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TOWNSIDE, REALTORS

Real Estate Purchase Timetable

Steps

Timeframe

1. **determine financial parameters**

(loan officer)

this is not a guarantee of financing, but getting pre-approved will save a lot of time later in the transaction, and make your offer that much stronger. The preapproval will come in the form of a letter from a lender, stating the dollar amount you currently qualify for.

2. **establish agency relationship**

1st meeting

it is always best to get your own representation when buying a house. The seller has a REALTOR, why shouldn't you? Discuss the agency laws in Virginia with your agent, and be sure that the person showing you homes is a REALTOR and not just a licensed salesperson – there is a difference, and an important one at that. You need to feel comfortable with whomever you work with, so be sure you feel as if they're really listening to what you want.

3. **view matching properties**

1 day – 3 months

you and your agent have talked about houses, you've emailed about houses, and now it's time to start looking at houses. You might have a "Want List", that list of things you want or have to have. Keep an open mind, though – many buyers end up purchasing a home that doesn't have as many of their "Wants" as they first thought they'd need.

5. **make offer & negotiate terms**

1 day – 1 week

the Purchase Agreement addresses many of the issues that arise when purchasing a home, including financing, inspections, deposits and settlement. Your agent should go through this with you very carefully, and answer all of your questions, because once a contract is ratified (signed) by all parties, the contract is legally binding. Keep in mind that your REALTOR is not an attorney, but they should be using forms and documentation that is prepared by attorneys.

Terms in an offer protect you in case you cannot perform, or choose not to perform, on a promise to buy a home. If you cancel a contract without having built-in conditions and contingencies, you could find yourself forfeiting your good faith deposit – money you put down at the time of writing the contract. Contingencies are common in just about every contract, and include things like inspections, the sale of another home, or loan approval. These types of contingencies can help you discover more information about the home, and you can use that information in helping you make your decision to go through with the purchase, but they don't mean that the Seller has to renegotiate the sales price if you are unhappy with the information you received. They DO mean that the parties involved can come to terms on how the information should be addressed, and if they can't come to terms, the contract can be voided. Sometimes, the seller may elect to offer money to the buyer in lieu of fixing a problem discovered during a contingency period – be careful with this, as lenders may not always allow the buyer to receive money. Your agent can help you navigate this.

6. relevant inspections

1 week – 2 weeks

inspections are negotiated before a contract is ratified, and each has a time deadline to it. It is very important that we do all you can to adhere to that timeline. Failing to stay within the framework and time allowed could mean you forfeit your right to void the contract based on the findings. Your REALTOR will have a list of inspectors who are reputable, licensed, bonded and insured, and can help you make sure you're adhering to the terms of the contract.

8. mortgage application and commitment

1 week – 8 weeks

this can be the most time consuming part of the whole transaction. Upon making a formal loan application with a local lender, several things will begin to happen (often in the background). First, the appraisal will be ordered by the bank (remember that the appraiser works for the lender, not the buyer and not the seller). An appraisal is a professional estimate of the current market value of a home, and the appraiser will report their findings to the lender. You may see a copy of the appraisal, but it may not be provided to you until after closing. If the appraisal comes in low, there are several options for the buyer: (1) a second appraisal can be called out, (2) the seller may choose to lower the sales price to the appraised value, (3) the buyer can choose to come up with the extra money to buy the house, (4) the buyer and seller can come up with a suitable sales price, or (5) the buyer can void the contract.

After some time, the lender will state that conditions of the loan have been met and that the loan is ready to close. This approval may not be ready until even the day of closing, or it may be ready days – or weeks – in advance. If you've gotten your pre-approval, and you've gotten the information to the lender that they've requested, then most of the time your loan will go through – but it takes time.

9. termite inspection

1 day

once the loan is approved, most loan companies require a termite inspection before settlement. Who pays for this inspection is addressed in the purchase agreement, and many times it's the seller. If the home is being sold "AS-IS", the seller may not be responsible for treating an existing termite infestation. The termite inspection must be performed within 30 days of settlement, so typically it's not ordered until 2 weeks (or sooner) before closing, just in case closing is delayed.

10. settlement

2 hours

as the buyer, you will choose a settlement agent to perform the closing on the date specified in the contract. It is very important that you do what you can to close on that date, because you could be found in default and the seller may be able to keep your good faith deposit, and/or sue for damages. If the settlement date needs to be changed for any reason, get that change in writing and have all parties sign off on it.

On the date of settlement, be sure to bring an ID with photo and any down payment funds and/or closing costs in the form of a certified check made payable to the settlement agent (your REALTOR and closing attorney will provide you with this information as soon as they get it from the lender). You may also be able to wire the money to the settlement company, but no personal checks are allowed. Keep in mind, you may not find out how much money you need to bring until the day of closing, so leave enough time during that day to get certified funds.

Congratulations! You made it through the process and you now own a home! There will be bumps in the road during this process, and the best advice I can give is to ask questions. And when it's done, I trust you'll find your new home to be a place full of happiness and great memories.
