



HOME BUYING PROCESS: A BRIEF OVERVIEW

INITIAL STEPS TO BUYING A HOME

- 1) **HIRE THE RIGHT AGENT***: Pick an AWESOME agent (Ann McWilliams) to work with – Any agent can show you ANY home on the market, but you want a trustworthy pro with a proven track record on your side.
- 2) **PRE-APPROVAL**: A pre-approval letter is required to submit an offer and gives your agent needed info about loan type and amount. If you need advice on good lenders who will compete for your business, ask your agent!
FINDING A GOOD LENDER IS EXTREMELY IMPORTANT! You can choose your lender, but it is **STRONGLY** recommended that you use a **local** lender.
- 3) **FIND A HOME**: Tell your agent what you want in a home (beds/baths/sq. feet) and where you would like to live (towns or subdivisions). Your agent should set you up to receive alerts on homes that match your criteria and let you know when something that fits stands out, but since real estate photos can be deceiving it's best if you **GET OUT AND LOOK**. Drive to the properties that look promising. Check it out from the road. Assess the neighborhood. Then schedule a showing.

THE OFFER AND NEGOTIATION PROCESS

- 1) **OFFER**: Once you find the perfect home, a good agent (Ann McWilliams) will work with you to develop a good offer that reflects the home's current market value and any additional negotiations that will get you a better deal or save you money on things like closings costs. Your agent will do all the paperwork for you and explain it to you in detail before you sign.
- 2) **COUNTER OFFER**: If the seller thinks the offer is too low or they want to negotiate certain points, they may submit to you a counter offer. Your agent will present this counter offer to you and advise on the best course of action (accept or counter again).



3) **ACCEPTANCE:** Once a deal is struck between you and the seller, there are some initial costs and steps involved.

UNDER CONTRACT – YOUR EXPECTED COSTS

1) **DEPOSIT (varies):** Once we have an accepted contract you are required to give an earnest money (good faith) deposit that is held in an escrow account. This deposit is applied to your down payment, closing costs or given back to you at closing. There is no law or policy about earnest money amounts, but plan for at least \$500 for every \$100,000 in contract value. The seller can request a higher deposit if they want more assurance of your intent/ability to follow through.

2) **HOME INSPECTIONS (\$250-\$350):** Once you have a house under contract, you will want a home inspection to insure there are no hidden problems with the home. Every home inspection finds a few things! We can request that the seller make repairs or give you money as a credit towards the purchase price or as an allowance. Ann McWilliams will schedule the appointment with the inspector of your choice.

3) **APPRAISAL (\$500 - \$600):** In order for the bank to loan you the money for a home, it has to appraise for at least the amount you are borrowing. If it does not appraise, we try to renegotiate the price. If the seller does not agree to reduce the price to the appraised value, you have the option to pay cash for the difference or terminate the contract and receive a refund of your earnest money deposit. Your lender will order the appraisal. The appraiser is 100% independent and carries a license. They do not work for any agency, lender, buyer or seller. An appraiser is not influenced by any party.

INSPECTION PERIOD

The standard contract includes a 10-day inspection period. During this time you have the option of hiring a professional home inspection company (as mentioned in above costs) to go through the house with a fine tooth comb. While inspection is optional, I strongly recommend it and will require you to sign a waiver if you forego this step. The inspector will look at everything in the house from the attic, plumbing,



electrical, appliances, etc. and give a report on any items that need attention. We can then negotiate with the seller to have any defects fixed. The inspection period is extremely important. Please ask Ann for more information on how this works.

CLOSING COSTS – THE COST TO GET THE LOAN AND TAKE OWNERSHIP

1) LENDER FEES (varies on loan amount): The lender makes money by charging you fees to loan you the money. These fees vary from lender to lender so ask your agent for recommendations on lenders with competitive rates and fees. Ultimately the choice of a lender is up to you, but please ALWAYS USE A LOCAL LENDER no matter what a big out of town lender promises you! (Trust me on this one.)

2) PRE-PAID TAXES AND INSURANCE (varies on property value): In Mississippi you pay for your taxes in arrears. (So 2024's taxes are paid in early 2025). The taxes are pro-rated for the number of days remaining in the year after you take ownership of the property. The amount you will owe for the current year is due at closing. Insurance premiums are also due at closing. The number of months due at closing varies by lender. Ask your lender what to expect in your specific situation.

3) LAWYER FEES (\$1,200-\$1,500ish unless it's a cash purchase): A title attorney will do an abstract on the property to make sure you are getting a clean title. They also coordinate the process of money going from the buyer's lender and the buyer, to the seller's lender who owns the mortgage to pay off the current owner's loan; whatever is left goes to the seller. Good title attorneys will also record your purchase with the local government, which makes the purchase final in the eyes of the government; this saves you a trip to the court house. Ask your agent for the best title attorney that will provide excellent service to you. The agent will send your contract and all necessary information to the title attorney.

4) TERMITE INSPECTION (\$135+/-): This is usually paid by the seller at closing, but it can be paid by the buyer depending on what's agreed to in the contract. A licensed pest control company will inspect the house for signs of wood destroying insects and submit a "WDIR" (wood destroying insect report). Your lender may require this, but even if they don't it's almost always included in the contract for your protection. This inspection has to be performed during a specific window of time so your agent will handle scheduling it.



NEGOTIATING FOR CLOSING COSTS

A good agent like Ann McWilliams will try to get all or part of your closing costs paid for by the seller to save you as much cash out of pocket as possible. This allows you to save your money for things like appliances or new furniture you might want for your new home!

When negotiating for closings costs, it is **not** always best to hit the seller hard on both the purchase price AND the closing costs. I will find out as much as possible about the seller's priorities and we will develop an offer that appeals to them. Ann will use all the market tools to give you the best strategy to get you the house for the best possible price, saving you the most money out of pocket.

OTHER THINGS TO REMEMBER

Once you have a prequalification letter, do not close any accounts, open any new accounts, borrow money, make large purchases, deposit large amounts of cash, or do anything else that may impact your financial profile unless your lender specifically instructs you to do it.

** Effective August 2024, a buyer's agency agreement is required prior to viewing any property. Please make time for a brief (20 mins) consultation before you make this important step. Text/call Ann at 601-818-7383 or visit calendly.com/annmcwilliams to schedule. Your buyer consultation can be done via Zoom or FaceTime if needed.*

ANY QUESTIONS? ASK ANN!

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