

Step-by-Step Guide to Buying a Home

Can I afford my own home? What type of neighborhood fits my lifestyle? What type of home would be best for me? How much room do I need now? How much will I need in the future? Buying a home can feel like a daunting task, especially if you're a first-time buyer. The skilled Realtors at Cornerstone Real Estate Co can assist you with the many decisions you'll face, help you find the perfect place and recommend other professionals, such as lenders and inspectors, to assist in the transaction.

This guide was created to give you an overview of the steps involved in the home buying process and to help as many people as possible create a meaningful legacy through home ownership. So, let's get started!

CONNECT WITH A LENDER

Before you start the search for your dream home, you need to know your budget. If you're like most homebuyers, you'll be using a mortgage to finance the purchase of your new home. Obtaining a mortgage isn't complicated but there is a fair amount of paperwork involved to get pre-approved and start your home search off on the right foot.

If you have an existing relationship with a financial institution that offers home loans, that's a great place to start. If not, ask friends and family who they recommend. You can also connect with one of us at Cornerstone Real Estate Co – we'd be happy to recommend several lenders including those who specialize in first time home buyer programs.

Once you've selected a lender you feel comfortable with, you'll begin the pre-approval process. Here's a list of items you'll need to get started:

- Identification – a driver's license or state-issued ID card works best here but any sort of government-issued ID like a passport or military ID works too
- Last Two Years of Income Tax Returns – tax returns provide your lender your income history and help establish your ability to pay back the loan
- Last Two Years of W-2 or 1099 Statements – these statements support the financial picture shown by your tax returns and are an important verification step for mortgage underwriters
- Paystubs Covering the Previous 30 Days – paystubs verify your current income and help establish your debt to income ratio

- P&L Statements – these are only required if you're a business owner and your income depends on the operation of the business
- Asset Statements – lenders typically want an idea of your current assets, including balances in checking and savings accounts, retirement/401K/IRA accounts and any investment portfolios you have in order to assess your ability to make payments on a loan
- Copy of Current Mortgage Statement – if you currently own a home and have a mortgage on it, your lender will want to review the terms of that loan

The above list doesn't cover every possible scenario and different lenders may require different documentation but it's a good starting point to begin gathering the paperwork you'll need. Your lender will guide you through the pre-approval process and communicate exactly what's needed at each stage. They'll also recommend a loan type that's best for your unique circumstances.

I'M PRE-APPROVED . . . LET'S LOOK AT HOUSES!

As you progressed through the pre-approval process, no doubt you were thinking about what you'd need and want in your new home, researching neighborhoods and checking out houses for sale online. Now that you've determined your budget and are ready to tour houses with your Realtor, it's a good time to put that information into a house-hunting checklist.

Buying a home is an emotional experience and sometimes those emotions can overwhelm our more objective analysis when house-hunting. And touring multiple homes a day can be overwhelming. Did the ranch on that pretty cul-de-sac have 3 bedrooms or 4? Did the colonial have a first floor suite or were all the bedrooms upstairs? A house-hunting checklist can help you keep track of property features and what's most important to you.

Take a few minutes and think about the questions below, perhaps jotting down a few notes. Then, when you visit a property you can make sure it meets your criteria before you make emotional decisions about it.

House-Hunting Checklist

- What is the minimum number of square feet my new home must have to meet my needs? My family's needs?
- How many bedrooms are needed?
- How many bathrooms are needed?
- Do I need a large kitchen that will serve as a gathering spot or will a smaller galley kitchen do?
- Is a space to work from home needed?
- Is a hobby, playroom or home gym space needed?
- Is outdoor living space important to me?
- What about a garage or pole barn?
- What are three things my new home absolutely must have to be considered an option?
- What are three things that would be nice to have in my new home but aren't necessities?
- What are three things that would disqualify a home from consideration?

Now that you've identified your must haves and deal breakers, let's talk about the Seller's Disclosure Statement. Michigan disclosure laws require a seller to disclose what is personally known about the home, including any imperfections. The Seller's Disclosure Statement will give you insight into the physical condition of the different features of the property, any known problems and any pending legal issues.

Having a trusted Realtor in your corner helps you with all aspects of your home purchase, including reviewing and understanding the Seller's Disclosure Statement, to ensure a successful transaction.

Some important items to take note of include:

- Has there been any sort of water, fire or other damage that may have been concealed by remodeling?
- What is the age of the roof? Most roofs have an estimated 20 to 25-year lifespan. So if the roof is in good condition but 18 years old, it may need replacement in a few years and you'll want to be aware of that to budget for it.
- If there's a septic system, how old is it and how often has it been serviced?
- Is there a farm or farm operations in the vicinity of the property? In our local area of Almont, Attica, Dryden and Imlay City that is often the case. Although not for everyone, it's part of the charm of rural life!

I'VE FOUND THE ONE . . . LET'S MAKE AN OFFER!

Congratulations! You've found the place you're ready to call home and are ready to write an offer. The Realtors at Cornerstone Real Estate Co are experienced in writing offers that win with terms that are compatible with your finances and timing.

Some of the items we'll discuss in writing up an offer include:

- How much are you willing to commit as an earnest money deposit?
- Do you have money set aside for an appraisal gap should one occur or will the offer be contingent upon the appraisal coming in at value or higher?
- Will you ask the seller to cover part or all of the closing costs?
- Is there a minimum property condition you're expecting from your inspection?
- When do you need to close?
- If you aren't taking possession at closing, when do you need to take possession?

I'M UNDER CONTRACT . . . LET'S CLOSE!

You've hit a major milestone and now it's time to get you to the closing table. A lot needs to happen during the 30 – 45 days between the time a property goes under contract and when you're able to close. Your Realtor will be a valuable asset in navigating this phase of the purchasing process. Here's a quick guide of what you need to do and when:

As Soon As You're Under Contract

- Submit your contract to your mortgage lender – your Realtor will email your contract to your lender. You'll confirm there's no other paperwork your lender needs from you to begin the approval process.
- Order title work – your Realtor will initiate the title search process with the title company of your choice to confirm the property's chain of title is free of encumbrances.
- Schedule a home inspection – if you don't have a preferred home inspector, your Realtor will recommend several for you to call. You or your Realtor will schedule the home inspection within the timeframe outlined in your contract.
- Immediately pause any plans for major purchases that would involve changes to your credit – now is not the time to buy new furniture or vehicles.
- Stop all major credit card spending

Three – Four Weeks Before Closing

- Order the appraisal – usually the appraisal is ordered through your mortgage lender. Since you'll need to pay for it upfront, you'll want to wait until after the inspection is done and you're satisfied with the physical condition of the property.
- Confirm your plans to vacate your existing property.
- Begin preparing children and pets for moving day.
- Begin packing off-season items and anything you can live without for the next few weeks.
- Schedule a moving service or recruit help from friends and family.
- Check in with your mortgage lender on the status of your loan approval.

Two – Three Weeks Before Closing

- Confirm your home insurance for your new home.
- Confirm the removal of home insurance for your existing property if applicable.
- Check in with your mortgage lender on the status of your loan approval.

One Week Before Closing

- Schedule a final walk-through of your new home prior to closing – your Realtor will coordinate this and attend with you to confirm the property is in good condition.
- Confirm you're clear to close with your mortgage lender.
- Schedule the closing date and time – your Realtor will coordinate this ensuring all parties are informed and that any mandatory waiting periods between receiving a clear to close and closing are met.
- Review closing statements with your Realtor and order any certified checks necessary for closing.

CLOSING DAY!

- Bring photo IDs for anyone signing paperwork.
- Bring any necessary certified checks.
- Bring a copy of activated homeowner's insurance policy.

I'm a Home Owner . . . Now What?

Congratulations! You've bought a home. There are numerous benefits to home ownership including financial stability, an appreciating investment, tax deductions, freedom to personalize and a sense of belonging in your community.

At Cornerstone Real Estate Co we strongly believe in the benefits of home ownership and our mission includes helping families create a meaningful legacy through home ownership while making the buying and selling of real estate as cost effective as possible.

In order to maximize your investment, we recommend maintaining your home and considering cosmetic updates from time-to-time. Click [here](#) for an annual home maintenance schedule or [here](#) for tips on how to modernize your décor.