



THE HOME BUYER'S GUIDE

Steps to buying a home

1. Pre-Approval Letter

Most buyers think the first step is finding their dream house, but the truth is finding the funding is the first step. [Falaya](#) streamlines the Loan Pre-Approval process with our ecosystem of Premier Partners or simply upload your own Pre-Approval letter. There are many different types of loans and programs, so picking the right one and keeping your credit score in check during the home buying process is extremely key.

2. Schedule Tours

Now the fun part, viewing homes! Be prepared to take notes. All the houses will start to blend together if you don't. Be sure to gauge each house against your list of must haves and nice to haves. Be sure to take notice of big-ticket repair items such as roofs, plumbing, A/Cs, foundations, and electrical updates. [Falaya](#) is innovating in the book a tour space by allowing buyers to schedule their own showings and gain a private viewing without the need for multiple parties to be involved. You pick the time that works for you and we take care of the rest!

3. Submit an Offer

Congrats, you finally found the one! The [Falaya](#) platform walks a buyer through the purchase agreement process making the paperwork appear effortless. With our custom workflows and progress analytics, you will always know where your purchase stands. No more phone tag and unreturned emails!

4. Property Inspection

Book an inspection with a licensed inspector, then submit the repair requests all via the [Falaya](#) platform. During this process, the inspector will look at all the major components of the property and give the buyers a detail report of the defects. The buyers can request repairs from the sellers, and the sellers can choose to do all, some, or none of repairs. Then finally the buyer can decide whether they want to move forward with the buying process or cancel the contract.

5. Appraisal

No money, no house. When a loan is involved, the bank will normally order an appraisal to make sure the house is valued at the purchase agreement price. An appraiser will view the property, measure the size of the property, and notate its overall condition. Then the appraiser will run a comparable sales analysis and issue an opinion of value. [Falaya](#) monitors the appraisal process ensuring the home you are purchasing meets or exceeds the price you are paying.

6. Closing

Finally, the closing packet is sent to the closing office, and the day has come... Bring your driver's license and pen, because you are about to sign a bunch of documents. You have [Falaya](#) the home of your dreams!

Words You Should Know

APPRAISAL

A written estimate of a property's current value.

CLOSING COSTS

Fees associated with buying a house that your lender charges and/or you rack up from various third parties.

CONTINGENT

A status in which a house has accepted an offer but relies on meeting certain criteria, such as passing a home inspection or appraisal.

CONVENTIONAL MORTGAGE

A mortgage loan not insured by the government or guaranteed by the Veterans' Administration. It is subject to conditions established by the lending institution and State statutes.

COMMISSION

A percentage of the sale that is paid to the real estate professional. In most situations, commissions are paid by the seller of the property.

DOWN PAYMENT

The amount of your home's purchase price you pay upfront.

FHA MORTGAGE

A mortgage that is insured by the Federal Housing Administration (FHA). FHA loans are designed to make housing more affordable.

FORECLOSURE

A property seized by the mortgage lender due to the homeowner failing to make full payments on their mortgage. In hopes to recover the balance of the home loan, the lender will sell the house.

FSBO

A.K.A. For Sale by Owner. A FSBO is a property that is being sold by the current homeowner without the aid of a real estate agent.

HAND MONEY (EARNEST MONEY)

A deposit made by the potential home buyer to show that he/she is serious about buying the house.

INSPECTION

An evaluation of the home in which a professional inspector determines the current condition of the home and its systems.

LISTING

A list of information about a home that is currently on the market.

MLS

A.K.A. Multiple Listing Service. The MLS is a database that includes all available homes for sale in a particular area.

PMI (Private Mortgage Insurance)

The monthly insurance payment a lender must pay if the down payment is less than 20% of the sale price.

PRE-APPROVAL

An evaluation by a lender that determines if the potential buyer qualifies for a loan and, if so, the maximum amount the lender would be willing to lend.

REO

An acronym for "Real Estate Owned." A REO property is owned by the bank due to a foreclosure. REO properties can be purchased from the bank; however, they are often sold "as is."

SELLER ASSIST

Money given from the seller to the buyer at settlement to pay for part of the closing costs. The amount varies depending what the mortgage company allows.

Interviewing Agent



When it comes to buying your first home, you'll want to be sure you have a real estate agent that best fits your needs. That's why interviewing a few different agents is a great idea!

Here are a few questions to ask.

How long have you been selling real estate?

What percentage of your business is spent working with buyers?

How well do you know the areas I am looking in?

How do you prefer to communicate? (Phone, email, text?)

How often will you communicate with me?

How many clients are you currently representing?

How will you notify me of potential homes that hit the market?

What sets you apart from other real estate agents in the area?

How will you keep me on track during the buying process?

The best time for me to tour houses is _____ (daytime, nights, weekends, etc.). Will that work with your schedule?

Will you and/or your company be able to provide me with resources on home loans, home insurance, home warranty, title, and anything else I need during the buying process?

Do you have any references that I could contact?



What I can afford

Step 1 Monthly Income

Wages, salaries, business income after expenses _____

Interest, dividends or rental income _____

Other income (alimony, child support, pensions, or Social Security) _____

Total Monthly Income (Step 1)**\$_____****Step 2 Monthly Non-Housing Expenses**

Car payment and insurance _____

Cell phone _____

Student loan _____

Credit card _____

TV/Internet/Netflix/Etc. _____

Groceries/Gas/Other _____

Travel/Recreation/Fun Money _____

Child care _____

Monthly bank loan payments (other than a mortgage) _____

Alimony or child support you owe _____

Savings and investments _____

Total Monthly Non-Housing Expenses (Step 2)**\$_____****Step 3 Amount Available for Monthly Housing Expenses**

Total monthly Income (Step 1) _____

Minus Total Non-Housing Expenses (Step 2) _____

Equals Amount Available for Monthly Housing Expenses (Step 3)**\$_____****Step 4 Monthly Estimated Housing Expenses**

Mortgage loan payment (principal and interest – see chart) _____

Property taxes _____

Mortgage insurance _____

Homeowner's insurance (liability, flood, fire) _____

Utilities (heat, water, electricity, gas, trash removal) _____

Maintenance and repairs _____

Other (assessments, homeowner's association dues) _____

Total Monthly Estimated Housing Expenses (Step 4)**\$_____***Compare Step 3 and Step 4 totals.**The Total Monthly Estimated Housing Expenses (Step 4) should not exceed the Amount Available for Monthly Estimated Housing Expenses (Step 3).*

Home buyer's checklist

Buyer's Name(s): _____

Price Range: MIN \$_____ - MAX \$_____

Desired Neighborhoods/School Districts:

Bedrooms: _____ Bathrooms: _____ Square Footage: _____

House Style: ☐ Cape Cod ☐ Colonial ☐ Farmhouse ☐ Log Cabin ☐ Multi-level ☐ Ranch
☐ Split-Level ☐ Tudor ☐ Victorian ☐ Other: _____

FEATURES	DESIRED	HIGHLY DESIRED	MUST-HAVE
Cul-de-Sac Street			
Garage			
Fenced-in Yard			
Pool			
Deck and/or Patio			
Front Porch			
Hardwood Floors			
Open Floor Plan			
Finished Basement			
Updated Bathroom(s)			
Spa Bath			
Master Bathroom			
Eat-in Kitchen			
Granite Countertops			
Kitchen Island			
Kitchen Appliances Included			
Fireplace			
Central Air			
Washer/Dryer Included			
Office			
Walk-in Closet			
Security System			
Dining Room			

Other: _____



A home inspection is a visual assessment of a house's physical structure and mechanical systems. A home inspection generally takes two to four hours but may take more time depending on the size of the house. A home inspector will look at a house's HVAC system, plumbing/electrical systems, roof, attic, floors, windows, doors, foundation, basement, and structural components, then provide a detailed written report with results and photos.

This is a big day for both the sellers and buyers of the property, and stress can run high. Both parties should remember that no house is perfect. There will be compromises by both parties during this process. This is where most deals fall apart, so both parties should take a deep breath and try to look at the house objectively.

Buyers should always attend the inspection, and sellers should give the buyers the space to look at the house privately. There will be things that come up and the buyers will need to process them. Buyers can explore the new home in detail and ask questions as they go. This process can give you much more information than the report alone.

The home inspection happens after the seller has accepted your offer but before buying the house. To provide enough time for additional inspections or for negotiations with the seller, you will want to schedule a home inspection as soon as possible once you are under contract. You should allow at least seven to 14 days in the homebuying process to take care of the inspection.

As with most things in life, the cheapest isn't always the best. Especially if your state doesn't license home inspectors, make sure yours is sufficiently qualified and experienced to do a good job — and doesn't cut corners. Choosing an ASHI member may add some reassurance about your pick's competence and ethical standard. Be sure to book an inspection with one of [our Premier Partner Home Inspectors](#) as soon as you put that house under contract.

Appraisal



What is an appraisal?

A home appraisal is the process by which a licensed appraiser conducts a thorough inspection of a property to assess its true worth, which is not always the same as the purchase price. The appraiser will tour the property, measure the property, and assess the overall condition of the property. Then the appraiser will compile all their findings into a report and generate the home's appraised value.

If the appraisal comes in lower than the purchase price, then the buyer and seller must come to terms with how to handle it. The seller can lower the price to the appraised value, the buyer can come up with the difference, or they can agree to a mixture of the two. If the two parties cannot agree, then the purchase agreement can be canceled.

If the appraisal comes in higher or at the purchase price, it is clear sailing to closing!

Moving Checklist



Before the Move

- ☐ Arrange for movers
- ☐ Notify your utility services at both your current and future residence
- ☐ Research and contact service providers at your new residence (e.g. Internet, Cable, Phone)
- ☐ Complete change-of-address form at the post office
- ☐ Start using up items that cannot be moved, such as frozen food, bleach and aerosols
- ☐ Begin packing items you don't use often
- ☐ Arrange for home insurance
- ☐ Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost in the move
- ☐ Donate or sell items that you do not wish to move
- ☐ Pack an essentials bag
- ☐ Measure furniture and come up with a plan on where you want everything in the new home
- ☐ Empty and defrost refrigerator
- ☐ Clean your current living space
- ☐ Give your landlord your new address in case he/she needs to forward stray mail

After the Move

- ☐ Clean your new home
- ☐ Change the locks to outside doors
- ☐ Check smoke detectors and replace batteries, if needed
- ☐ Be sure that all utility services are turned on and in your name (Electric, Gas, Water, Basin and Drainage, Garbage, etc.)
- ☐ Arrange times for cable and internet providers to come and install
- ☐ Change your address on your bank accounts, credit cards, driver's license, vehicle registration, voter's registration, etc.
- ☐ Notify your employer of your new address and new local tax ID
- ☐ Store all of your home's closing documents in a safe place
- ☐ Find and store manuals for the home's appliances and systems
- ☐ Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost after the move
- ☐ Meet your neighbors
- ☐ Unpack and enjoy your new home!

Closing



You're almost home. Once your mortgage is approved and at least three business days before you close, you receive a closing disclosure. It lists the fees you must pay, which typically total 2 to 5 percent of the home price. Read this closely and tell your lender if anything seems off. Once the loan closes, the funds go to the seller, you get handed the keys and the home is yours!

Closing costs

- Agent commissions
- Loan fees
- Title insurance charges
- Recording and filing fees
- Some upfront costs: down payment, first month of the mortgage
- Buyer's portion of transaction taxes and other fees

If you need to set up a closing, our title company partners are here to help you out! We will walk you through what to do and who are the best of the best in your area.