

How to Purchase a Home

There are really only 5 basic steps to buying a home. You can do these 5 steps in any order you want. In this I will go over the first 2 steps. The last 3 will be posted later next week.

Hire an Agent

Because I am an agent, I believe in hiring a [buyer's agent](#) first. But you don't have to if you prefer to go to [open houses](#) and look through a large list of homes online. Mostly, an agent will save you time. Interview agents ask questions find out what sets them apart in this challenging market.

- An agent can send you listings directly from [MLS](#) that fit your parameters and you won't waste time looking at listings that are under contract. The real estate websites like realtor.com, zillow.com etc. are not always current.
- many times the listing agent will keep already sold homes active as a way to obtain more leads so the public websites can be misleading
- Agents often know of new listings coming up that are not yet on the market
- You can waste the agent's gas and not your own when you tour homes
- Some agents will [preview homes](#) for you
- An agent can generally spot overpriced listings and advise you accordingly
- An agent does not cost you anything up front. The sellers pay their commission but this commission is worked into the price of the home.
- Really consider signing a buyers contract with an agent, they should keep your business because of the fine service they offer, not because you are in a contract. Some times however you can create a list of task for the agent to complete that are above and beyond a traditional job description of an agent and this may require a contract. (for selling your home this is different)

Questions to ask potential agents. These are things I do.

- Do you have any investor connections for homes that are sold off the market?
- Will you walk neighborhoods that I am interested in and talk to the homeowners about me buying their home?
- Are they any special strategies that you use to find properties

Find a Home to Buy

Buying a home can be an overwhelming process and emotionally draining. [Finding the right home](#) is not always an easy task.

- I advise buyers to look at a maximum of 7 homes at a time because any more than that will make a buyer's head spin.
- Most buyers conduct a lot of research online before ever stepping foot in a home.

- Buyers spend an average of 6 to 8 weeks, according to the National Association of REALTORS, trying to figure out where they want to live.
- But once the neighborhood is selected, most buyers end up buying a home after 2 or 3 home tours.

Get a Loan

It's not always necessary to have a [mortgage broker](#) or bank in your back pocket before buying a home, but it's smarter to get [loan preapproval](#) in advance. This way you know for certain how much home to buy. In the orange county market consider this a must. There is far too much competition for buyers in this market. **This is a sellers' market do not let anyone tell you otherwise.**

- Many sellers won't look at an offer if the seller doesn't have assurance that the buyer can [get a loan](#).
- Popular first-time buyer loans are [FHA loans](#) because the minimum down payment requirement is much less than a conventional loan
- [Buying foreclosures](#) In Orange county cash will get priority, followed by conventional followed by FHA

You can ask your agent for a referral to a mortgage broker or check with your own bank / credit union. Compare the [types of mortgages](#) available to you.

Negotiate the Offer

Buyers sometimes make the mistake of comparing the sales price of a home to other homes they have seen. It's a mistake to compare sales prices among homes for sale. That's because sellers can ask any price they want. It doesn't mean the home will sell at that price.

- An agent can provide [comparable sales](#) and examine the pending sales. Comparable sales are similar type homes in the same condition and location that have sold within the past 3 months
- Pending sales will become the comparable sales by the time your home closes.

You may need to pay over list price in a [seller's market](#) (Orange County is experiencing a very aggressive Sellers' market) , especially if many buyers are vying for the same inventory.

- Your agent can give you a reasonable price range and help to manage your expectations.
- A good buyer's agent knows there is always more to an offer than its price, but price is paramount.

Do a Home Inspection

In CA a home inspection is a [contract contingency](#).

- A contract contingency means a buyer has the right to cancel the contract.
- You might not want to be locked in to buying a home that has a faulty foundation, for example
- This can be waived but is unadvisable. REOs and Short Sales are sold “AS IS” meaning you can still perform an inspection and back out of the contract, but the Bank will not do the repairs

Sellers are generally not required to make repairs if problems are discovered during a home inspection. A home inspection is for the buyer's edification. However, sometimes when a buyer gives a [Request for Repair](#) to the seller, rather than blow the deal, the seller will often agree to make a repair.