

About.com Home Buying / Selling

Home Buying Path A to Z

The Complete Home Buying Process

By [Elizabeth Weintraub](#), About.com Guide

Every state requires slightly different steps to buying a home, although they are basically very similar. Since I am most familiar with the way California does it, here is the path to home ownership in California, broken down into simple steps:



The home buying path should be easy to navigate.

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1) Hire a Buyer's Agent

- A buyer's agent will represent only you and have a fiduciary responsibility to look out for your best interests.
- Buyer's agents may ask you to sign a [buyer's broker agreement](#)¹, but it is the seller who pays the commission.
- [Interview agents](#)² until you find an agent you trust and with whom you feel comfortable.
- Once you have settled on an area, try to hire a neighborhood specialist.

2) Get PreQualified / Preapproved

- Order a [free credit report](#)³ online and fix mistakes, if any.
- Ask your agent for a referral to a mortgage broker, but also compare rates offered by your own bank and / or credit union.
- Ask the lender to give you a [loan preapproval letter](#)⁴, which means it will verify your income and pull a credit report.
- Determine your maximum loan amount, but choose only a [mortgage type](#)⁵ that you understand and a payment level with which you feel comfortable, which may very well be less than the maximum for which you are approved.

3) Look at Homes for Sale

- Ask your agent to look at homes for you before showing them to you.
- Narrow your search to those homes that fit your exact parameters to find that perfect home.
- Ask your agent to give you [MLS](#)⁶ print-outs of comparable sales in your targeted neighborhood.
- Consider all homes on the market, including fixer-uppers, REOs, foreclosures, [short sales](#)⁷ and those overpriced homes with longer [DOM](#)⁸.
- Observe [open house etiquette](#)⁹.
- Tell your agent which online home listings you are interested in previewing and ask for additional input.

4) Write a Purchase Offer

- Consider writing [seller's market offers](#)¹⁰ in sellers markets and [buyer's market offers](#)¹¹ in buyer's markets.
- Select a home offer price based on the amount you feel a seller will accept or counter.
- If you are considering a [lowball offer](#)¹², ask your agent to substantiate this price for you.
- Prepare for multiple offers if the home is considered desirable in a hot location.
- If your offer is rejected, ask your agent to explain why and don't repeat that mistake with your next offer.

5) Negotiate and Write Counter Offers

- Expect the seller to issue a [counter offer](#)¹³.
- If the seller counters at full price, continue to negotiate.
- During offer negotiation, share personal information about your family to give the seller a reason to care about you.

6) Make an Earnest Money Deposit

- When your offer is accepted, deposit your earnest money check with the appropriate party.
- Do not ever make your check payable to the seller.
- Your offer should contain contingencies that will return your [earnest money deposit](#)¹⁴ to you if you cancel the contract.

7) Open Escrow / Order Title

- Your agent or transaction coordinator will open [escrow](#)¹⁵ and title, if the listing agent hasn't already done so.
- Ask for the escrow officer's name, phone and escrow file number.
- Give this information to your lender and your insurance agent.

8) Order Appraisal

- Your lender will require an advance payment for the [appraisal](#)¹⁶.
- If you receive a [low appraisal](#)¹⁷, discuss options with your agent.
- Ask for a copy of the appraisal.

9) Comply With Lender Requirements

- Lenders may ask for additional information.
- Do not make [home buying mistakes](#)¹⁸ such as altering your financial situation while in escrow.
- When the file is complete, the lender will submit it for final [underwriter](#)¹⁹ approval.

10) Approve Seller Disclosures

- Read and question items you do not understand on the TDS, Seller Property Questionnaire, natural hazard report, [pest inspection](#)²⁰ / completion and other documents such as a preliminary [title policy](#)²¹.
- Realize you have 10 days to cancel if lead paint is a health hazard.
- Read every document in its entirety; ask questions about all [seller disclosures](#)²².

11) Order Homeowner's Insurance Policy

- Order your [homeowner's insurance](#)²³ early.
- Sometimes previous claims by a home owner can make it difficult to get insurance.
- Get replacement coverage.

12) Conduct Home Inspection

- Hire a reputable home inspector.
- Bring a [home inspection checklist](#)²⁴ with you.
- Attend the home inspection.

13) Issue Request for Repair

- If the home inspection turns up health and safety issues, issue a [request for repair](#)²⁵ by asking the seller to address those issues or give you a credit for them.
- Realize no home is perfect, and the inspector will find faults.
- Be reasonable.

14) Remove Contingencies

- By default, California C.A.R. contracts give you 17 days to remove [contingencies](#)²⁶.
- Make sure your loan is firm and the appraisal is acceptable before removing your loan contingency.
- If you do not remove contingencies, the seller can issue a request to perform and then cancel the contract, on top of demanding your deposit.

15) Do Final Walk-Through

- Do not pass up doing a [final walk-through](#)²⁷.
- Inspect the property to make sure it's in the same condition as when you agreed to buy it.
- If you find a serious issue, address it now before you close.

16) Sign Loan / Escrow Documents

- In southern California, you will sign escrow documents shortly after opening escrow.
- In northern California, you will sign escrow documents along with your loan documents near closing.
- Bring a valid picture ID.

17) Deposit Funds

- Bring a certified check payable to escrow.
- Expect escrow to pad the amount, so you will receive a refund after closing.
- Consider asking your bank to wire the funds to escrow, saving you the hassle of waiting in line at the bank.

18) Close Escrow

- Your [property deed](#)²⁸, seller's [reconveyance](#)²⁹ and [deed of trust](#)³⁰ will record in the public records.
- Title will notify you and your agent when it records.
- After recordation, unless your contract specifies otherwise, the property is yours -- change the locks immediately.

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