



# Your **Journey** To Homeownership

A comprehensive **guide** from beginning to end.



Dear Home buyer:

Congratulations on beginning your journey towards the purchase of our own home! This guide was designed by our Multicultural Business Solutions team to help you with the process, from beginning to end. It is a true honor for us to offer this document to you. If you have any questions please contact the local office of **Chicago Title**.

Thank you for the opportunity to serve you!

**Chicago Title**

## Let's start by addressing some questions you may have...

### Why buy a home?

In addition to the pride of ownership and enjoyment that you get from your own home,

- You will build wealth as your home value appreciates
- The property taxes and mortgage interest may be tax deductible.
- Your housing expenses usually increase at a slower rate than if you were renting
- You have much more flexibility in how you use, decorate, and/or remodel your home

### How do I go about buying a home?

Once you have decided to buy a home, contact a local real estate professional to help you with the process. He/she will help you determine what you can afford, decide what kind of home you want, find the right neighborhood, negotiate the purchase, arrange for inspections, and guide you through the escrow and loan processes that will lead to homeownership.

### Do I need a real estate agent, and how can I find a good one?

Definitely. Purchasing a home is a big emotional and financial undertaking. Choosing an experienced, professional, qualified real estate agent or Broker will help you through the complicated process, and your agent will negotiate with your best interests in mind, throughout the entire transaction. Real estate agents can also make a big difference in obtaining the financing for the transaction, and in finding just the right home for you. Most people in the United States work with a real estate professional during the home-buying process.

The fees or real estate commission for the real estate agent or broker are usually paid for by the seller of the property. In most cases, real estate agents are only paid if the transaction is consummated. In order to find an agent who will meet your needs,

- Contact your local Association of REALTORS®, or other organizations that focus on promoting home ownership
- Ask your friends or relatives, or call our local office.

### How do I get a loan, and what terms are best for me?

To make this important purchase you must be fairly well-established financially. Your credit history must be acceptable and you must NOT have had bankruptcies for the past seven years. You must be able to present tax returns and other financial documentation during the home buying process. Please keep these financial considerations in mind:

- Do you have money saved for a down payment on the home?
- Do you have a stable, reliable source of income, having been employed regularly for the last 2-3 years?
- Do you have a good record of paying bills?
- Can you pay a mortgage and additional costs, on a regular, monthly basis?
- Do you have relatively few outstanding long-term debts, such as car payments?



Also, ask yourself these questions to determine the best loan for you:

- How long do you plan to live in this home?
- Will your finances change significantly over the next few years?
- When do you want to finish paying this mortgage? Before you retire?
- Will you be able to handle a changing mortgage payment amount, or would you prefer that it stay the same over the life of the loan?

Your real estate agent can help you find a lender who can determine which loan best fits your needs based on the considerations discussed above.

### What is escrow and title insurance?

Escrow is simply the time period during which all the funds and documents that are related to the transfer of property are verified. This is where **Chicago Title** becomes involved, acting as an independent third party for the buyer and seller, carrying out the instructions of both parties, assuming responsibility for distribution of funds, handling all paperwork, and recording the deed which transfers the title to you, the buyer.

The escrow company holds all monies, instructions, and documents required for the transaction, distributes the appropriate amounts to each party, and handles details such as recording the new deed.

Title Insurance is an insurance policy which protects the buyer against risks that can go undiscovered during a title search. Also known as “hidden defects”, these risks might not show up until several years later. Some examples are: undisclosed or missing heirs, impersonation of the true owner, a forged signature on a deed or a deed and mortgage signed by persons of unsound mind, minors, or supposedly single but actually married persons.



### What are closing costs, and do I pay for them?

There are two types of closing cost expenses: Non-recurring (you only pay once) and recurring (costs that repeat at certain intervals). Non-recurring costs include but are not limited to the following fees: Appraisal, credit report, points or loan origination, property inspection, title insurance and escrow, document preparation, tax service, notary, recording, courier, wire transfer and transfer stamps. Recurring costs and pro-rations include but are not limited to the following fees: Property hazard insurance, property tax, interest pro-ration, pro-rated first month's payment and PMI (Private Mortgage Insurance), if applicable. Many of these costs are divided between the buyer and seller based on purchase contract negotiations or the custom of the county where the property is located.

Your lender and real estate agent/broker will provide a “good faith estimate” of anticipated closing costs, and the actual costs will be summarized by the escrow holder in accordance with the lender's instructions, and will be explained to you at the time of signing.



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## Here are 18 important steps of this journey:

1. Choosing your real estate agent.
2. Choosing your lender (know about different types of mortgage loans and pre-qualification).
3. Selecting your home (determine the type, the price, and the location).
4. The Offer (once you have found the property make a written offer through your real estate agent).
5. The escrow process (when you have reached an agreement with the seller, the initial good-faith deposit is given to an escrow representative, and the process begins).
6. The mortgage loan (a mortgage loan is requested, filling out the appropriate forms).
7. Preliminary report or the title commitment is reviewed and accepted.
8. Inspections and disclosures (the property is inspected during the period specified in the contract, and all disclosures made by the seller about the property are reviewed).
9. Appraisal (the property value is determined by the lender).
10. Loan approval (the lender contacts the escrow agent).
11. Homeowner's insurance (the buyer tells the Escrow Agent the name of the insurance company that will grant the policy).
12. Conditions (the escrow agent ensures that the conditions are met).
13. Final visit to property (the buyer inspects the property with the real estate agent, before closing the transaction).
14. Document signing (the buyer signs the loan documents and the escrow instructions, and deposits the initial payment with the title company).
15. The escrow agent returns the documents to the lender.
16. The lender's funds are electronically transferred to the title company (the monetary exchange occurs between the lender and the title company).
17. The deed is registered at the county office (this transfers the property title to the buyer) and the transaction closes.
18. The keys are delivered to the new owner.



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