

“What do I do next?” is a common question among first time home buyers. Below you will find a very general list of steps that you may find helpful. Please know this is not exhaustive and every home purchase transaction is unique. If you have questions or something doesn't make sense ask a housing counselor.

NOTE: Never sign something that you don't understand.

Step One: Personal Finance Housekeeping – take a look at what you make, how much you have in savings, and what your monthly expenses are. Think about where you want to see yourself in five years.

Step Two: Meet with a Housing Counselor

Step Three: Take the VHDA Homebuyer's class (In-Person or Online)

Step Four: Meet with three or more lenders to see what loan options are available to you, how much cash you will need to close and what your loan amount and monthly payment will be. Ask them to give you print outs of loan scenarios based on what you can afford monthly and how much money you have to put down. Also ask them for a list of settlement service providers in the area.

Step Five: Choose a Settlement Service provider (Attorney vs. Settlement Company...that is the question...repeat Step Two or review your book from Step Three).

Step Six: Choose a Real Estate Agent – meet with a few and choose based on who you think will be the most helpful to you.

Step Seven: Choose a Home Inspector (find one on www.ashi.org or www.nahi.com), even though your real estate agent can find one for you it's in your best interest to hire one on your own.

Step Eight: House Hunt (keep in mind this step can take between a few weeks to several years depending on what you want in a home)

Step Nine: Submit Offer (Real Estate Agent helps with this) with Pre-approval letter (from your lender) for the exact amount of your offer.

Step Ten: Breathe deeply and wait to hear back about your offer.

Step Eleven: Repeat steps Eight and Nine until you have a Signed Purchase and Sale Agreement

Step Twelve: Celebrate having a contract on a home by writing a check for between \$500 up to about 1% of the sales price to the escrow account where it will be held until closing. Also now is the time to make loan application with the lender you decide to use for your mortgage loan (who do you want to work with and who has the best rates/terms).

Step Thirteen: Call your home inspector and have them come inspect the property. Plan to attend the home inspection and pay the home inspector between \$350 and \$550 or more depending on size and age of the home and another \$175 or more if you would like a radon test done as well.

Step Fourteen: Review the home inspection report and request any repairs you'd like the seller to take care of before closing.

Step Fifteen: Verify that repairs have been completed to your satisfaction.

Step Sixteen: Pay for the appraisal and review the appraisal report in detail – check to see if there are discrepancies on square footage or materials from what the listing quoted. Do not waive your right to review the appraisal at least 3 days before closing – lenders may suggest you do this in the interest of an on time closing but it really important for you to read the appraisal.

Step Seventeen: Final walk through of the home you are about to become the owner of – go through every room, turn everything on, make sure the disposal works and the hot water comes on and the HVAC heats and cools. It's almost your house so make sure nothing has changed to it since you first saw it.

Step Eighteen: Attend closing, you should wire your funds to the settlement service provider after you have reviewed the final Closing Disclosure which your lender provides to you at least 3 days before closing. Get keys to your new home after everything has been recorded at the courthouse.

Step Nineteen: Make your first mortgage payment on or BEFORE the first of the month that it's due. Don't get into the habit of paying in the grace period – it can hurt your credit. Your payment is DUE on the first and is late if you pay it on the 2nd.

Step Twenty: Be on the lookout for mail letting you know that your mortgage servicer has changed (this may or may not happen).

Step Twenty One: Pay attention to your escrow account – changes to what you pay into that account (taxes, insurance, and mortgage insurance) will change the amount of your mortgage payment. Expect your mortgage servicer to do an escrow analysis within 6 weeks of your first mortgage payment and then at least once per year after that. Each time your escrow account is analyzed your payment may change.