



## WHAT HAPPENS NEXT????

*Once we've found the home that you want to buy...what happens next??*

### **Before the contract:**

1. Before we start shopping for homes, we will have already gotten your **pre-qualification from a mortgage lender**. We will need to submit that with your offer to show we are a qualified buyer.

### **Writing the contract:**

2. I prepare a comparable market analysis. I look at what has sold in the same neighborhood or area, determine a fair market asking price and write up a contract to purchase with the terms that work for you.

3. All contracts must have an **Earnest Money Deposit**. Be ready to put down an up-front earnest money deposit equal to about 1% of the purchase price (i.e., on a \$250,000 it would be \$2,500) to show that we are serious about this home. With higher priced homes, be prepared for the seller to ask for more Earnest Money. When we go to closing this money gets credited back to you.

4. We will want an **Option Period** to make sure this is the right home for us. This time-period (typically 7-10 days) gives us the option to terminate the contract. For that right, be ready to put down .01% (i.e., \$250,000 home will get \$250 option money) that will go directly to the owner so he will take his home off the market during this period. When we go to closing this money gets credited back to you. If you cancel during the option period, this money is kept by the Seller.

5. The **costs associated with closing for a mortgage are the buyer's responsibility**. However, we may want to ask the seller to help defray and/or pay for your closing costs. According to your price range, seller concessions towards those closing costs could be anywhere from \$0 to \$5,000. We may also ask the seller to pay for your **title policy, survey, and home warranty** for the first year you are in the home, regardless of their contribution to your closing costs. These costs can all be negotiated. Be prepared for a seller not wanting to pay all or any of these costs.

6. We submit the contract and wait to hear back from the seller's Realtor. The seller has three options when they receive your offer. They can **accept, reject, or make a counteroffer**. Be prepared for negotiations to take a few days if we receive a counteroffer.

Kristin Venable, Licensed Texas REALTOR®

Cell: 512.734.6061

Local: 432.279.0601

KristinVenableRealtor@gmail.com

MidlandTXHome.com

Facebook.com/KristinVenableRealtor

Instagram.com/MidlandTXHome

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## **We have an executed contract:**

7. Once all parties agree on terms and sign off, your earnest money check and contract will be taken to a title company. When you close, you can choose: to have your earnest money given back to you at closing, or credited towards closing cost, or go toward your loan.
8. The day the contract is executed, our option period starts the next full calendar day. During this time, it is advised that you **get a home inspection from a licensed inspector**. This cost is up to you. Home inspections can be anywhere from \$400 to \$650. The price can vary by inspector and also my complexity of the inspection. Having a pool or water well inspected can increase this cost. Think of this as a sort of insurance to make sure you are making a wise purchase.
9. Depending on the results of the inspection, we may want to ask the owner to complete a list of **repairs**. Be prepared for the owner to accept our list of repairs, accept some but not all, or to accept none of the repairs.
10. Once the option period is over, we are in it to win it! **You will be in default if you terminate the contract at this point**. The first option for the seller is to keep your Earnest Money. The second will involve a good lawyer. Let's not go there!
11. You need to set an appointment for you to have your **loan application** completed with your mortgage representative and lock your rate.
12. You need to choose a **homeowner's insurance** company. It is advised that you get two or three quotes to make the best decision. Homeowner's insurance is for protection of your home in case of fire, theft, and natural disasters (such as hail damage on your roof).
13. You will need to choose your **home warranty** company. Most have the same coverage at similar prices. This warranty protects you against unforeseen repair expenses in your first year of homeownership.

## **Closing:**

14. Depending on your loan program, you may need to bring a down payment amount. Check with your loan officer for the exact amount before you go to closing. You will need to bring a cashier's check or wire money directly to title.
15. You will need a valid photo ID.

**Move in! Tell your friends and family to call me!**

**I will be with you every step of the way! Even after closing!**

## **BUYER'S TEN COMMANDMENTS**

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Instagram.com/MidlandTXHome

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1. *Thou shalt not change jobs, become self-employed or quit your job.*
2. *Thou shalt not buy a car, truck, or van (or you may be living in it)!*
3. *Thou shalt not use credit cards excessively or let your accounts fall behind.*
4. *Thou shalt not spend money you have set aside for closing.*
5. *Thou shalt not omit debts or liabilities from your loan application.*
6. *Thou shalt not buy furniture.*
7. *Thou shalt not originate any inquiries into your credit.*
8. *Thou shalt not make large deposits without first checking with your loan officer.*
9. *Thou shalt not change bank accounts.*
10. *Thou shalt not co-sign a loan for anyone.*

If you are in the process of buying a home, remember that your credit must not change or be affected in any way until you sign the paperwork and get possession of your new home. Lenders will not only look into your credit when you first get pre-approved, they will check it again (and sometimes again and again) before they let you sign the mortgage. If you want to buy new furniture for your home or change jobs, just be patient. There will always be time to do it **AFTER the closing**.

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[KristinVenableRealtor@gmail.com](mailto:KristinVenableRealtor@gmail.com)

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 <p><b>#1</b> <b>Save for Your Down Payment</b> Create a budget and do your research. There are lots of low down payment options available.</p>	 <p><b>#2</b> <b>Know Your Credit Score</b> Learn your score and clean up outstanding debts like student loans and credit cards.</p>	 <p><b>#3</b> <b>Find a Real Estate Agent</b> Contact a local professional to guide you through the process.</p>	 <p><b>#4</b> <b>Get Pre-Approved</b> Differentiate yourself as a serious buyer and have a better sense of what you can afford.</p>	 <p><b>#5</b> <b>Find a Home</b> Work with your agent to find a home in your budget that meets your needs.</p>
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## 10 Steps to Buying a Home

 <p><b>#6</b> <b>Make an Offer</b> Determine your price and negotiate the contract.</p>	 <p><b>#7</b> <b>Have a Home Inspection</b> Address any hidden issues in the home with the seller.</p>	 <p><b>#8</b> <b>Get a Home Appraisal</b> Ensure the property is worth the price you are prepared to pay.</p>	 <p><b>#9</b> <b>Close the Sale</b> Schedule a closing date once the loan is approved so you can sign the final paperwork.</p>	 <p><b>#10</b> <b>Move In</b> Congratulations! You're a homeowner.</p>
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