

# purchasing your first home frequently asked questions

## mortgage

### How do I know if it's time to buy instead of rent?

If you know where you want to live, have a steady and secure income, and are ready for the responsibilities of homeownership, then it's a great time to invest in property.

### How much do I need to save up for a down payment?

A conventional loan down payment is usually anywhere from 5% to 20% of the sales price, but other types of financing require as little as 0% to 15%. A mortgage lender can tell you what types of loans you qualify for.

### How do I know if I qualify for a loan and how much I can afford?

Contact a mortgage lender to get pre-approval for a loan. The lender will ask you some basic questions about your income and debts and can tell you what amount you can be approved for, and how much your mortgage payments will be. Ask me for my lender recommendations!

### What does the lender need from me to give me a loan?

Usually, you are asked to provide your last two tax returns to show proof of income. You should also provide recent bank and credit card statements and proof of your current pay rate. You will also be asked for your social security number so they can run a credit check.

### What's the difference between pre-approved and pre-qualified?

While often used interchangeably, these terms don't mean the same thing. Pre-qualification is an estimate of what you may be approved for based only on the verbal information you provide. Pre-approval means the lender has verified your income and debt information and run a credit check.

### How do I know which mortgage option is right for me?

Your mortgage lender is the best person to advise you on this question. Their products and qualifications change from time to time, so they would know best what products are available to meet your needs.



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# purchasing your first home frequently asked questions

## search

### What should I do when I see a house online that I like?

Call your buyer's agent (hopefully me): the agent you are working with to find your home. It's best that you work with one real estate agent because that person learns what is important to you and will invest a lot of time vetting properties for you. That person also represents your best interests only. When you call the agent advertising the home, you are dealing with the seller's agent, so, while they can assist you, they are also trying to get the best price for the seller.

### Can you show me a house if it's not your listing?

Absolutely. As a buyer's agent, I can show you any house listed in our MLS system, and I will contact FSBO sellers on your behalf.

### How do we write an offer?

I will run a Comparative Market Analysis (CMA) to help you determine a fair offer amount. I will also guide you through the additional terms of the contract. Then, I will draft up the offer contract and other needed documents and sign it to you for your signature. Once completed, I will present it to the seller's agent.

### What if I want to back out of a contract?

You always have the right to back out of the purchase, but you may lose your deposit depending on the circumstances. If the contract is contingent on a property inspection, you usually have the right to cancel for any reason during the inspection period. Once the inspection period has passed, you cannot back out and keep your deposit unless the seller agrees, or an additional contract term has not been met.

### What happens if there are other offers on the house I love?

If a seller receives multiple offers on their home, usually their agent will inform the buyer's that multiple offers have been received and the buyers have another opportunity to alter their original offer to present their "highest and best" offer. Keep in mind that many factors may influence the seller in addition to the offer price, such as the down payment amount, closing date, and inspection terms.

### What happens when my offer gets accepted?

Once both parties have agreed on all terms and signed the contract, your deposit must be made and we will schedule the home inspection. I will provide your lender with a copy of the contract and they will begin processing your mortgage application.



# purchasing your first home frequently asked questions

## under contract

### What does "under contract" mean?

Under contract means that all parties have agreed on terms, have signed the contract, and the signed contract has been delivered to both buyer and seller. Payment of the deposit is expected but is not a requirement to make a binding contract.

### Do I need an inspection?

We always recommend that you have a home inspection done. In the scheme of things, paying a few hundred dollars to have peace of mind that there are no hidden dangers or problems is well worth the money.

### How much are inspections?

The cost of the home inspection depends on the size of the house and additional inspections requested, such as swimming pool, septic tank, termites, mold, and radon. An average home inspection, without additional inspections, is about \$300-\$400 and is due at the inspection.

### What if my loan doesn't get approved?

If you have gone through the pre-approval process and have been forthcoming with all the information requested by your lender, it's unlikely you will be turned down, but it does happen. Make sure you do not change jobs, purchase big-ticket items on credit, take out a car or boat loan, or open any other new credit accounts while your mortgage is being processed. If your loan does fall through, talk with your lender about changing to a different loan type.

### When can I start moving?

When you have the keys! When you are financing your purchase, it takes roughly 30 days for your loan to be processed. Once the lender gives the all-clear, closing is scheduled. You will sign your loan documents and both parties will sign documents transferring ownership to you. Depending on what we agreed upon in the contract, you may get keys on closing day, or several days after.

## The process at a glance

01

chat with me

02

get pre-approved

03

start search

04

make an offer & go  
under contract

05

inspections, loan  
processing & appraisal

06

closing day!



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### vocab to know

#### Active

The property is actively for sale and on the market. The sellers may have received offers but have not accepted any yet.

#### Adjustable-rate mortgage (ARM)

After an introductory period that could be 3, 5, 7 or 10 years, the interest rate on an adjustable-rate mortgage will be adjusted by the lender in accordance with current interest rates.

#### Back on market

This property was under contract with another buyer and their contract fell through, so it is Active again.

#### CMA

Comparative market analysis or competitive market analysis. A CMA compares the sales price of similar properties in the area to help determine the price of a property.

#### Closing costs

The fees that the buyer and seller will owe associated with the home-buying process, such as the real estate brokerage commission and title insurance.

#### Contingency

A provision of the contract that keeps the agreement from being fully legally binding until a certain condition is met. For example, the purchase of a home can be contingent upon the buyer selling their home first.

#### Down payment

The sum in cash that you can afford to pay at the time of purchase. A conventional loan down payment is usually 20% of the sales price, but other types of financing require as little as 3.5% to 15%.

#### Expired

A listing has expired and is no longer active, usually because it didn't sell in the amount of time agreed upon by the listing agent and the owner of the home. If you see an Expired listing, the owner may still be interested in selling.

#### Fixed-rate mortgage

This mortgage's interest rate will never change, even if the term of the loan is 30 years.

#### FSBO

For Sale by Owner. Often pronounced "fisbo" The owner of the home has it listed without an agent representing them.

#### Interest

A percentage of the principal that you borrowed from the bank.

#### MLS

The Multiple Listing Service. The MLS is the organization real estate broker's use to search for and list properties.

#### Principal

After you make a down payment, the rest of the money you owe on your home is called the principal.

#### Title insurance

An insurance policy that protects a mortgage lender's or owner's interest in real property from assorted types of fraudulent claims of ownership.

#### Withdrawn

Withdrawn from the market. This could be for various reasons. If you love the listing, we can still reach out and find out why.

