

Guide to Buying Your First Home

1. Organize Your Finances

The first step to buying your home is to establish how much money you will need to have saved and what you can comfortably afford to borrow. Buying a house can be expensive. It is important that you have saved up enough beforehand to cover your costs. You will need to pay a deposit/down-payment for the house (minimum 3.5% if you purchase using a Federal Housing Administration mortgage) and, unless the seller agrees to pay your closing costs, you will also need to budget for lender fees, legal fees, title fees, survey fees and other fees that are due at, or prior to, closing.

Before you can start house hunting, you will need to find out how much you can comfortably afford to borrow and pay back each month. Our Mortgage payment calculator will help you get started but another good idea is to get pre-approved for a loan - which means you apply for a mortgage before you actually start looking for a home. That's a smart approach because then you'll know exactly how much you can afford to spend, and it will speed the process once you do find the home you want. To complete a thorough pre-approval the lender will access your credit report and confirm your income. The lender will complete a full review of your current income and expenditure. This will help them determine how much to lend you based on the payments you can afford to make.

After being pre-approved for a loan, a mortgage adviser will spend some time discussing with you your written pre-approval which will provide information about current and future requirements, the mortgage being recommended, the monthly repayment costs and any other associated charges and terms.

2. Start House Hunting

Now that you know how much you can afford to spend on buying your home, you can start house hunting. Contact a Realtor, check local newspaper and websites for details of properties for sale within your price range. Visit as many properties as you can and don't be afraid to go back for a second look or to visit at different times of day. Draw up a checklist before you visit and take a camera with you. Take notes during the visit. It is very difficult to remember all the good Points (and some of the not so good ones), once you have left. This way you can draw comparisons between the properties that you see.

3. Make an Offer

When you have found the property you want, the next step is to make an offer. To make your offer, tell the real estate agent that you wish to buy the house and how much you are prepared to pay. If the seller does not accept your offer, further negotiations may occur, or you may decide to choose a different house.

When your offer is accepted, you will receive written confirmation from the real estate agent.

4. Arrange Your Mortgage

Now that you have chosen your property and agreed a price, you should contact your mortgage adviser and arrange for your loan application to get underway.

You will need to sign a formal application package that contains the information you previously provided and also information about the property you wish to buy. Your mortgage advisor will assist you with this. The mortgage adviser will also work with you to update your credit file and collect any outstanding items/conditions.

Once a property appraisal has been satisfactorily completed, and the final checks on your income and credit are performed, you will be given a formal approval (typically referred to as a commitment). The mortgage adviser will be happy to keep you up-to-date during this process.

5. Real Estate Appraisal and Home Inspection

Before the Lender can agree to your Mortgage, they will obtain a property appraisal, which will help them to decide whether and how much to lend on the property. You will be given a copy of the appraiser's report, but it may not provide sufficient information to help you to decide to go ahead with the purchase.

For your benefit, you may want to consult further with a home inspector. A home inspection is important in analyzing the condition of such things as the electrical wiring, or to investigate the extent of any suspected dampness/water damage.

6. Mortgage Commitment

When the lender has completed all of the checks and everything is satisfactory, they will send you a formal approval (commitment) which confirms that your mortgage loan has been approved. The mortgage commitment includes a full illustration of mortgage costs and terms. A copy will be sent directly to your real estate agent and settlement agent who will then be able to finalize the purchase on your behalf.

Soon you will be enjoying the benefits of home ownership!

To learn more contact:

Loan Resource Partners, Inc. - Borrower-Friendly® Mortgage Solutions

954.888.9796 ext 333

Outside South Florida: 800.889.1921 ext 333

Email: HelpDesk@BorrowerFriendly.com