



# The Home Buying Process:

## A Step-By-Step Guide to Homeownership

### Step 1 - Find a REALTOR®

No secret here. You need to find trustworthy REALTOR® that you can understand and trust to help you make one of the biggest financial decisions of your life. Whoever you choose is entirely up to you so if you don't choose our team, remember to do your research! How many houses did they sell last year? Are they an individual or do they have a team? What's their average "days on market" statistic? There are almost 2,000 REALTORS® in the Springfield so it's not terribly difficult to find one. Finding the RIGHT one is key.

### Step 2 - Financial Pre-Approval

Most homeowners need to get a mortgage loan in order to purchase a home. If you are fortunate enough to pay cash, then you can obviously skip this step. But, for those of you who need a loan, listen up: GET PRE-APPROVED BEFORE YOU START LOOKING AT HOUSES!

We've seen it happen so many times. A buyer starts looking at houses before they are pre-approved, they fall in love with a home, and then they find out they can't afford it. There's nothing more frustrating for a potential homeowner.

If you need us to refer you to an awesome mortgage lender in Springfield just let us know. We have many mortgage lenders that we deal with on a regular basis and they would be happy to help you.

### Step 3: Look at Houses!

Once you've secured your financial pre-approval and the lender has provided you with your pre-approval letter (which states the amount that you are approved for), it's now time to start looking at houses! By this time, your REALTOR® will have already started to send you houses on the market that match your criteria. Take an afternoon or a weekend and actually go out and look at them!

### Step 4: Write an Offer

You found the perfect home (or at least as close to perfect as possible) and you want to buy it! Congratulations! The next step is to tell your REALTOR® that you want to write an offer on the

home. This is another reason why we recommend choosing an experience agent. The Missouri real estate contract itself is 8 pages long accompanied with a variety of other forms including a Financing Addendum, Government Financing Addendum, Seller Disclosure Forms, Lead-Based Paint Disclosures, etc. The point here is that a seasoned REALTOR® will be able to go through every page with you and answer any questions. There are several things to consider when writing an offer including purchase price, how much money you are going to put down as a down payment, closing costs, how much earnest money to include, closing date, inspections, etc. Make sure you ask as many questions as possible - there's no such thing as a silly question when it comes to real estate!

What is earnest money, you ask? Great question! You see, I told you, no such thing as a silly question! Think of earnest money as a small downpayment to show the seller that you are a serious buyer. The idea behind earnest money is to reduce the chance of buyers writing offers on a bunch of different properties but having no "skin in the game". The earnest money (typically \$500 - \$1,000) needs to be written as a personal check, which will then be deposited with the title company that is doing your closing. If everything goes smoothly, you will actually get that money back as a credit on your settlement statement (which you will get at closing).

## Step 5: Negotiate Your Offer

Here's where having an experienced agent comes in handy. Part of your agent's job is to help negotiate the lowest possible price and the best terms for his or her buyer. However, keep in mind that negotiating has a lot to do with the current state of the real estate market. In a "Seller's Market", there are a lot of buyers but a small amount of inventory (homes) on the market. Sellers know that they can usually stick to their guns as long as they need to. On the flip side, in a "Buyer's Market", there are a lot of sellers but a small amount of buyers in the market. This type of market usually benefits the buyer more than the seller because the buyer generally has a lot to choose from accompanied by lower competition.

## Step 6: Our Offer Was Accepted! Now What?

Congratulations on getting your offer accepted! Step 6 is our favorite - go celebrate! We will get to Step 7 in due time but it's now time to go celebrate with your family. You've just completed a big step in the home buying process so it's important to recognize that.

## Step 7: Home Inspection

Once your offer has been accepted, the next step is to complete a home inspection. This is a crucial step in the home buying process. As a buyer, you have the right to do any type of inspection that you want - at your own expense. Home inspections can run anywhere from \$300 to \$800 depending on what type of inspection you are having completed. Scheduling the home inspection is another service that your REALTOR will provide along with recommending some of the best and most qualified inspectors in the area.

## Step 8: Negotiate Repairs

The home inspection has now been completed and the inspector noted a few defects with the property. This is the most likely scenario that buyers deal with. There's never going to be an absolutely perfect home - including new construction. The thing to really keep in mind is that when we ask the seller to fix something, it really needs to be something major. We're not talking about small, cosmetic issues like a burnt out light bulb. We're talking big repairs that would really cause you not to want to buy the home if they weren't fixed, i.e., foundation crack, roof repairs, heating and cooling repairs, etc.

Once you've sat down with your agent and discussed what you want the seller to fix, your agent will put everything in writing and your repair request will be sent over to the seller for them to review. Once you and the seller have agreed on what is being repaired, the seller will then complete the repairs on their own or they can hire a contractor.

## Step 9: Closing!

The day is here! The day where you sign the papers and get your keys! On the day of your closing, your agent will meet you at the title company that is doing your closing. After about 30 - 45 minutes of signing a variety of different forms, your agent will hand you the keys to your new home!

Note: There are about 180 different things that go on behind the scenes of a real estate deal. The above steps are a very basic approach to the home buying process. If you have questions please contact us.



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