

# Home Buying Guide



A family of three—a woman, a man, and a young girl—are sitting on a light-colored sofa in a living room. They are all smiling and appear to be playing video games together. The woman is in the middle, the man is on the right, and the girl is on the left wearing headphones. The scene is dimly lit, with a blue tint overlaid on the entire image.

It's more than a house,  
it's a *home*

It's more than a house, it's a *home*



For most people, purchasing a home is the single largest investment they will ever make. But it's not only about dollars and cents. It's about having a place to call your own, designed to suit your tastes and needs. A place where you can lay down your roots, start a family, grow as a family, and make memories to last you a lifetime. In short, it's about defining your own personal sense of home.

This guide is designed to provide first-time home buyers like you, a detailed look at the home buying process.

### **IMPORTANT QUESTIONS**

Before you start your home buying journey there are two questions you should ask yourself. Hint: your answer to both should be "Yes".

#### ***Do I qualify to own?***

Make sure your finances are in order by obtaining a credit check and general financial analysis from your bank or lending institution. Don't forget about all your options – you may be eligible for loans insured by the Veterans Administration (VA) or the Federal Housing Administration (FHA).

#### ***Is it a good time to buy?***

If you want to own a home, have the funding, and a trusted real estate professional to guide you, then the time might be right for you to buy. An experienced real estate professional will assess the current local market conditions and inform you about your options. As an industry expert, your agent will often find opportunities you never even thought about.



# The road to homeownership

# The road to homeownership



Buying a home will likely be your single largest investment. Such a major undertaking requires adequate research and careful analysis. Sure, there may be bumps along the way, even a couple of pit stops, but the following steps will help make the journey as smooth as possible. Relax you got this!

## **Prep and plan**

An endeavor like this takes some serious thought, preparation and planning. Being sure of the kind of home, features and neighborhood you want ahead of time will be of great help as you start your home search.

And because most of us can't buy a home without financing, now would be a good time to gain a clear picture of your financial situation and exactly how much home you can afford. This will be of value as you research both your housing and mortgage options.

## **Go with a pro**

No one said buying a home would be easy, but it will be a whole lot easier if you have a trusted real estate professional by your side. A real estate agent will be able to assist you every step of the way from your initial property search, to financing, to the negotiation and eventual close. Your agent will also use his or her expertise to help you avoid potential pitfalls and capitalize on unique opportunities.

Contact a real estate professional once you've decided to buy. Consider their local market knowledge, experience and track record when evaluating potential agents.

# The road to homeownership



## Get pre-qualified

To purchase a home, you're likely going to need a loan. Which means you'll want to get pre-qualified for that loan before you even start looking at homes. The pre-qualification process requires connecting with and authorizing a mortgage company to examine your finances and credit history. Your mortgage professional may provide you with a document detailing how much you are pre-qualified to borrow.

## Why pre-qualify?

- You'll gain a better understanding of how much home you can afford
- You'll be taken more seriously when making an offer
- You might discover you qualify for special programs that can help you afford a better home

## Find your dream home

Here comes the fun part – looking at homes! To make your search a successful and enjoyable one, it is crucial that you identify the things you need (must-haves) and the things you want (like-to-haves). Compromise is often necessary. To help target your search and define your top priorities, check out the [Home Search Worksheet on the last page](#).

## Some perspective on the home search process:

- 54% of buyers who used the internet during their home search ultimately found the home they purchased online
- 76% of buyers who used a mobile device to search found their home through a mobile app
- Buyers typically search for 10 weeks and look at 10 homes before purchasing
- 86% of buyers use real estate agents during the home search process

# The road to homeownership



## Let's talk technology

Websites and mobile apps are a valuable tool in the home search process. From photos and video tours to home and neighborhood details, they provide a wealth of valuable information to help you zero in on homes that fit your needs.

But while these technologies play an important role, it is important that you view homes in person. There are aspects of homes that you just can't see online, like layout details, design, and craftsmanship to name a few. Be sure to bring your real estate agent with you as he or she can provide expert analysis and may notice things you would otherwise miss.

## Onto the offer

You found a home and you love it! Love it! Love it! Now it's time to make an offer. Most likely, your state or local real estate association has the proper contracts for transactions in your area. These contracts enable you to specify an offer price and allow the inclusion of clauses specifying various terms of purchase, such as the closing and possession dates, your deposit amount, and other conditions.

Carefully review these clauses with your real estate agent to ensure that they accurately express your intended offer. Remember that your agent is a pro at this and will not only draw up the contract, but also address any questions you have about the offer process.

You've written a nice clean offer with the help of your real estate agent. Now it's time to present it to the seller and/or the seller's representative. What happens next can vary depending on the market you're in, but generally the seller can accept the offer, reject it, or come back with a counter offer thus beginning the negotiation process.

Negotiations can go back and forth between you and the seller with deadlines for meeting conditions. This can continue until a mutual pending agreement is met or the negotiations breakdown. These types of negotiations can be complex and involve many different factors – all the more reason to rely on the expertise of a real estate professional.

# The road to homeownership



## Get your financing

You and the seller have come to terms. Almost there! You now need to return to your mortgage company to hash out the final details on your home loan. This means completing the loan application and finalizing the down payment, interest rate, regular payment schedule and any other financial conditions associated with the closing.

Securing a mortgage can be a complex and confusing process, not having a complete understanding of your financial decisions could come back to bite you. That's why it is imperative for you to work with people you can trust, and having a good real estate professional can make all the difference. See Financing your home - the home loan process on page 10 to learn more about the loan process.

## Seal the deal

Yes, this is really happening. You're buying a home! But before you can move in there are a few more steps to take prior to the closing of escrow.

- **Getting a title search** – you will need a historical review of all legal documents related to ownership of the property to ensure there are no claims against the title of the property. It's also a good idea to purchase Title Insurance for protection in the event of errors in the records or mistakes in the review process.
- **Conducting the final walkthrough** – this is your chance to take a look at the home one last time to ensure it's in the same condition as when you signed the sale agreement.
- **Complete the settlement** - typically, on or shortly prior to the Closing Date, you'll sign all the paperwork required to complete the transaction, which may be done in a meeting with a lawyer, real estate professional, or, escrow agent, depending on your market. The settlement will include paying your closing costs, legal fees, property adjustments and transfer taxes. At that point, you'll receive the property title and copies of all documentation pertaining to the purchase.
- **Jump for joy!** - you are now a homeowner. Congratulations! You'll most likely get the keys at this point as the possession date typically falls within a few days after settlement. Better start packing.



# Financing your home - The loan process



# Financing your home - the loan process



Unless you're swimming in money, paying all cash for your home isn't usually an option. You'll need to find the right mortgage company who can help to find the right mortgage loan products for you.

Take the following steps to help secure a mortgage that fits your needs:

## **1. Do your homework**

There are a wide variety of loan types and programs available through thousands a reputable mortgage company.

Educate yourself about mortgage programs and seek out professional advice from a local mortgage professional.

Websites like [USVeteransHomeLoans.com](http://USVeteransHomeLoans.com), [USVeteransRealty.com](http://USVeteransRealty.com), books, news articles, and seminars can all help you navigate the labyrinth of financing possibilities.

## **2. Be honest about your finances**

As you start to learn more about your loan options, ask yourself how much mortgage and down payment you can realistically afford. Most importantly, be honest with your answer and weigh the risks and opportunity costs.

There's more to your monthly payments than just your mortgage. When calculating your monthly expenses keep in mind all the other factors such as taxes, insurance, home improvements, maintenance, fees, and more. Make a list of these costs and project your financial commitment through the life of the loan. This will provide a realistic figure of what you can afford.

# Financing your home - the loan process



## 3. Find a reputable mortgage company

When shopping for a mortgage you should consider connecting with a mortgage broker. Mortgage brokers provide loan options from many sources through the wholesale channel that offers consumers traditionally lower rates than what retail lenders offer, which can save you a lot of money overall.

Retail lenders desire to capture higher margins which reflect in higher interest rates that they offer to the consumer, and their rates are traditionally much higher than what a mortgage broker will offer.

## 4. Make a mortgage decision

When determining which financing option is right for you it is important to consider the different type of mortgages, rates and terms. Generally, there are two ways to go:

- **Fixed-rate mortgages** have interest rates that remain the same through the life of the loan. This is particularly advantageous if you can lock in a low rate and will protect you against the risk of rising interest rates. This kind of stability also makes budgeting easier. Be mindful, however, not to lock yourself into a high rate. With a fixed-rate mortgage you must also take term length into account. Short-term mortgages such as a 15-year will have lower rates than a 30-year term. While you will pay less interest over the life of a shorter-term loan, your monthly payments will be higher.
- **Adjustable rate mortgages (ARM)** have interest rates that will move up or down in correlation with economic trends. These rates are commonly based on the U.S. Treasury index for a one-year Treasury bill. Lenders usually add 2-4% to the index rate to get their ARM rate. The advantage here is that the initial rate is lower than the fixed-rate mortgage by a quarter point to two points or more. This rate will periodically adjust within set cap limits that are specified by the terms of the loan.

Keep in mind that your credit status will ultimately help determine the loan you qualify for. The better your credit, the better your rates and terms will be. So consider paying off your credit cards and be sure to make all other bill payments in full and on time.

# Financing your home - the loan process



## **5. Ready. Set. Apply!**

You found the house, made an offer and reached a pending agreement with the seller. Now it's time to formally apply for a mortgage. To complete the application your lender will want to know about your household income, job tenure, assets and existing debt as well as your regular expenses. The types of documents you'll need to provide include bank and investment statements, pay stubs, tax returns and other documentation.

At this point the lender will run a credit check, review the various loan options and programs you qualify for and finalize the size of your down payment. If you place less than 20% down, the lender may require the mortgage to be guaranteed by a third party such as the Veterans Administration (VA), the Federal Housing Administration (FHA) or a private mortgage insurer (PMI).

You're about to be making what is likely the largest investment of your life, so don't be shy about asking as many questions as possible. You need peace of mind and if it helps to reassure you, bring your trusted real estate agent along to explain the ins and outs of the mortgage contract.

Lastly, once you qualify for a loan, be prepared for the lender to have the home professionally appraised to ensure that it's worth the purchase price.



# The real benefits of using a mortgage broker

# The real benefits of using a mortgage broker



A professional mortgage broker originates, negotiates, and processes residential and commercial mortgage loans on behalf of the client. Below is a six-point guide to the services you should be offered and the expectations you should have of a qualified mortgage broker:

## **1. Offers access to hundreds of loan products**

A mortgage broker offers a wide range of mortgage loans from a number of different lenders. The greater the broker's experience and network, the better your opportunity to obtain the loan product and the interest rate that best suits your needs.

## **2. Finds the most advantageous deal**

A mortgage broker represents your interests rather than the interests of a lending institution. They should act not only as your agent, but as a knowledgeable consultant and problem solver. With access to a wide range of mortgage products, a broker is able to offer you the greatest value in terms of interest rate, repayment amounts, and loan products. Mortgage brokers will interview you to identify your needs and your short and long term goals. Many situations demand more than the simple use of a 30 year, 15 year, or adjustable rate mortgage (ARM), so innovative mortgage strategies and sophisticated solutions are the advantage of working with an experienced mortgage broker.

## **3. Has flexibility & expertise to meet your needs**

A mortgage broker navigates the client through any situation, handling the process and smoothing any bumps in the road along the way. For example, if borrowers have credit issues, the broker will know which lenders offer the best products to meet their needs. Borrowers who find they need larger loans than their bank will approve also benefit from a broker's knowledge and ability to successfully obtain financing.

# The real benefits of using a mortgage broker



## **4. Saves you time**

With a mortgage broker, you only need one application, rather than completing forms for each individual lender. Your mortgage broker can provide a formal comparison of any loans recommended, guiding you to the information that accurately portrays cost differences, with current rates, points, and closing costs for each loan reflected.

## **5. Saves you money with no hidden costs**

A mortgage broker is offered loans on a wholesale basis from lenders, and therefore can offer the best rates available in the market, typically making the total loan cost lower for the client. A reputable mortgage broker will disclose how they are paid for their services, as well as detail the total costs for the loan, and a retail lender is not required to disclose their revenue that is built into the margin of the interest rate – this is why their rates are generally larger than mortgage brokers.

## **6. Delivers personalized service**

Personalized service is the differentiating factor when selecting a mortgage broker. You should expect your mortgage broker to help smooth the way, be available to you, and advise you throughout the closing process.



**The real benefits of a  
real estate professional**

# The real benefits of a real estate professional



To ensure your home buying journey is a successful one, it's best to obtain the services of a real estate professional, specifically a buyer specialist focused on helping you find, land and finance your dream home.

Buyer specialists should:

- Educate you about Buyer Agency, outlining their professional responsibilities to you, including complete Disclosure, Loyalty, Confidentiality, Obedience and Accountability.
- Help you explore your financing options and, if required, provide you information about mortgage professionals.
- Save you time by regularly searching the market for homes in your price range that meet your criteria.
- Email your desired home requirements to top producing agents in the area so they know they have a qualified purchaser.
- View homes with you and provide comparative analysis.
- Refer you to home inspectors that will provide in-depth observations of properties, if you desire.
- Provide consultation in relation to your written offer to purchase a home, with all terms approved by you.
- Negotiate the best possible price and terms for you and take care of all the documentation details.
- Keep you fully informed about all activities leading to the transaction closing.
- Assist you, if necessary, in finding any home-related services you need.

In short, real estate professionals are the rock stars of the industry. The level of service, advice, expertise and peace of mind they provide is invaluable.

Ready to get started?

Fill out the [Home Search Worksheet](#) to gain a better understanding of the type of home you're looking for. Good luck and happy home hunting!

# The real benefits of a real estate professional



## Must haves

Price Range: \_\_\_\_\_

Area: \_\_\_\_\_

Detached/Attached: \_\_\_\_\_

House styles: \_\_\_\_\_

Age of property: \_\_\_\_\_

Lot size: \_\_\_\_\_

Square footage: \_\_\_\_\_

Number of bedrooms: \_\_\_\_\_

Number of bathrooms: \_\_\_\_\_

Garage: \_\_\_\_\_

## Like to haves

(e.g., waterfront, view, large lot, pool, fireplace, basement, garage size, built-in vacuum, distance to school, additional room preferences, etc.):

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## Additional Comments

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# Home Buying Guide

## Office

[\(800\) 921-9479](tel:8009219479)

## Website

[USVeteransHomeLoans.com](http://USVeteransHomeLoans.com)

## Our Ecosystem

[USVeteransRealty.com](http://USVeteransRealty.com)

[USVeteransHomeServices.com](http://USVeteransHomeServices.com)

[USVeteransMarketing.com](http://USVeteransMarketing.com)

[VATEAM.org](http://VATEAM.org)

## Disclaimer

1. For the Adjustable-Rate Mortgage (ARM) product, interest is fixed for a set period of time, and adjusts periodically thereafter. At the end of the fixed-rate period, the interest and payments may increase. The APR may increase after the loan consummation.
2. Results of the mortgage affordability estimate/pre-qualification are guidelines; the estimate is not an application for credit and results do not guarantee loan approval or denial.
3. Tools and calculators are provided as a courtesy to help you estimate your mortgage needs. Results shown are estimates only. Speak with a Chase Mortgage Banker for more specific information. Message and data rates may apply from your service provider.

All mortgage loan products are subject to credit and property approval. Rates, program terms and conditions are subject to change without notice. Not all products are available in all states or for all amounts. Other restrictions and limitations apply. To learn more about mortgage loan products offered by U.S. Veterans Home Loans, LLC, please visit [USVeteransHomeLoans.com](http://USVeteransHomeLoans.com) for more information. | NMLS # 1904516 | Copyright © 2019 U.S. Veterans Home Loans. All Rights Reserved.