

# Lakes Country Realty

## **FIRST-TIME HOME BUYER'S GUIDE**

There's a lot you should know before buying a home in the Chisago Lakes area or any other area, especially if you've never done it before! Odds are that buying a home will be the single largest investment you ever make during your lifetime, so the more you know going into the home buying process, the better off you will be in your decision making. Explore our First-Time Home Buyer's Guide to be the most prepared, most knowledgeable, and most confident first-time home buyer you can be.

### Understanding the Lingo

There is a lot of real estate jargon used in the industry that can leave buyers feeling like they don't understand what their agents or lenders are actually saying. Your agent will not want you to just smile and nod when you are secretly unsure — never hesitate to ask questions. If you want to get a jumpstart on the lingo used in real estate before you meet with your agent, be informed by reading through our Home Buyers dictionary of common terms.

### **Step 1: Drafting Your Dream Team**

We understand how time-consuming the home-buying process can be, but you can make it easier on yourself by choosing not to do it alone! Start drafting your dream team first and surround yourself with people who will support you every step of the way. You'll want to choose a superstar real estate agent who will put your best interests first and work exclusively for you. You will also need a lender, but your agent should be able to recommend one for you, as well as an experienced real estate settlement company to assist with ensuring your property has a clear title that is insured against any future issues. It's also a good idea to pull in a family member or friend to accompany you when house hunting, they know you best and will help keep you focused during the search. Ask people you know for professional references, or reach out to Lakes Country Realty to find out who you can trust.

## **Step 2: Knowing Who to Bench**

People often have strong opinions about the home buying process, and though they may love and care about you, it is important to understand that their experience is unique to them and their situation. Your home buying experience will differ from others' experiences, and that's okay. We often encourage you to include those closest to you in the process, but never feel pressured by anyone to not go after what you truly want, even if they're your family. If your loved ones have concerns, schedule a conference with your dream team so you can discuss it as a group. Your agent may be able to alleviate their concerns right away or come up with a solution that will make everyone happy. Don't put too much weight in the opinions of other buyers because they are likely projecting their own fears onto you. Just because they made bad investments doesn't mean you will.

## **Step 3: Pre-Qualifying for a Mortgage**

We highly recommend that you find out how much the bank will lend you before diving into the search for your first home. This way you'll know your budget up front and be able to narrow your search, saving you time and energy. It only takes an easy, five minute phone conversation with one of our trusted lenders to get you pre-qualified for a mortgage; a lender will need to look at proof of income, a summary of your debts, your credit history, and then figure out how much your ideal down payment will be to get you pre-approved. Then you will be given a pre-approval in writing that is valid for about 90 days (assuming you don't buy a Tesla or do anything else that could impact your credit in this time frame), which will also include your current interest rate. Once you're pre-approved for a mortgage, you will be more certain of what you can afford and be able to make better decisions when starting the search for your perfect home.

## **Step 4: Developing Your Wish List**

It helps to know your budget before house hunting, but it is also critical that you make a wish list of all your wants and needs. You need to determine your can't-live-withouts, your great-to-haves, and your nope-no-way-no-hows. It's hard to get what you want if you don't know what you want, so we recommend making a list to direct your search. Ask yourself, how many bedrooms/bathrooms do I need? How would I use them? Do I want to

entertain outdoors, will I need a space for that? What finishes speak to my personal style? Do I want a large or small house, a townhouse, or a condo? Do I want to live alone, or would I prefer roommates? Location is another big decision.

## **The Reality Based Perspective Analysis**

When you work with Lakes Country Realty to buy a house, there is an additional step in the home-buying process that most other agents skip right over, and that is what we like to call the Reality Based Perspective Analysis. The average agent immediately starts looking for active listings and never thinks to check out recently sold properties in the area. Thankfully, we're not the average agent. We've developed a tried and true process of analyzing your wish list to find recently sold homes that match your criteria, so that we can help you identify the type of home you would have bought and better target our search. By having real life examples of homes you would have purchased, we'll better understand your priorities and motivations, and be able to study the statistics of each sale to inform our search going forward. If we can't find a recently sold home that you would have bought, that lets us know that you may need to rethink your criteria and make some compromises to find your dream home. This information will make you feel more confident when looking at homes and prevent you from wasting any valuable time searching for something that doesn't exist.

## **Step 5: House Hunting**

If you've made it this far, give yourself a pat on the back because you've cut out a lot of the work and are now ready for the fun of house hunting for your dream home! A good realtor will immediately start sending you custom listings that match up with your wish list and budget. When you work with Lakes Country Realty, you get Instant Access to listings which gives you a leg up on the competition. We recommend previewing listings online before visiting them in person, as this can save you precious time. Make sure to ask a lot of questions about listings because this is your chance to really get a true feel for the neighborhoods and refine your criteria. Make sure to keep an open mind when house hunting; once you're ready to visit the homes in person, you may walk into a home and just know that it's the one for you,

whether your wish list matches up exactly or not. We're here to help you every step of the way!

## **Step 6: Making an Offer**

First off, a heartfelt congratulations is in order because if you're ready to make an offer, then you must have found your dream home — how exciting! Now you've almost reached the end of the home-buying process and it's time to make a well-crafted offer to seal the deal. First you'll need to draft a contract. The type of contract will depend on the state you are buying in, but thankfully Minnesota and Wisconsin are fairly straight forward (but have very different contracts). Each of these are legally binding documents containing the price, any necessary inclusions (existing furniture or appliances), your preferred closing date, and any further conditions that need to be met to make the deal final. This is a critical piece of the puzzle. We also recommend that you write the seller a love letter to boost your chances of having your offer accepted. Once this offer is submitted, the seller has three options: they can accept the offer, reject the offer, or counteroffer. Back-and-forth negotiations can seem nerve-wracking, but your realtor should be a pro at negotiating and make you feel at ease. If you find yourself in an outright bidding war, your realtor should know how to play it right to win you your dream home.

## **Step 7: Putting Down a Deposit & Meeting Conditions**

As mentioned above in Step 5, conditions are certain requirements included within the contract that have to be met in order for the deal to go through. In the offer, there may have been a particular financing condition, a request for a home inspection, or an appraisal contingency. Whatever the conditions may be, you will need to read through the fine print (We live for this stuff) and make sure you fulfill all of them. You will also need to put down a deposit (Earnest Money) that will be applied to your down payment and closing costs. This is then held in escrow until closing.

## **Step 8: Closing the Deal**

We hope you've started packing because you're nearly a new homeowner! Now you just have to seal the deal. Closing officially represents the point at which complete ownership and possession of the home is transferred from

the seller to you, the home buyer. Your entire team will be involved in the closing process to tie up any and all loose ends. Then you'll receive the keys and be ready to move into your dream home. Not too shabby for a first-time home buyer, eh? Great job!