

# THE HOME BUYING PROCESS

## Pre-approval

As soon as you are ready to seriously look for a home, you need to talk to a qualified mortgage person. **Your CENTURY 21 Commonwealth agent can connect you to a mortgage broker who has access to many lenders at no cost or obligation to you.** In today's market, the vast majority of Buyers are pre-approved for a mortgage when they make an offer to purchase. You will definitely be at a competitive advantage if you make an offer being pre-approved. Because all conditions to the approval are listed, the Seller can see just how strong a Buyer you are. If on the initial "pre-approval" there are conditions other than a *Purchase and Sale Agreement* and appraisal, you have the opportunity to clear them in order to show a "clean" letter to the Seller. **This tells the Seller that your mortgage is virtually secured.**

There are two sections to any mortgage application: you and the property. A pre-approval is a credit commitment based on your financial situation, given by the lender's underwriter. A credit approval requires documentation of all assets, income, debts, and credit history. The commitment would be conditional, requiring an executed *Purchase and Sale Agreement* and satisfactory appraisal on

the subject property. A maximum mortgage amount and interest rate will be determined by analyzing the documentation you provide. After you have submitted the required paperwork, this should take no more than one working business day depending on the type of mortgage for which you have applied. This is often taken over the phone, and may need only a faxed signature, or none, depending upon the lender or program.

## The Offer

When the offer is prepared, you will need a \$1,000 check known as an earnest money deposit made payable to the listing office. The offer will contain:

- your offering price
- additional deposit to be paid when signing a *Purchase and Sale Agreement*
- date for signing the *Purchase and Sale Agreement*
- closing date
- inspection contingency (s)
- mortgage contingency (if any)
- any other contingencies which may be appropriate for the particular transaction

## The Inspections

Inspections should be done within seven (7) days of the accepted Offer. Remember that the date included in the Offer is the deadline by which you must put in writing any objection, request for adjustment, or rejection of the property. If the date passes without anything in writing from you, it is assumed that all inspection contingencies are satisfied. Your earnest money deposit may be retained by the Seller if you do not meet these deadlines, and fail to close.

## The Purchase and Sale Agreement

The *Purchase and Sale Agreement* formalizes in more detail the original *Offer to Purchase*. It expands upon what has already been agreed, without changing the original terms unless both parties agree. It is usually "drafted" by the listing office and should be reviewed by attorneys for the Buyer and Seller. Normally, when the *Purchase and Sale Agreement* is signed, the last remaining contingency is the mortgage contingency. The date for signing a *Purchase and Sale Agreement* is customarily about 10-14 days after the acceptance of the Offer. Remember, this is when the balance of the 5% or 10% deposit is due.

## The Closing

The closing is generally held at the office of the bank's attorney or at the Registry of Deeds. It may also be held anywhere that is mutually agreed upon. At the closing you will need funds as directed by the lender's attorney and your personal checkbook for additional amounts due because of adjustments. You will also need to produce your driver's license. There will be many, many documents for you to sign. Your attorney will review them, explain and approve them for your signature.

After approximately one-two hours and once the deed is recorded, you will be declared the proud owner(s) of your new home!

## SOME HELPFUL HOME BUYING HINTS

You are about to take on the task of finding the right home. It is an important job which could become laborious and chaotic or, with a little planning, be organized and enjoyable.

- Don't "squeeze in" house hunting. Leave enough time to properly inspect the homes you see.
- If a home is out of the question don't linger.
- You may want to bring other family members if you're taking a second look at a home. Remember, it could become their home too!
- After seeing a home, do share with your **Commonwealth Agent** all of your impressions. The more you share with them, the better they will be able to spot the right home for you, saving you time.
- Whenever you see another company's ad for a home in which you may be interested, please give your **Commonwealth Agent** a call. They can tell you about it and show it to you.
- As you see homes, try to eliminate and keep only two or three as serious possibilities. The more homes you try to keep track of, the more difficult it becomes to make a final decision.
- Whenever you see an Open House advertised that you might like to see, please call your **Commonwealth Agent** to assist you. They will have become more familiar with your needs and criteria.
- Give some thought to hiring an attorney to represent you. You will need your attorney when the time comes for the signing of paperwork.
- Finally, please call your **Commonwealth Agent** for whatever questions you may have or whatever information you may need. They are available at your convenience.

## SOME HELPFUL THINGS TO CONSIDER WHEN MAKING AN OFFER

When a very low offer is made, a Seller's willingness to negotiate may stiffen. They may get insulted and refuse to make a counter offer. A stronger opening offer will often get the Seller's attention and encourage their willingness to negotiate.

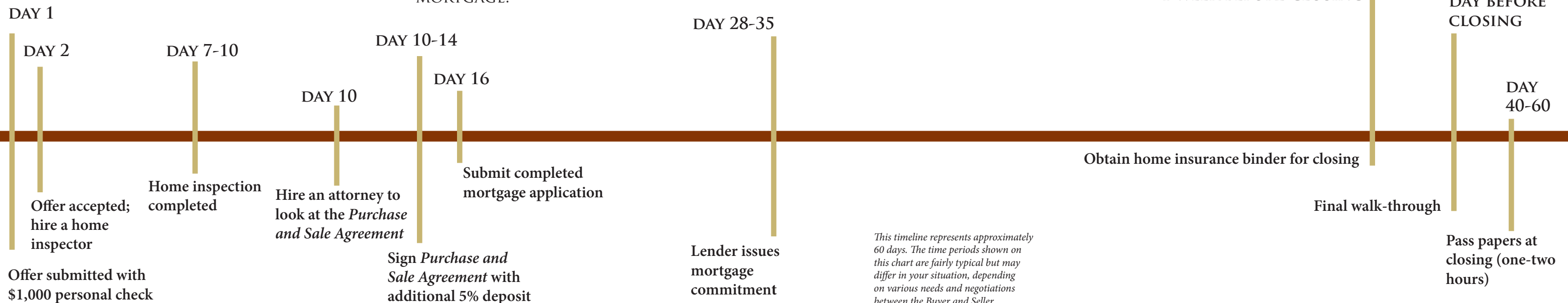
At the time of signing a *Purchase and Sale Agreement*, a Seller is usually looking for a deposit equal to 5% (usually 10% with new construction) of the agreed purchase price. This money is held in an escrow

account and is brought to the closing as part of your down payment.

Inspections are intended to uncover any major problems or to detect serious structural, mechanical or other defects in a home that you might not have seen in an ordinary viewing of the home. It is not meant to gather a list of minor repairs that most any home might need.

## TIMELINE FOR BUYING YOUR HOME

TO BEGIN: SELECT YOUR COMMONWEALTH AGENT AND GET PRE-APPROVED FOR A MORTGAGE.



*This timeline represents approximately 60 days. The time periods shown on this chart are fairly typical but may differ in your situation, depending on various needs and negotiations between the Buyer and Seller.*

## DUE DILIGENCE CHECKLIST FOR BUYERS

- Obtain the Seller's Statement of Property Condition, if available, from the listing agent.
- Ask Seller's agent if there is a homeowners' warranty.
- Check to see if there is a termite warranty.
- Verify assessed value, age of home, square footage of home and owner of record.  
(Go to the Town Hall and get a Field Card from the Assessor's Office or go online to public records.)
- Acquire subdivision/zoning restrictions, if applicable.
- Verify average utility bills upon request.
- Check to see if house is in a flood plain (usually noted on mortgage plot plan).
- Check abutting properties as needed.
- Check for any neighborhood covenants, fees, etc.
- Check for building permits issued for prior modification of home. (Usually noted on Field Card.)
- Verify types of flooring (tile, hardwood, plywood, etc.)
- Check comparable values and have a **Commonwealth Agent** prepare a Comparative Market Analysis (CMA) prior to recommending an offer range. (Except in Dual Agency situation; please do not recommend a price.)
- Recommend consulting an attorney.
- Recommend professional property inspections. This inspection usually covers:

Structural condition of property	Presence of termites or excessive moisture
HVAC system	Lead in water
Plumbing systems	Asbestos in ceiling or around plumbing
Well capacity	Roof condition
Septic system	Electrical capacity
Radon	Pool inspection
Water purity	Synthetic stucco
Condition of appliances	Presence of lead-based paint
Irrigation system	

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