



MASSACHUSETTS ASSOCIATION OF REALTORS®

10 Steps to Buying a Home

1. Are you ready to buy and own a home?

This might seem like a simple question, but there is a lot to owning a home. There is the actual process of buying the home to the demands of being a home owner. If you are prepared and owning a home is right for you, then follow these next steps.

2. Get help from a trusted REALTOR®

A local REALTOR® truly knows the local market. They have been in many of the houses that are for sale in the market that you have seen online. They understand why certain homes in certain neighborhoods are priced the way they are. They are also in the best position to help you find the house that most closely matches what you want in a home. Most importantly, a REALTOR® will be looking out for your interests.

3. Get a handle on your credit score

The vast majority of home buyers need a mortgage loan to buy a home, but because of the recent financial crisis, securing financing can be difficult. Lenders make their decision on whether to issue a loan based on the likelihood they will be paid back. To do this, they look at your credit score. The higher your credit score, the better chance you have for obtaining financing. Unfortunately, there can be errors on your credit reports that can impact your credit score. To prevent this, make sure to obtain your credit report from any of the three credit reporting companies (Equifax, Experian and TransUnion) and correct any errors prior to applying for a mortgage. <https://www.annualcreditreport.com>

4. Get pre-approved for a mortgage

"Pre-approval" means you have met with a loan officer, your credit files have been reviewed and the loan officer believes you can readily qualify for a given loan amount with one or more specific mortgage programs. Based on this information, the lender will provide a pre-approval letter, which shows your borrowing power and that you have the ability to go through with a purchase.

5. Determine what you can afford

While getting a pre-approval letter is an important step, determining what you can afford is a personal decision. Only you know what feels comfortable. Remember, in addition to your loan payment (that includes principal, interest, taxes and insurance) there are also heating and cooling costs, water and sewer bills and potentially maintenance and association fees.

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6. Decide what you want in a house

Make a list of the features and benefits you want in a home. Consider such things as pricing, location, size, schools, amenities and design. Consider your priorities. If you can't get a home at your price with all the features you want, then what features are most important? For instance, would you trade fewer bedrooms for a larger kitchen or a longer commute for a bigger lot and lower cost? Finally, consider your needs in several years.

7. Make an Offer

Once you have found a house that you would like to buy, you need to make an offer to the owner. In a typical situation, you will complete an offer along with a \$1,000 deposit that your REALTOR® will present to the owner and the owner's representative. The owner, in turn may accept the offer, reject it or make a counter-offer. The owner's response will determine your next step. (Please note: *In some markets, it is not unusual to go directly to signing a purchase & sale agreement. Working with a local REALTOR® will be able to easily guide you through the process*)

8. Home Inspection

After your offer is accepted, it is routine to have a home inspection. During these examinations, a licensed inspector determines if there are material physical defects and whether expensive repairs and replacements are likely to be required in the next few years. Such inspections for a single-family home often require two or three hours, and you should attend. This is an opportunity to examine the property's mechanics and structure, ask questions and learn far more about the property than is possible with an informal walk-through.

9. Purchase & Sale Agreement

Provided you are satisfied with the home inspection, the next step is to sign a purchase & sale agreement. This document details the specifics of the transaction, such as: repairs to be completed; fixtures to remain with the property the property's status regarding lead paint; and, if a septic system exists, the confirmation of a Title 5 certificate (in Massachusetts). The closing date is finalized and a five percent deposit is made (which is held in escrow until the closing). If you have any questions about your legal rights or responsibilities, you should consider consulting an attorney.

10. The Closing

This is the day when you will become a home owner, but there are several steps that are necessary. Prior to closing you will have a walk-through of the home you are buying. This is to make sure repairs (if any) were made and that the house is in the same or better condition than when you made the offer. Most lenders will require that you have a home owner's insurance binder (proof of insurance) before they will close the loan. Many buyers also purchase title insurance that is bought with a one-time fee at closing. Title insurance protects owners in the event that title to the property is found to be invalid. After signing the loan documents (and there are many), the sellers will receive the remainder of the payment from the closing attorney and you'll be handed the keys.

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Disclaimer:

These steps are intended to provide a general guideline on how the home buying process works, however every transaction can have its own special situations or circumstances and might not be covered in this document. This publication is intended for educational use only. Opinion or suggestions in this publication do not necessarily represent the official policies or positions of the Massachusetts Association of REALTORS®. The Massachusetts Association of REALTORS® does not accept responsibility for any misinterpretation or misapplication by the reader of the information contained in this article. The publishing of this material does not constitute the practice of law nor does it attempt to provide legal advice concerning any specific factual situation. FOR ADVICE ON SPECIFIC LEGAL PROBLEMS CONSULT LEGAL COUNSEL.

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