KLEIN GROUP

Buyer’s Guide

01

Steps to a Home Purchase

5 Steps to Buying

1
- Lender pre-approval
- Search & preview homes
- Write offer & negotiate price

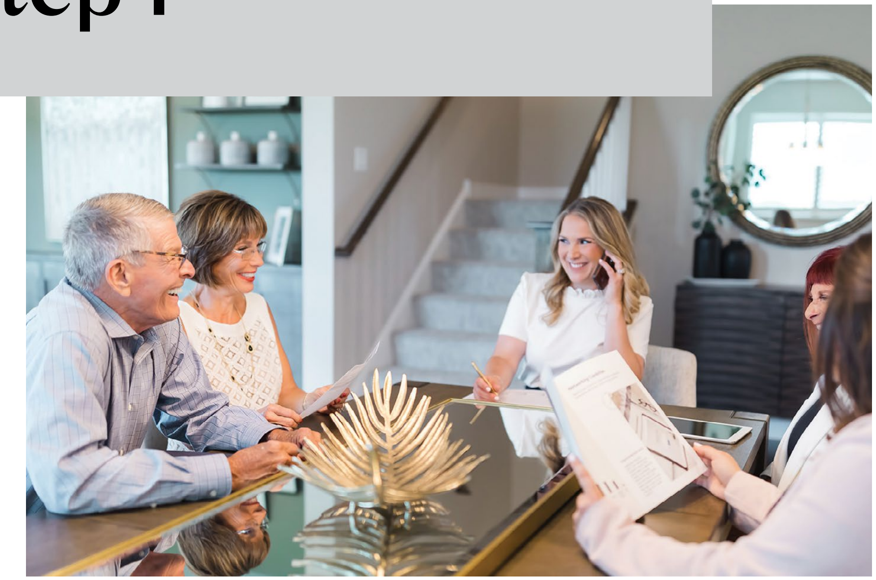
2
- Deliver earnest money
- Licensed home inspection
- Attorney review

3
- Appraisal ordered by lender
- Title search by attorney
- Final commitment letter by lender

4
- Deliver remaining earnest money
- Schedule homeowners insurance
- Review cash to close

5
- Schedule utility transfer
- Final walk through
- Closing

Step 1



Get Prequalified and Preapproved

Initially you'll provide some financial information to your lender — such as your income and amount of savings.

For preapproval, your lender will need W-2 statements, paystubs, bank account statements and to run a credit check. If you are self-employed, the process is a bit different.

Preview Homes & Write Offer

After touring homes in your price range, I'll assist you in writing an offer on the right home. We'll present a fair offer based on the value of comparable homes in the area. We may need to negotiate this offer with the sellers until it is accepted.

Determine How Much You Can Afford

Lenders typically recommend homes with a cost no more than three to five times your annual household income, with a 20% down payment and moderate amount of other debt. Make sure you know what you want your monthly payment to be.

Step 2

Attorney Review

Attorney Review is the period where the attorneys representing the seller and the buyer will work together to address any issues on the contract, tax prorations, homeowner insurance claims, and negotiate credits or repairs on home inspection items on your behalf. This is done by sending attorney letters back and forth until a mutual agreement is reached.

Earnest Money & Home Inspection

The immediate step after your offer is accepted is to submit earnest money (which goes toward your down payment) and complete any inspections that the offer was contingent upon. If one of the contingencies was a home inspection, you'll have a certain number of days (typically 5 days) to complete this after the offer is accepted.

Home Warranty

A home warranty can be purchased to cover repairs and replacements on systems and appliances in your home, usually for a period of a year. This may include coverage of your home's electrical, plumbing, heating, and air conditioning systems as well as other home appliances.

Step 3

Title Search

Title is the right to own, possess, use, control and dispose of property. When purchasing a home, you are actually buying the seller's title to the home.

Before the closing, a title search will be conducted for any problems that might prevent you from a clear title to the home.

You will also want to determine how you wish to hold title to the property — especially if you're buying with a spouse, a partner, family member, or colleague.

Final Commitment Letter

After the lender approves your loan, you will get a commitment letter that stipulates the loan term and terms to the mortgage agreement. This final commitment letter will include the annual percentage rate and the monthly costs to repay the loan. It will also include any loan conditions prior to closing.

Appraisal

An appraisal is an estimate of the value of a property. Although the primary goal is to justify the lender's investment, the appraisal can also protect you from overpaying.

Your lender will typically hire a third party appraiser and charge you a fee for the service at the closing.

Tips for Using an Attorney For Buying Real Estate

Buyers may wonder why to use an attorney if they already have a contract with the seller. An attorney who practices real estate law will provide the buyer with experienced insight and expertise, giving them peace of mind during the closing process.

An attorney may provide the following:

DOCUMENT REVIEW

- Contacts the Seller's attorney to ensure the Title Commitment (which discloses all liens and titles existing on the property) is reviewed.
- Reviews all documents prepared by Seller's attorney for closing, including loan documents and the Deed (which conveys the title to the Buyer.)

CLOSING FIGURES REVIEW

- Verifies closing figures from the Seller's attorney. These figures include all expenses concerning the sale and satisfaction of liens and encumbrances on the property.
- Obtains the most recent tax information and tax assessment for the property to prepare wclosing figures.

LEGAL ADVICE

- Provides legal advice in any negotiations post contract, including inspection issues.
- Remains available through the closing process and attends the closing to review all documents presented to the buyer.

Step 4

Homeowners Insurance

Lenders also require proof of insurance on a home before issuing a mortgage. Payments toward a homeowners insurance policy are usually included in the monthly payments of the mortgage.

Final Amount for Closing

You won't know your final cost for closing until the last couple of days. You'll find the summary of costs on the Settlement Statement (or HUD-1 document).

Tips for Mortgage Financing

Always check with your lender before doing any of the following prior to closing on your home:

MAKING A BIG PURCHASE

Avoid making major purchases, like buying a new car or furniture, until after you close on the home. Big purchases can change your debt-to-income ratio that the lender used to approve your home loan and could throw the approval into jeopardy.

OPENING NEW CREDIT

Do not open any new credit cards or get a loan without speaking to your lender first.

MISSING ANY PAYMENTS

Pay your bills on time to keep your credit score from dropping.

CASHING OUT

Avoid any transfers of large sums of money between your bank accounts or making any undocumented deposits — both of which could send "red flags" to your lender.

KEEPING THE SAME JOB

Be kind to your boss and keep your job. Don't begin looking for new work right now, unless it's a second job to make extra money.

Step 5

Closing

The closing process finalizes the purchase of your home and makes everything official. Also known as settlement, the closing is when you receive the deed to your home.

Prior to closing, you should change all utilities into your name, and complete a final walk through to check for any outstanding items.

A Few Things to Bring to Closing

- ☐ A valid government issued photo ID
- ☐ Cashier's check for the total amount due
- ☐ Outstanding documents for the title company or mortgage loan officer

What to Expect

The title company's closing officer will look over the purchase contract to: identify what payments are owed and by whom; prepare documents for the closing; conduct the closing; make sure taxes, title searches, real estate commissions and other closing costs are paid; ensure that the buyer's title is recorded; and ensure the seller receives any money due.

Your Cost

Some of the most common closing fees include:

- ☐ Escrow fees
- ☐ Recording and notary fees, if applicable
- ☐ Title search and title insurance
- ☐ Origination, application and underwriting fees from lender
- ☐ Appraisal fees
- ☐ Local transfer taxes
- ☐ Homeowners Insurance
- ☐ Home Owners Association fees, if applicable

After Closing

Make sure to keep copies of all closing documents for tax purposes.

Todd Klein

A native of Lake Zurich, Todd combines his passion for service and knowledge of the area to create an unparalleled and personalized homebuying experience. Being a partner to his clients and empowering them to make the best home-buying decisions are his highest priorities. Todd is passionate about getting to know his clients and their needs to help them find the perfect home. His background in hospitality and special events helps him to take his client's dreams and bring them to life.

Todd's passion for service extends to charities as well. He is on the board of the Skender Foundation, SOS Children's Villages, and Revive Center for Housing & Healing. When he is not working, volunteering, or on the golf course, you can find him spending time with his wife, two children, and their dog at home in Hawthorn Woods.

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