



# TRAILHEAD

HOME GROUP

## HOME BUYER'S GUIDE

POWERED BY



**FATHOM**  
REALTY



**TRAILHEAD**  
HOME GROUP

# HOME BUYING PROCESS



## MEET

with your agent

Determine your purchasing power with a mortgage pre-approval

Sign exclusive representation agreement



## ANALYZE

your wants with your agent



Meet with your agent to prepare your

## BEST OFFER



We found your dream home...

## WHAT'S NEXT?



**TOUR**  
properties together

Deliver earnest money deposit to your agent (when applicable)



Home inspection is scheduled



Review home inspection report and negotiate repairs



Receive clear to close from lender



Receive loan commitment from lender

Lender sends completed appraisal for your review

Lender confirms loan application is complete and title is ordered



Review closing disclosure with your agent



## SCHEDULE CLOSING

and final walk-through

Final buyer walk-through



## CLOSING DAY!

(final docs arrive at the title company and both parties sign)

★★★★★

Tell us how we did! We appreciate your feedback!

## FUNDING & RECORDING

(funds and title are exchanged by title company)

Make moving arrangements and schedule utilities to be turned on





Thou shalt not change jobs, quit, or become self-employed.

Thou shalt not buy a car, truck, or van (or you may be living in it!).



Thou shalt not use charge cards excessively or let your accounts fall behind.

Thou shalt not spend money you have set aside for closing.



Thou shalt not omit debts or liabilities from your loan application.

Thou shalt not buy furniture.



Thou shalt not originate any inquiries into your credit.

Thou shalt not make large deposits without first checking with your loan officer.



Thou shalt not change bank accounts or banks.

Thou shalt not co-sign a loan for anyone!





In order to complete the application process, your lender will need a comprehensive overview of your finances. It is helpful to gather everything you'll need to apply ahead of time into a financial information folder. \*Please note that this is a place to start. Your lender might not request all of this or may request additional information not listed below.\*

## PERSONAL INFORMATION

- Contact info including full names
- Social security numbers
- Current and previous addresses for the past 2 years

## EMPLOYMENT INFORMATION

- Name, address, and contact person at current employer who can fill out an employment verification form
- Work history for the past 2 years and an explanation of any gaps
- If relocating, provide a letter with starting date, salary, location, and any relocation benefits
- Year-to-date pay stub and W-2s for the past 2 years (if self-employed: year-to-date profit and loss statement, balance sheet, and 2 years of individual and/or corporate tax returns)
- All additional income such as commissions, part-time, bonuses, overtime, alimony, child support, rental income, interest on investments, retirement, social security, or disability
- Diploma or transcript if you were a student in the last 2 years

## ASSETS

- Name of bank, address, type of account, account numbers, present balance, and copy of the 2 most recent statements for all bank accounts
- Certificate of holding or recent broker statement listing all stock and bond holdings
- Cash value of life insurance (if using as a down payment)
- Year, make, and value of all vehicles; title if less than 4 years old and owned outright
- Address and market value of any rental properties and warranty deed for any that are owned outright
- Copy of sales contract, closing disclosure, or lease for current home

## LIABILITIES

- Account numbers and outstanding balance of any credit cards
- Name of institution, address, account number, outstanding balance, monthly payment, months left on loan, copy of payment coupon, and 1 year of statements for any loans including auto, mortgage, personal, student, etc.
- Ratified decree and property settlement document for any alimony or child support.

## FREQUENTLY ASKED QUESTIONS

**Q WILL GETTING PRE-APPROVED HURT MY CREDIT SCORE?**

**A** Getting pre-approved for a mortgage can impact your credit score temporarily, but it will not cause heavy or permanent damage, nor will it affect your mortgage terms. Don't be afraid to shop around for the best rate, as all inquiries initiated within 45 days of each other will be counted as a single check.

**Q HOW MUCH DOES IT COST TO BUY A HOUSE?**

**A** Your out-of-pocket costs before closing will include the inspection, earnest money and non-refundable deposit (if applicable), and utility company deposits when starting new service. Your out-of-pocket costs at closing, which are paid in a lump sum, will include down payment and closing costs of about 3-4% of the purchase price (lender fees, appraisal, title company fees, recording fees, etc.).

**Q WHY DO I HAVE TO PAY CLOSING COSTS?**

**A** Closing costs are the title expenses and any other expenses incurred throughout the mortgage process. Your agent can help you negotiate for the seller to pay your closing costs; however, we can't guarantee that they will be. In a seller's market, you are competing with a lot of other buyers for the same property and will almost always have to pay for your own closing costs.

**Q WHAT IS THE HOME INSPECTION FOR?**

**A** The home inspection is there to give you an idea of the overall conditions of the home. If there are any structural, mechanical, or safety issues, you will have the opportunity to request the seller repair those items before moving forward.

**Q DO I HAVE TO PAY YOUR COMMISSION?**

**A** No! The seller pays the commission for both agents in a real estate transaction.





There are many potential speed bumps in a real estate transaction, and we may encounter non, a few, or many during this process. While some of the items may seem “picky” to some, they are very real and important to others. We can’t promise that the journey will be free of bumps in the road, but we can promise that we will use our knowledge and experience to make it the best experience possible. We won’t bail on you when we run into speed bumps, but will be your teammates until we get you to that closing table and help you achieve your goals.

**POSSIBLE SPEED BUMPS DURING YOUR TRANSACTION**

**THE BUYER/BORROWER:**

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| <ol style="list-style-type: none"> <li>1. Buyer does not tell the truth on the loan application</li> <li>2. Buyer has recent late payments on credit report</li> <li>3. Undisclosed debt is discovered after the loan is approved</li> <li>4. Borrower loses job</li> <li>5. Co-borrower loses job</li> <li>6. Income verification is lower than stated income on application</li> <li>7. Overtime income not allowed to count toward qualification by underwriter</li> <li>8. Buyer makes large purchase on credit before closing</li> <li>9. Illness, injury, divorce, or other financial setback after entering contract</li> <li>10. Buyer priority changes</li> <li>11. Gift donor changes their mind</li> <li>12. Buyer cannot locate divorce decree</li> <li>13. Buyer cannot locate petition or discharge of bankruptcy</li> <li>14. Buyer cannot locate tax returns</li> <li>15. Buyer cannot locate bank statements</li> </ol> | <ol style="list-style-type: none"> <li>16. Difficulty in obtaining verification of all other loan application materials</li> <li>17. Child support not disclosed on application</li> <li>18. Buyer filed for bankruptcy within the last two years</li> <li>19. Mortgage payment is significantly more than their previous housing payment</li> <li>20. Buyer does not have steady two-year employment history</li> <li>21. Income is not able to be verified</li> <li>22. Buyer switches to job with a probation period</li> <li>23. Buyer switches from job with salary to 100% commission income</li> <li>24. Borrower/co-borrower dies</li> <li>25. Buyer feels the house is misrepresented</li> <li>26. Veterans DD214 form not available</li> <li>27. Buyer comes up short on money at closing</li> <li>28. Borrower does not qualify because of late information</li> <li>29. Buyer does not properly provide a “paper trail” for any additional income from gifts, loans, etc.</li> <li>30. Buyer does not bring cashier's check for closing costs and down payment</li> </ol> |
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**THE SELLER:**

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| <ol style="list-style-type: none"> <li>31. Seller loses motivation to sell</li> <li>32. Seller cannot find a suitable replacement property</li> <li>33. Seller will not allow appraiser inside home</li> <li>34. Seller will not allow inspectors inside home</li> <li>35. Seller does not have means to clear up title from liens, etc.</li> <li>36. Seller does not own 100% of property as disclosed</li> </ol> | <ol style="list-style-type: none"> <li>37. Seller encounters problems getting partner's signature</li> <li>38. Seller leaves town without giving anyone power of attorney</li> <li>39. Seller delays projected moveout date</li> <li>40. Seller does not complete repairs agreed upon in contract</li> <li>41. Property goes into foreclosure after contract</li> <li>42. Seller misrepresents information about property/neighborhood</li> <li>43. Undisclosed hidden defects are discovered</li> </ol> |
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**THE AGENTS:**

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| 44. One or both agents do not manage clients well                             | 48. One or both agents take unexpected time off during the transaction and can't be reached |
| 45. Listing Agent delays access to property for inspection and appraisals     | 49. One or both agents mislead other parties to the transaction                             |
| 46. Buyer's Agent does not get completed paperwork to lender on time          | 50. One or both agents does not communicate properly with their client or other parties     |
| 47. One or both agents are inexperienced in this type of property transaction |   |

**THE LENDER:**

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| 51. Lender does not properly pre-qualify the borrower                   | 56. Lender loses a form or misplaces an entire file                  |
| 52. Lender wants property repaired prior to closing                     | 57. Lender doesn't ask for all needed information in a timely manner |
| 53. Rates, points, or costs increase due to market changes              | 58. Lender doesn't fund a loan in time for closing                   |
| 54. Loan program changes  |  |
| 55. Lender requires last-minute additional appraisal or other documents |  |

**THE PROPERTY:**

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| 59. County will not approve septic systems or well | 63. Home is uninsurable                         |
| 60. Termite report reveals substantial damage      | 64. Property is incorrectly zoned               |
| 61. Home is destroyed prior to closing             | 65. Portion of home sits on neighbor's property |
| 62. Home is not structurally sound                 |   |

**THE TITLE COMPANY:**

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|--|--|
| 66. Title agent does not notify lender/agents of unsigned or unreturned documents  | 70. Title agent does not disseminate valuable information quickly      |
| 67. Title agent does not obtain information from beneficiaries, lien holders, insurance companies, or lenders in a timely manner | 71. Title agent does not coordinate well                               |
| 68. Title agent does not get necessary signatures from clients before they leave town  | 72. Title agent does not work toward solutions to problems             |
| 69. Title agent loses or incorrectly prepared paperwork  | 73. Title agent finds liens or other title problems at the last minute |

**THE APPRAISER/INSPECTOR:**

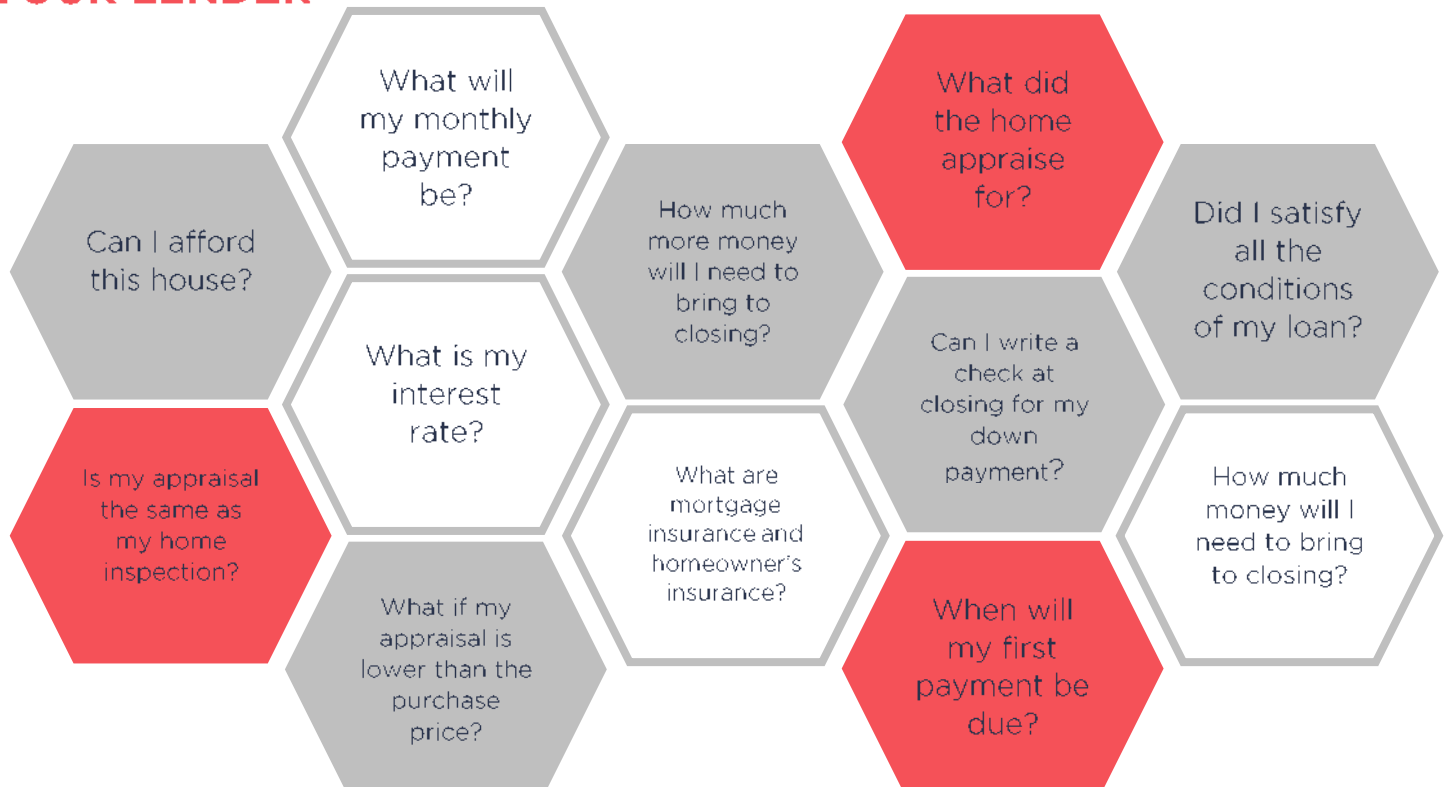
- |  |   |
|--|---|
| 74. Appraiser is not local and misunderstands the market | 78. Pest inspector is unavailable                                     |
| 75. Appraiser does not complete appraisal on schedule    | 79. Pest inspector is too picky about condition of property           |
| 76. Appraiser does not accurately complete appraisal     | 80. Home inspector is unavailable                                     |
| 77. Appraiser cannot find comparable properties          | 81. Home inspector's report alarms buyer(s) and the sale is cancelled |



## YOUR REAL ESTATE TEAM



## YOUR LENDER







**ABSORPTION RATE:** The rate at which homes sell in a given area in a specified length of time. It's calculated by dividing the number of sales in a given month by the number of homes available for sale.

**APPRAISAL:** A written justification of the price paid for a property, primarily based on an analysis of the comparable sales of similar homes nearby.

**AMENDMENT:** A written change to a contracted agreement signed by both parties involved.

**APPRAISAL CONTINGENCY:** A condition that must be met for a contract to be closed where the appraised value of the property must equal or exceed the purchase price.

**CLOSING COSTS:** Expenses incurred from a real estate transaction, usually charged by a title company, lender, and/or HOA. Closing costs are typically 3-4.5% of the purchase price.

**COMP OR COMPARABLE SALE:** Properties with similar characteristics (size, layout, finishes, and upgrades) that have recently sold or been listed for sale and are used to justify the price of a property.

**CONTINGENCY:** A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchasers obtain a satisfactory home inspection report from a qualified home inspector.

**CLOSING DATE:** The date that deed and title of a property are transferred to a new owner. Possession of said property may or may not be given on the closing date.

**EARNEST OR TRUST MONEY:** A good faith deposit made by the buyer to show that he or she is serious about buying the house. Earnest money may be forfeited or returned to the buyer if the contract falls through or contingencies are not met.

**ESCROW:** Funds held by a third party to be used only when a specific condition is met. Example: earnest money funds are held in escrow by the title company or listing brokerage until closing, at which time they are applied to the buyer's down payment.

**FINANCING CONTINGENCY:** The offer is contingent upon the buyer obtaining financing for the property.

**HOME INSPECTION:** A thorough inspection conducted by an accredited third party inspector to assess the functionality and condition of the property. Home inspections are most commonly paid for by the buyer and are written in the contract as an inspection contingency.

**HOME WARRANTY:** A warranty provided by a third party service that covers defects or damage to mechanical systems including AC, heating, electrical, plumbing, and major appliances.

**PENDING:** The state of a real estate contract after all contingencies have been removed. A transaction is pending until the closing date.

**PROCESSING:** The second stage of the mortgage lending process after the borrower's application has been completed and income verified.

**LENDER:** An organization or person that lends money.

**LOAN OFFICER:** A representative of a lending institution that assesses the creditworthiness of potential borrowers to see if they qualify for a loan.

**POSSESSION DATE:** The date the seller relinquishes possession of the property to the buyer. The possession date may or may not be on the closing date.

**PAYOFF:** A statement prepared by a lender showing the remaining terms on a mortgage or other loan. The payoff statement shows the remaining loan balance, number of payments, and the interest rate. It also states the amount of interest that will be rebated due to prepayment by the borrower.

**REPAIR PROPOSAL:** A written list of requested repair items by a buyer compiled upon receipt of the home inspection report.

**SALE OF HOME CONTINGENCY:** A condition on a purchase contract requiring one party, usually the buyer, to successfully close on their current home before closing on their new property.

**TERMITE INSPECTION:** An inspection by a licensed contractor specifically looking for evidence of wood destroying organisms, most commonly termites. In the event of a VA loan, the termite inspection must be paid for by the seller of the property.

**TITLE:** The written ownership of a piece of property.

**TITLE INSURANCE:** An insurance policy that covers the loss of ownership in a property.

**UNDERWRITING:** When an individual or business entity seeks funding for a real estate project or purchase, the loan request is scrutinized by an underwriter to determine how much risk the lender is willing to accept. This is the final stage of a mortgage transaction.

**WARRANTY DEED:** A deed that guarantees clear title to the buyer of real property.