down payments range from 3% to 20% of the home's price. This is highly dependent on the situation. There are no "rules" for what a down payment needs to be. It's all about what is right for you and your financial situation. I know that's a wide range. Talk to me to figure out why it may be in your best interest to put more, or to put less down.
- **Factor in Additional Costs:** CONSIDER OTHER COSTS. I can become guilty of this myself, but it's incredibly easy to forget about things like closing costs, property taxes, homeowners insurance, and maintenance. You'll also want to have a few bucks set aside for inspections. They may just save you in the long run! You're going to be a homeowner now and need to make sure you have some extra cash on hand for emergencies. Don't get into a house over your head!

UNDERSTANDING MORTGAGE OPTIONS

A crucial step in becoming a homeowner is setting up a meeting with a loan officer. The reason for this is that unless you're buying in cash, they're the ones with the money. Also, any seller is going to want

a **preapproval** letter proving that you're a serious buyer. Let's get familiar with the most popular different types of mortgages.

- **Conventional Mortgages:** Stable interest rates and monthly payments. These are typically either 15 year or 30 year terms, paid monthly. The right one for you depends on a number of factors like down payment, monthly debts, ability to pay, etc.
- **FHA Loans:** Designed for first-time buyers with lower credit scores and smaller down payments. These options coupled with state grants (severely under-utilized) can get you in a home faster than you may think!
- **VA Loans:** Available to veterans and active-duty military personnel. These loans allow you to put 0% down for a down payment.

Taxes, Interest, and Insurance are bundled into this monthly number and will be balanced and withdrawn for you automatically. Don't forget about HOA fees! Those you'll pay separately with the Association company.

Now that you know what options are available, it will be up to you and your mortgage lender to determine the best fit approach. It's important to compare lenders to find the best terms and rates. Just like anything, one may tell you different information than the other. It's all about who fits with your goals the best. I have many fantastic resources that will make sure you get the best rate!

FINDING THE RIGHT HOME

This is where the fun begins! I will take you on private tours of any home you desire to look at. No, you're not wasting my time by looking at homes. No, you don't have to feel bad for not putting an offer in on the very first house you see. In fact, get a feel for things. What do you like? What don't you like?

- **Make a List of Priorities and narrow it down:** Consider location, size, layout, and must-have features.
- **Research Neighborhoods:** Check schools, amenities, commute times, grocery stores, shopping, and safety.
- **Attend Open Houses:** Visit properties to get a feel for what's available within your budget at no risk or obligation.
- **Searching online:** I have tailored my website to be a one stop shop for all sides of a real estate transaction. Whether you're buying (in this case) or selling, my website has all the resources you'll need.

MAKING AN OFFER

This is exactly what it sounds like. You're ready to play ball with real paper. We'll talk through exactly what our strategy is as well as the contents of your offer.

- **Purchase Agreement and all the legal documents:** I'll take care of all the paperwork for you. We will come up with a strategy that makes for a strong offer. I will read through every line of each contract with you so that there are NO surprises.
- **Contingencies:** Common contingencies include inspections, financing, and bank appraisal.
- **Earnest Money Deposit:** A small upfront payment (typically 1-5% of your down payment) to show the seller you're serious.

HOME INSPECTIONS AND APPRAISALS

If the home is crumbling, or even if there are just minor issues, we'll find out. I have some of the most thorough inspectors in the game to make sure you are fully informed on your purchase.

- **Home Inspection:** Identifies potential issues like structural damage, plumbing, electrical problems, or code violations.
- **Appraisal:** The lender will ensure the home's value matches the loan amount. The bank wants to make sure it's a good investment, too!
- **Negotiate Repairs:** I will use the inspection report to request repairs or adjustments to the price to make sure you're getting the best deal OR talk with you if you decide to walk away from the deal.

THE CLOSING PROCESS

So we're under contract, who actually closes on this thing? That's someone called a closer - makes sense, right? We have some fantastic resources in-house at Coldwell Banker that can help finish this transaction. I've personally worked with them many times and I can truthfully say they make the process a breeze.



Review Closing Documents

The closer ensures all terms and prices match your expectations. This will also ensure the city, state, and county gets their cut.



Secure Homeowners Insurance

Required by most lenders before closing. You will work with your closer to secure this.



Closing Costs

Typically 2% to 5% of the home's purchase price. (We can negotiate these in the offer to lessen the blow)



Sign the Papers

Finalize the transaction and get your keys! The closer will make sure to change the title of the home into your name and you're officially a new home owner!



Who Gets Paid? (And How?)

As of August 17th 2024, real estate commissions look a little different. Mostly, on the paperwork side. Most people however, aren't aware of how everybody gets paid, nor when and when not to sign agreements.

Comissions:

A buyer's agent will negotiate their fee with you before signing any of the paperwork to make your representation official. Representation type, length, and terms of the buyer's contract is all negotiable between you and your agent. You as the buyer will be on the hook for any commission charges agreed upon in the contracts. HOWEVER, even after the settlement with the National Association of Realtors® (which you may or may not have heard about) it is still very common that a seller will opt to pay some or all of the commission for the buyer's side, reducing your obligation. It is important that your Realtor® is up front and transparent with you about these commissions and representation so that there are no surprises. It is then their job to handle all the paperwork and legalities regarding the processing of contracts.

AFTER MOVING IN

You thought the closing table marks the end of the home buying process? Not so fast. These steps are my personal guarantee to you that I'll always go above and beyond for you, even after we've signed on that dotted line.



Set Up Utilities and HOA

Arrange for electricity, water, gas, internet, and other essentials. This can be painful, seemingly wasted time on the phone, but TRUST me, it is far less painful than any of these companies coming after you in the future. And they will.



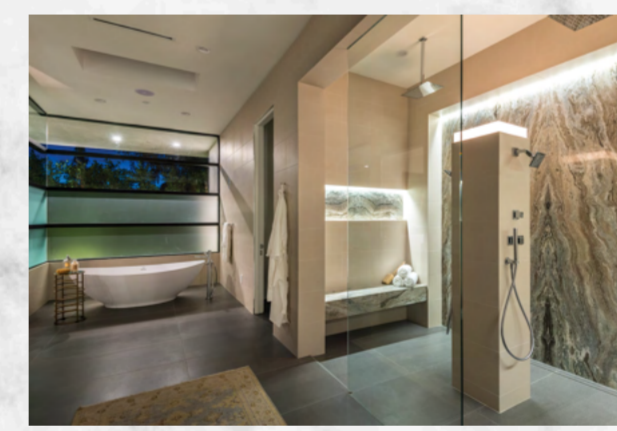
Plan for Maintenance

Regular upkeep prevents costly repairs. Just like putting oil in your car and changing the tires, you'll want to take care of your investment! Make sure the furnace ducts stay clean. Refill your water softener with salt when it gets low. Change the furnace filters. And have professionals out to the home to give their opinions on all your utilities about every 5 years or so. Check for leaky windows and wet basements.



Homestead Your House

This step is very important. If you want to save a bit of money on your next tax season, you'll want to declare your house as Homestead. This just means you are claiming this home as your primary dwelling and you live in the home. It's a common missed step amongst new home owners that lose out on a lot of money. After all, owning your own home is only one of the long standing benefits come tax season.



Homestead Your House

Since you're a new owner on the property, there will likely be scam letters that come to your new address asking you for personal information. They might otherwise tell you that you haven't completed all the necessary steps with the city, closer, etc. REACH OUT! Don't hesitate to validate any of these phone calls, or letters in the mail.

Final Tips

- **Be Patient:** The process can take time. Don't rush decisions. Don't get flustered. Don't get antsy. The right house will come.
- **Stay Organized:** Keep all documents and communications in one place for easy reference. If you don't, I will! It's my job.
- **Don't Feel Alone:** As you may have realized, you have someone on your team every step of the way. You should never feel like you're being left out to dry. Through me, you'll have everybody you need.
- **Ask Questions:** Still have questions? Don't hesitate to seek advice. You will never be a bother and my phone is always on.

OTHER HELPFUL RESOURCES

I don't have all the answers to every one of your questions, I know that. This is as comprehensive as I can get without getting boring and overbearing. There's plenty more to know, so reach out and let's formulate the best plan for YOU.

- **HUD's Home Buying Programs:** hud.gov
- **Mortgage Calculators:** Check out my buyer's page on my website to find a good mortgage calculator.
- **Local First-Time Buyer Programs:** I can talk to you about some popular Minnesota Grants that are available to eligible home buyers. Here are a few resources:
 - <https://www.mnhousing.gov/homeownership.html>
 - <https://www.mnhousing.gov/homeownership/buy-a-home---refinance/homebuyer-education.html>
- **Books and Blogs:** Don't just take my word for it, do some Googling!

THAT'S IT!

Congratulations on taking the first steps toward homeownership! With careful planning and the right resources, you'll soon have a place to call your own. I'm waiting here in your corner for whenever you're ready to take the leap!