



Find Your Home with Proud

# The Path to Homeownership

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## 1 Get your finances in order.

The first step to buying a home is getting your finances in order, which likely means getting pre-approved for a mortgage. A mortgage broker will need to know your monthly income and debts, and how much cash you have for closing costs and down payment, and they will check your credit. Then they will tell you what mortgages you could qualify for, how much you could spend, and what that would cost in terms of a monthly payment.

Buyers are often approved for purchase amounts that translate into monthly payments that feel too high. So, some buyers will then work backwards. Based on your finances, what are you comfortable with as a payment each month? Let your lender know this and have them calculate what the actual purchase price would be for a certain monthly payment. Remember that this figure will change depending upon the interest rate, amount of down payment, property taxes, and HOA dues.

## 2 Find the right home.



Once a budget has been established, it's time to get to work finding a home. You will want to think about what's important to you in your new home. Some things to consider: favorite neighborhoods – or boundaries; total living space/square footage, and minimum number of bedrooms and bathrooms. Are you willing to do major repairs or just light cosmetic fixes? Do you know the style of house or condo that you are looking for (i.e. bungalow, mid century home, new construction, etc.)?

Once you have an idea for what you can spend and what kind of home you want, we will go out and look at as many homes as you want until you find the right one. You can go to open houses, but I'll be there to go with you to see any home you want. I will point things out to help you understand things to look for in a home, and I'll help with performing due diligence on any homes you are interested in. This includes researching the zoning and permit history, among other things.

## 3 Make an offer.

Once you've identified a property you want to purchase, our next step will be to make a formal written offer to the seller. The offer will outline, among other things, the price, type of loan you will be obtaining, length of inspection period, closing date, and the amount of earnest money you will be offering.

The "earnest money" is a deposit you make once your offer is accepted, and it will be credited toward your down payment at closing. It shows the seller you are serious in your attempt to buy the home and is typically 1-3% of the sales price. It can be refundable if you choose not to buy the home because of the results of an inspection, seller's disclosure, or failure to appraise at value. I will let you know what timeframes and deadlines you should be aware of once the seller has accepted your offer.

## 4 Open escrow.

The escrow / title company is a neutral third party who will take mutually agreed upon written instructions, such as the sale agreement and any addenda, and handle the money. They will also research the title of the home you are buying and issue a Title Report, which identifies any liens or judgments against the home or seller. This report also will include any Rules and Restrictions that may pertain to the property, so a careful reading of the report is important.

Your identity will be researched as well, to make sure there are no outstanding liens or judgments against you that would prevent the purchase from going through. Once the property's title is cleared, the title company will issue a title insurance policy, insuring that you will be the rightful owner of the property. The seller buys this policy for you and you in turn buy one for your mortgage lender (this is a part of your closing costs).

## 5 Review the property disclosures.

In most cases, the seller will provide the buyer with Property Disclosures. There are several types of disclosures including general Property Disclosures, Lead-Based Paint Disclosure, and/or Siding Disclosures. The intention of these documents is to inform the buyer of any material defects that the seller knows about. These can be helpful to understand the history of the home, but in no circumstance should this replace home inspections. The buyer has a right to terminate up to 5 business days of receipt of the Property Disclosures if unsatisfactory information is revealed.

If you buy a property with a Homeowner's Association (HOA), you will receive a set of documents to review as part of your due diligence period. This will likely include minutes from recent board meetings and financial statements showing how much money the HOA has. There are consultants who can help review the documents and point out any issues, so that you have a good understanding of the HOA, its financial health, and any large expenses that the property could incur, before closing.



### Why buy with Proud?

Proud is a place where ethics and compassion reign supreme. We value our community, our clients, and our fellow agents, and we view everyone in our industry as collaborators and not competitors. We are experts who will always fight for our clients' interests, and being honest, ethical real estate brokers is our top priority.



## 6 Inspect the property.

All buyers should have professional home inspections. The cost is solely the buyer's and is not refundable. Inspections are an excellent way to get to know the house, what has been done properly, and what will need future maintenance. Inspectors look at everything from the roof to the basement/foundation, check for dry rot and pest infestation, test the appliances, run the furnace/AC depending on the season, and evaluate the plumbing, electrical, and other systems. If the home was built prior to 1978, you have the option to test for lead-based paint. This inspection is not included in a property inspection but may be purchased separately from a lead-based analysis company.



### What are the commonly recommended inspections?

Expect costs of \$800-\$1,000

- Whole House Inspection
- Sewer Scope
- Radon Testing
- Oil Tank Locate & Soil Samples

## 7 Negotiate repairs.

After inspections are complete, you'll have the opportunity to ask the seller to address some of the deficiencies that were discovered. There are two ways to address issues—issuing a credit or performing repairs. The credit to the buyer from the seller can come in the form of a credit towards the buyer's closing costs/prepays or as a reduction to the sales price. Depending on the repairs needed and the buyer and seller's situations, we may ask for repairs to be made, a credit to be issued, or a combination, and the seller may agree or may make an alternative proposal.

## 8 Order and receive an appraisal.

Once you have removed your Home Inspection Contingency and agreed to move forward with the purchase, your mortgage broker will order the appraisal. An appraisal is a mini-inspection on the lender's behalf. The lender wants to make sure the home is in its represented condition and that the sales price is in line with comparable home sales before they lend you the money to buy the property. You don't need to be present during the appraisal but should receive a copy of the final report.

## 9 Set up insurance & utilities.

Once you're confident you are going to go through with your home purchase, you need to choose homeowner's insurance. Some people find that they can get a multi-policy discount (home, auto, umbrella, etc.) with their current insurer. But you also have the right to shop around for the best rates. Upon closing your lender will make this a homeowner's insurance policy a requirement.

Utilities are handled outside of escrow. I'll give you a list of the utility companies that service your area so you may make arrangements to transfer accounts in your name as of the closing date.

## 10 Sign your closing documents and deposit your closing funds.



Closing means the time that the deed transfers from the seller's name into yours. There are 3 steps to closing: signing, funding, & recording. About two days prior to your closing date you'll go to the title company (or meet with a mobile notary) to sign all your loan documents. This process takes about one hour. You will bring proof of your identity (i.e. driver's license or passport) and the balance of your down payment in the form of a certified cashier's check made payable to the title company. You may also arrange a wire with the escrow officer in place of a physical check, but please note that wire fraud is rampant and we highly encourage you to use cashier's checks when possible. If wiring funds, we will have a broader discussion before any funds are sent.

Once you sign everything, the packet of loan documents will be sent back to your lender for final review. After your lender reviews the signed loan documents, they'll send the funds to escrow in order to proceed to close. The escrow company will then record the sale with the county, and at that point you will officially own the property.

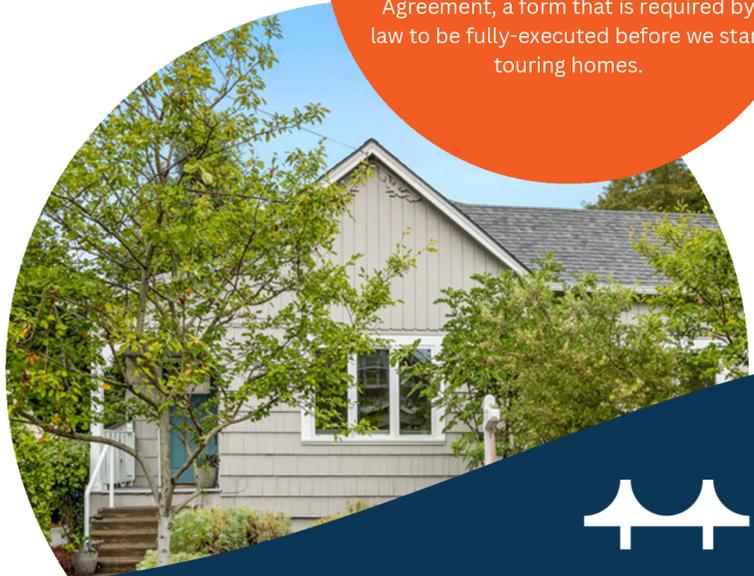


## Take possession of your new home.

Possession is the time we have agreed upon in the sale agreement for you to receive your keys. The time you take possession may be the closing day, or it could be later if we have agreed that the seller can stay for some time period after closing (this is common if the seller is buying a new home and needs time to move out after closing).

### How is your Realtor paid?

Sometimes the seller will pay the buyer's agent's commission, and sometimes they won't, meaning the buyer would pay it. We will discuss this in detail when we fill out the Buyer Representation Agreement, a form that is required by law to be fully-executed before we start touring homes.





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