

Steps to Homeownership



Get the Facts and Take the Steps to Your First Home

You are thinking of buying your first home. This is an excellent time to be a first time buyer. It is a big step, an important purchase and there are a lot of unknowns in the process. Many first time buyers are surprised at what they learn and wish they had started a long time ago.

Once you complete your purchase you will learn the tax advantages of home ownership and the opportunity to build equity (build wealth) over time. According to the Federal Reserve, the median household *wealth accumulation* for a homeowner is \$184,000.; in comparison, the median net worth of a renter is \$4,000. Research indicates that once a first time buyer does take the first step, they purchase their first home within three months. How Exciting!!



Cathy Staup is
your key to
Home-
ownership.
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Step 1

Starting the home search

Step 2

Determine how much home you can afford and research first time home buying assistance programs

Step 3

Shop for and decide on the right home

Step 4

Write your offer to the Seller

Step 5

Have the home inspection

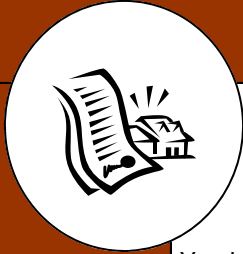
Step 6

Shop for homeowners insurance

Step 7

Complete the purchase and move in

<http://www.positivepathhome.com>



Step 1

Choosing a real estate professional

You've probably already been using the internet to search for homes, financing options and home buying information. Many of those links you are already using or have heard me mention are provided at the end of this article for you. It is important that from the very beginning you work with an agent and put them to work for you. Your agent will listen to your needs, help you find what you are looking for in a home, in the area you want at a price you can afford.

You also have concerns of how much a real estate agent is going to cost you. In Washington State it is customary for real estate commissions to be paid by the Seller out of the proceeds of the sale of their home. It doesn't make sense for a buyer *NOT* to have their own representation in such an important transaction. It costs nothing to call a professional and discuss your home search with them. **That is the first step I've been talking about.**

The right agent can help take the mystery out of your new home purchase and show you the ropes. There are hundreds of little and not so little details — like property lines, easements, title to the property, earnest money and coordination of events that have to happen in the proper order to fulfill all parties contractual obligation. Don't worry, you will be involved throughout the process and you can ask your agent any questions that arise.

Ask family, trusted friends and coworkers for a referral of an agent they have worked with and who they recommend. If you interview agents it is appropriate to ask how long they have been actively practicing real estate and about their current market knowledge.

Once you choose and begin working with an agent it is common to be asked to sign an agreement that says you will work only with them. Remember an agent is not paid for their time, work and expense until the closing of the sale. An agent could spend countless hours with a buyer finding the perfect home only to have the buyer call another agent at the last minute to write the purchase agreement. Look over the agreement and discuss the length of time it is in place and what it takes to cancel the agreement, if desired. If concerns arise be upfront and communicate your concerns with your agent early on so all parties have the same expectations and are on the same page throughout the process.

Is the market ready for you??

Every market is a little different and location specific but this is an excellent time to purchase your first home. Interest rates on fixed rate mortgages are at historic lows. If you want to know what a percentage rate can do to a monthly payment, go online and search for a mortgage calculator and plug in some numbers. You will be amazed.

Why
using a
buyers
agent can
literally
save you
thousands!



The historic low mortgage rate combined with flat home values are turning the market around. If you are renting, you are not alone. There are thousands of people just like you who want to buy a home and are just waiting to see what the market is going to do. As these people enter the market, supply will go down and the market will heat up. Sellers are already receiving multiple offers in the \$250,000. and below range homes.

Step 2

Determine how much home you can afford

Are you ready to buy your first home? If you have saved some money for a down payment and you anticipate living in that home or condo for three to five years, the answer is almost always yes. It is time to start building your own wealth instead of contributing to someone else's with your rent payments. In most all cases, the interest portion of your mortgage payment and your property tax payments are tax deductible.

There are many loan programs available and are always buyer specific. You want to spend some time talking with a qualified loan officer who will assess your personal situation and goals to find the right product for you. This is another of those first steps you need to take. It costs little or nothing to determine if you can buy a home right now and what price range you should be looking at. Most first time home buyers are surprised at what they learn and wish they had started the process a long time ago.

An FHA loan can be as little as 3.5% down. Many buyers don't realize you can also use up to \$10,000. from your IRA to purchase your first home. In many cases you can use gifts or loans from family members as long as you disclose this information to your lender.

Your real estate agent will help you find financing. He or she may refer you to a financial institution they know works well with first time buyers. Of course you can pick a lender yourself. Choose your lender as carefully as you chose your agent. Take the time to interview and ask questions.

Research first time home buying programs and down payment assistance

There are federal and state programs and dollars available to assist first time buyers. A first time buyer is someone who has not owned a home in 3 years. People who receive this money learn about the programs and apply for the assistance usually in conjunction with their mortgage lender. Get on the computer and start with the HUD site www.hud.gov and in Washington State the Washington State Housing Finance Commission at www.WSHFC.org . I have listed other important links at the end of this article to help you find the programs available to you.

Don't max
out that
loan if you
don't have
to!



Step 3

Shop for and decide on the right home

Shopping for homes you wish to see is fun and easy at any of the hundreds of real estate sites available online. It is a good idea to start the process there as you educate yourself about the neighborhood you wish to live in, the school districts of those neighborhoods, the community amenities like buses, parks, proximity to shopping and freeways. A buyer will save themselves a great deal of time and energy by starting with location first. We live in a very diverse geographical region and you cannot compare apples to apples by moving from north to south or from city to city.

You have to get out and actually look at homes in your selected neighborhoods. On line shopping is great for research but the pictures can look lovely when in actuality the home is nothing like the pictures. Your real estate agent will listen to what you are looking for, your family's needs, your long term goals, the price range in which you are comfortable spending and be able to direct you specifically to homes that fit your criteria in addition to the homes you ask to see.

As you narrow your choices to a home or two it is important to consider resale value. You are purchasing an investment as well as a home to live in. Ask your agent for input as you finalize your decision. Purchasing a home is an emotional decision. You will be spending a great deal of time there, but that cute as a button one bedroom, one bath single family home may not be the best place to spend your money.

Step 4

Writing your offer to the Seller

By now you know how much to spend, you have researched and looked at enough homes that you have come to the decision about which home you would like to buy. Together you and your agent will make a written offer that details the purchase price of the home, items included with the sale, close date and possession of the home, financing and inspection contingencies and other conditions of the sale. Your agent and loan officer can apprise you of the current financing market conditions to help you determine the appropriate time needed to complete your obligations in the contract. Be prepared for a counter offer from the seller, you may need to negotiate until you both agree on all the terms of the sale. Your agent can advocate on your behalf at your direction during these negotiations. You will be very much a part of all the decisions, and your concerns and questions will be welcomed by your agent.

Make a list
and check
it twice,
third even
a fourth
for things
you want
and things
you don't
want.



Step 5

Get the home inspected

Make your offer contingent on a home inspection. Talk to your agent about current market conditions and agree on reasonable length of time for the inspection and include it in the offer. An inspection will tell you about the condition of the home and help you avoid buying a home that needs major repairs. Your agent will be able to provide you with referrals of a few home inspectors if you would like. Once the inspection report has been delivered to you, your agent will help negotiate with the seller any work orders and to have the repairs made before you take possession of the home.

Step 6

Shop for home owners insurance

Your lender will require homeowners insurance to cover the collateral for the loan on your home. Shop around as you would for any insurance coverage. Many times you can get a good policy and even sometimes a discount if you use the company your car insurance or renters insurance is currently with. Consult your agent or loan officer if you have questions.

Step 7

Complete the purchase and move in

You are now ready to complete the transaction. This step is also "settlement" or "closing". Closing is where you need to read and understand the documents you are signing (many home buyers don't). The escrow officer conducting the signing will walk you through this process. Ask if you do not understand any part of the document. There are no dumb questions when it comes to a purchase of this size.

The seller will have signed the settlement statement separately. Once both of you are in agreement with the document the escrow company will record the sale with the county in which the home is located. Signing and recording are two separate transactions. You do not own the home until the document is recorded. Once recorded — you get the keys! Welcome home new homeowner — welcome home.

<http://www.positivepathhome.com>

Don't neglect the home inspection as the best way to learn about your greatest investment



Links and Resources

Contact me
anytime for
more tips
and re-
sources for
first time
home
buyers!!
206-276-1070

HUD listings of Washington State resources
Good listing of non-profit organizations that assist first time home buyers.

www.hug.gov

www.hud.gov/local/index.cfm?state=wa&topic=homeownership

www.hud.gov/local/wa/community/home/

www.hud.gov/local/wa/home_ownership/buyingprgms.cfm

another good resource is www.fanniemae.com

Washington State Housing Financing Commission

The WSHFC helps low and moderate income first time home buyers purchase their first home in Washington. Home buyer education, resources and answers are available at 800-767-4663.

www.wshfc.org

Washington Homeowners

A clearinghouse of public information regarding home ownership

www.WAhomeowners.com

Washington Home Ownership Center

A non-profit information clearinghouse recommended by HUD.

www.homeownership-wa.org

US Dept. of Agricultural Rural Development loan programs

These programs are geographic specific for rural development.

www.rurdev.usda.gov/wa/housing.htm

Habitat for Humanity

www.habitat.org/cd/local

Experienced Real Estate expert, Cathy Staup of Cathy Staup Homes specializes in quality properties in Puget Sound, WA. Buyers, Investors and Sellers alike benefit from her market experience, negotiation skill and ability to adapt and excel in a constantly changing industry.

Creating confident consumers is the driving force behind Cathy's mission. In addition to traditional sales and marketing of homes and property Cathy Staup Homes offers real estate education and consulting services.

Visit www.positivepathhome.com for up to the minute real estate news and information.