

Jim Johnson, REALTOR®
1621 Pat Booker Road
Universal City, TX 78148



Office: (210) 658-0038
Cell: (210) 638-1885
FAX: (210) 658-4426

<http://www.mysanantonioassociate.com>

jimj@mysanantonioassociate.com

The Home-Buying Process

The following is a list of the steps during a residential transaction.¹ Throughout the process, your agent will be making dozens of phone calls and/or face-to-face meetings to follow-up on every aspect of the transaction.

The outline is simplified, but more in-depth explanation is provided in the endnotes.

Initial Meeting With Agent

- Select real estate agent and make a buyer representation agreement²
- Determine needs and wants
- Determine financial eligibility³

Loan Qualification

- Select a lender
- Provide mortgage loan officer with completed Prequalification Worksheet
- Discuss finances with mortgage loan officer
- Obtain prequalification letter

Find a Home

- Select an affordable⁴ property that fits your needs and wants
- Discuss offer with agent and plan negotiating strategy
- Buyer reviews offer and strategy with agent
- Buyer prepares "earnest money" check (typically, 1% to 3% of purchase price) made out to title company
- Buyer prepares "option money" check made out to seller

Present and Negotiate Offer

- Agent presents offer to seller
- Seller accepts offer (Seller can also counter your offer, or reject your offer)

Open Escrow

- Deposit "earnest money" into escrow⁵
- Escrow will order a Preliminary Report

Submit Loan Application

- Meet with mortgage loan officer
- Provide supporting documents⁶

Option Period

- Order physical inspection of property by a qualified inspector⁷
- Review Seller's Disclosure Notice (and other disclosures)
- Evaluate inspector's report and continue (or renegotiate contract if necessary)⁸

Contingency Period⁹

- Obtain loan approval from lender
- Review the Title Commitment (based on the Preliminary Report)
- Order Home Owner's Warranty
- Order homeowner's insurance
- Make appointment with title company for closing the escrow
- Order property appraisal¹⁰
- Perform termite inspection and certification¹¹
- Order survey (per contract)¹²

Closing the Escrow

- Sign documents
- Deposit down payment and closing costs to escrow¹³
- Lender sends balance of purchase price to title company
- Deed is recorded with County Recorder's office
- Agent delivers your keys and you move in (YEAH!)

Endnotes

1. As outlined, these steps apply only if you have a buyer's representation agreement with your agent.
2. Make sure you select an Accredited Buyer Representative (ABR[®]). Agents with an ABR[®] designation are specially trained and have proven themselves to possess the special knowledge and skills to best serve buyers. More critically, without a buyer representation agreement, the agent must represent the seller and will be able only to show houses, help fill in the offer (contract form) and other basic, mechanical aspects of the transaction. No advice or information that will help you make an informed decision will be given, nor negotiating strategy suggested.
3. If buyer has not yet met with a mortgage offer, agent helps pair buyer with a lender. Selecting an agent and a mortgage lender are not necessarily done in the suggested order. It is however necessary to meet with a mortgage lender before looking at houses which may or may not be within your price range.

4. Affordable and qualify are not synonyms. It is possible to qualify for a loan without being able to afford the payments while enjoying a lifestyle. Likewise, it is possible to afford a payment without being able to qualify for it, because you are willing to forgo other wants and needs.
5. Your agent will deposit the earnest money check with the title company, and deliver the option money to the listing agent or seller.
6. It is actually best to provide the supporting documentation earlier in the process, when you first meet with your mortgage loan officer. This generally gives the mortgage loan officer time to get a few days head start on verifying your input. Footnotes 10, 11 and 12 are items you really should have done after mortgage loan officer's processor has finished verifying your input and is satisfied that you will actually receive the loan. They must be paid at the time they are ordered, and are not refundable.
7. This is critical to assure yourself that there are no major defects in the property, and so that you will know what minor deficiencies may exist. This inspection can result in a recommendation that you also obtain an engineer's report and/or a report from a qualified roofing contractor. All these inspections should be completed during the option period in time to terminate the contract and have your earnest money refunded – it is possible however that certain title company expenses may need to be refunded out of the earnest money.
8. Once all inspections are performed, you must decide which deficiencies to accept and which to renegotiate with the seller. Most often, sellers will accept the cost of making repairs on serious deficiencies. It is also important to compare the inspector's report with the Seller's Disclosure Notice. Discrepancies between them can add significant leverage to any further negotiations necessary to satisfy you that you are getting what you are paying for.
9. The Contingency Period is the time-frame stated in the Third Party Financing Condition Addendum, which establishes a time-frame in which to claim a refund of your earnest money if you cannot obtain financing.
10. Appraisals are a “prepaid” item that must be paid when ordered, and you should be reasonably certain that you will receive funding for your loan before ordering it.
11. Termite inspections and Certification are required for VA loans, and are a “prepaid” item that must be paid when ordered. Again, you should be reasonably certain that you will receive funding for your loan before ordering it. If you are ordering it consequent to the recommendation of the inspector, it may be that the contract can be renegotiated to require the seller to pay for it.
12. Surveys are a “prepaid” item that must be paid when ordered, and you should be reasonably certain that you will receive funding for your loan before ordering it. Often though, the seller will have an existing survey that will satisfy the lender and title company requirement for a survey, or the seller will agree in the contract to provide the survey.
13. A cashier's check or money transfer prior to closing date will be required.