



THE PURCHASE PROCESS



TIPS FOR HOMEBUYERS

1. Expensive purchases for your new home

A word of advice: Don't make any pricey purchases with your credit card before closing on your house.

"This could actually put buyers out of qualifying or their new home," says Texas real estate agent Jeff Peterson. After an offer on a house is accepted, some people may be tempted to buy a new sofa, dining set, or another expensive piece of furniture.

But real estate experts warn that this could be disastrous. Right before closing, the mortgage lender will pull the buyer's credit to make sure nothing has changed. A big purchase will show up, which could become an issue, because it means that the buyer is taking on more debt.

2. Death of the original homeowner

If there has been a death associated with the desired property, the home may need to go through probate court first to authenticate the former owner's last will and testament. "If that's the case, our closing will be delayed, and there's not much you can do about it," says Jim Lorio, a Florida real estate investor. In some states, probate can take anywhere from a few months to a few years.

3. Homeowners association issues

If the previous homeowner has outstanding homeowner association (HOA) fees or fines, this could cause delays. In some cases, you may be able to negotiate those fees with the seller; otherwise, you will be responsible for paying them.

4. Verification issues

In some instances, the borrower's landlord, mortgage company, employer, or source of down payment may not be willing to provide verification in a timely manner. Their failure to move quickly can slow you down.

5. Down payment issues

There are times when the lender may require the home buyer to put more money down; this may take time, especially if the buyer lacks the extra funding.

6. Lender may need additional information

In some cases, additional info may be requested late in the process. Other times, the lender may lose a document that will need to be obtained again.

7. Scheduling problems

One party—whether the closing agent, attorney, title company representative, lender, buyer, or seller—may not be available to meet on the closing day.

8. Buyer delays

If a buyer is self-employed, sometimes additional documents are required. If the buyer has multiple sources of income, this may need to be documented and verified as well. If the buyer is getting a down payment from an unconventional source or a gift, this could also slow down the process.

9. Flood insurance requirement

If your new home is in a flood zone, you may need to get flood insurance, which may require a benchmark survey. In some markets, this might take three weeks. Then, it must be reviewed by the mortgage underwriter. Flood insurance, and even homeowner's insurance, can also sometimes be tough to get, depending on your past history with claims, credit, and location.

10. Appraisal disparities

Before a mortgage is approved, the bank must first appraise the home. If the appraisal comes in low, it may take some time to renegotiate the asking price.

11. Title issues

In some cases, there may be a tax lien against the property that needs to be resolved first, in order to move forward with the closing process. Other times, the title may have the incorrect signature or attestation.

12. Property damage

If there is any type of damage to the property, the lender may require repairs prior to closing.

13. Contract disagreements

Sometimes the seller may not agree to the buyer's contract requests (like agreeing to include the entire contents of the home in the deal). This can kill the transaction or require further negotiation between the agents and other parties involved.

14. Foreclosure

If a homeowner is in foreclosure, it can take up to 10 days to get a payoff from the mortgage company, which often includes legal fees.