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The Home Buying Process

There are many ways to approach buying a home. As you might imagine, some have been proven over time to work better than others.

Here's how you can smoothly navigate your way through the home buying process:

- Meet with a lender and get pre-approved for your financing before you start looking at homes. Note that I said “pre-approved”; not “pre-qualified”. The difference lies in the fact that pre-approval means that your lender will actually *underwrite* your loan application and issue a letter indicating that you are fully approved for your loan vs. pre-qualification usually means that your lender has given only a cursory glance at your qualifications and provided only a tentative indication of your borrowing ability. It is vitally important that you be pre-approved so you can attach your loan commitment letter to your offer to purchase and thereby strengthen your negotiating position.
- Make two lists of features for your intended home: a list of the “must have” features, and a list of “features wanted”. Your must haves will be things like the number of bedrooms, baths, garage size, square footage, school district, etc. Your want list will be things like the color of carpet, fireplace, large patio, etc. – things you would like to have, but can live without.
- Find a Realtor® you trust and respect, and hire them to represent you. Doing so will allow you to make the best use of your time, and will assure your Realtor® that he/she has your written commitment of loyalty. Absent this written understanding, you are merely a “customer” instead of a “client” of the Realtor®. Few experienced, successful Realtors® will devote serious time and energy to you without that written agreement.

- Explain your circumstances, needs, and wants with your Realtor® and work *in partnership* with your Realtor® to find a workable solution to your real estate needs. Finding and buying the right house often takes a lot of work, and you will doubtless encounter some obstacles along the way. For this reason, it is vitally important that you be able to develop a good working relationship with your Realtor® and that you can both be open and honest with each other.
- Narrow your property search to a few areas that will meet your needs and be realistic in your expectations. Few homes will have 100% of the elements you are hoping to find, and you will probably find it necessary to compromise to get most of what you want. Work with your Realtor® and screen the properties that are initially of interest to you to narrow the field down to the final few best candidates.
- When you finally get down to the final 2-3 homes that appear to be your final possibilities, have your Realtor® do a market analysis of the neighborhood to determine if the homes are properly priced for current market conditions. If possible, try to find out why the sellers are selling. Successful negotiations always include both buyer and seller getting enough of what they need from the transaction to make it work. If you can find out what the seller needs, you can often incorporate those needs into your offer and also get what you want.
- When your offer to purchase has been accepted by the seller, you will then go “into escrow”, during which time the following steps will be completed:
- You may elect to have a home inspection completed. In the Boise Area, the cost of this inspection is usually paid by the buyer. After the inspection is done, you will be given a copy of the home inspection report. At that point, if there are items needing repairs, you can ask the seller to make the needed repairs. The seller has the option of making the repairs or refusing to do so. If the seller refuses to make the repairs, you then have the option of not proceeding with the transaction. *Note: There is specific language in the purchase and sale agreement that most Realtors® use that explains these provisions in full detail.*
- If you will be obtaining financing for your purchase, your lender will require that an appraisal be completed by a licensed real estate appraiser. The appraiser will be selected by the lender to avoid any third party influence. It is customary in the Boise Area that the cost of the appraisal is paid by the seller, and the cost is usually around \$350 to \$400 for an owner-occupied property. Appraisals for non-owner occupied properties cost more due to the additional economic analysis required by the lender.
- The title company will perform a title search to determine the legal status of the property and verify any existing liens, encumbrances, easements, etc. for the property. When they have completed their search, they will prepare a preliminary title report or “title commitment” and deliver it to the lender and the Realtors® involved in the transaction. You should receive a copy of this document and review it carefully prior to closing.

- The title company will obtain payoff amount(s) for any existing loan(s) on the property, in order that the title company can pay those loan(s) off and insure clear title for you at closing.
- Your lender will prepare your loan documents and deliver them to the title company.
- The title company will incorporate the loan documents into its final escrow instructions for both you and seller, which will then need to be signed by both parties in order to prepare for the actual closing of the transaction.
- The sellers will sign their final closing papers.
- You will sign your final closing papers and submit cashier's funds necessary to close to the title company.
- When both buyers and sellers have signed their respective closing papers, and all of your funds have been submitted to the title company, the title company will order your new loan funds from the lender. These funds are usually wired from the lender to the title company, a process which usually takes a few hours.
- Upon receipt of the new loan funds from the lender, the title company will deliver the Warranty Deed to the county recorder's office and "record" the deed. This is the final act of "closing", at which time title to the property transfers to the buyers.