

## Buying a Home Made Easy – Part 2

*The following is a continuation of Buying a Home Made Easy, Part 1 (see [Sierra Star](#), April 23, 2009), which included: 1) Is home ownership right for you? 2) Research general home-buying information and determine how a purchase will affect your taxes. 3) Before house hunting, get pre-approved and discuss costs. 4) Identifying where you want to live and create a priority list. 5) Find a good agent (this step can take place in the early stages of looking into home ownership or shortly before actively looking for a home; although, a local agent can assist you with your research and provide referrals for professionals such as local lenders).*

### 6. Find a home.

Once you've identified the agent you wish to work with, share with him or her your pre-approval letter, the area you wish to concentrate your search, and the list you made of your must haves and wants. As a large percentage of all home searches start on the Internet (about 90%), you are most likely to begin your search online. You can do this from an agent's website, other real estate websites, or from listings an agent sends to you for your review. You can also, of course, review listings with your agent in a more personal setting whether that is at the agent's office, your home, or even a local coffee shop.

When looking at homes, remember that with home ownership there are other expenses you will need to plan for, such as utility bills (especially if you are purchasing a larger home than you currently occupy), landscaping, and more. Once you have found a home, make sure you have your lender pre-approval letter with the terms and type of loan you have selected. That information should be included with all offers. It is vital that you read the contract and go through it with your agent in order to understand your obligations and those of the other parties to the contract.

### 7. What happens during escrow?

Once an offer is made and accepted, it enters escrow. You'll be working closely with your agent during this time. Generally, escrow will be a 45- to 60-day process. Shorter and longer time frames are possible though. It is important to adhere to all timelines referenced in the contract.

At the start of escrow, you will provide your deposit to the escrow company (either directly or through your agent if your agent has possession of your deposit check). You will also be doing your inspections. Some important inspections particular to this area are well water quantity and quality (mountain panel), septic, and property lines.

A home inspection is good for any buyer no matter the area. The home inspector will inspect the home and report back on the property's condition. The home inspector will tell you if something is not functioning properly, needs to be changed, or is unsafe. You will also be informed of repairs that need to be made and maybe even where there may have been problems in the past. A home inspection is not meant to be a seller repair list; however, it is not uncommon to ask the seller to make some repairs or provide a credit to the buyer in certain situations, especially if it relates to costly repairs or involves a safety issue. A list of local home inspectors can be found at: <http://ygaor.com/affiliates.php?c=11>.

A preliminary title report is also something you will receive during the inspection time. Review this in great detail with either your escrow officer or your agent. I would recommend you also request all items referenced in the report. There are other disclosure and inspection items, but your agent will discuss those with you.

If during your contingency time you discover an item of concern during the home inspection or in the preliminary title, for example, you do have the option of cancelling escrow and getting your deposit back.

Keep in mind though that all parties to the transaction must sign the cancellation request approving the release of deposit. However, the contract does provide buyers the right to cancel and get their deposit back per the contingencies and timelines listed in the contract.

You will also need to arrange for insurance and provide information to your lender. The underwriter for the loan may request additional documentation during this time. It is important that you communicate necessary information between your lender and your agent, especially if there is an expected delay or problem.

In addition, your lender will appraise the property to make sure its value covers the loan amount. Your loan rate and paperwork must be finalized with your lender and arrangements will be made to transfer the necessary closing costs to the escrow company.

New this month is a Mortgage Protection Program offered through the California Association of REALTORS® Housing Affordability Fund. Ask your REALTOR® to sign you up for this program if you purchase your principal residence between April 2 and December 31, 2009, are a first-time buyer (someone who has not purchased a home in the last three years), under age 70, and not self employed. Eligible buyers enrolled in this program will be able to receive \$1,500 per month for six months in the event of a job loss. In the event of the death of the insured, the policy will provide a \$10,000 death benefit. There are no caps on income or the purchase price of the home. For more information on this program, visit [www.carhaf.org](http://www.carhaf.org).

## **8. After the sale.**

You may be relieved once you finally take possession of your new house but be aware that the financial responsibilities of homeownership are just beginning. Now that you are a homeowner, treat your home as an investment. Take good care of it and it will provide you with many benefits.

To protect your investment, make sure you have enough insurance. Homeowner's insurance can cover more than home replacement. Consult an insurance specialist about coverage for your home's contents, replacement costs, and liability insurance. A list of local insurance providers can be found at: <http://ygaor.com/affiliates.php?c=13>.

There are also costs involved you should plan for. Every building has a life cycle, which means that all parts of a building age and require major repairs or replacement at some point. Sometimes the repairs can be planned, such as for a roof; however, many repairs are unexpected and can be costly. Therefore, it is a good idea to set aside an emergency fund to deal with unexpected problems ranging from major repairs to illness and job loss.

Also, it is perhaps even more important as a homeowner to live within your budget. Prepare a monthly budget and stick to it. You should monitor your spending every month and evaluate your progress in meeting your financial goals.

***There is value in home ownership. Enjoy!***

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