

REAL ESTATE

Tips for the LGBTQ Home Buyer

*A Guide to Finding and Purchasing
the Home of Your Dreams*



Provided Courtesy of: www.GayRealEstate.com



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INTRODUCTION

ON THE HUNT FOR YOUR NEXT HOME?

Are you on the hunt for the perfect new home? Perhaps you're currently a homeowner, but looking to make your next move – down the street, to a new neighborhood, or maybe to a new area entirely. Maybe you're looking to upgrade, or downsize. Perhaps it's your very first time purchasing a home. In any of these cases, at Gay Real Estate, we know that purchasing a home is an important milestone. As anyone who has owned their own home knows, the perfect home is, most importantly, a place to make and share memories with those you love, in a place that is yours. Moreover, home ownership lends itself to security and fulfillment, both personally and financially. Financially, buying a home is a savvy decision because you're gradually building equity that you can use for a variety of purposes down the road. This is not to mention the federal tax deductions for home ownership, as well as the historic increase in the value of most homes at a rate of approximately 3% to 5% annually.

Without question, finding and buying the perfect home is rewarding on a number of levels. Like any important decision, it's one that's best made when you're educated about the process, and have the knowledge and tools you need to make that decision wisely. An informed buyer is a savvy buyer, and a savvy buyer makes a home purchase they'll be pleased with for years and years to come. We're here to help you do exactly that, with this helpful guide, and with an abundance of resources found at www.gayrealestate.com.

Knowing the critical elements of the key steps in a successful home-purchasing process can turn real estate dreams into realities. Here are a few key factors that you'll want to consider before deciding if you're ready to move forward with the purchase of a new home:

Your Budget: Look at your monthly income, and compare it to your monthly expenses. After your fixed and variable monthly expenses, how much would you have left for a monthly mortgage payment? How much would you have to put towards utilities, property taxes, and home maintenance? Needless to say, if you're upgrading to a more expensive home from your current residence, it's wise to consider how the increased mortgage may affect your current monthly expenditures, so you can plan for any adjustments that may be needed.

Existing Assets: How much do you currently have saved toward a down payment and closing costs? If you're an existing homeowner, you'll want to consider how much equity you have in your current home that you may be able to roll over into the purchase of a new home. This includes taking a close look at the housing market in your area, and how much you feel your current home is likely to sell for. Talking to an experienced agent about the market and value of your existing home is always a wise first step. If you don't currently have equity in an existing home, or savings sufficient for a down payment, consider, based upon your existing budget and expenditures how long it might take to save that money so you can make an effective long-term home purchasing plan.

Credit: How is your current FICO score? If you have a less than stellar credit report, what steps can you take to improve it before applying for a loan?

Debt: What is your current debt-to-income (DTI) ratio? As current homeowners likely know, your DTI ratio is one of the ways that lenders measure your ability to make payments on your loans. It is a percentage that's based on your total minimum monthly debt, divided by your gross income. Typically, your total minimum monthly debt includes things like monthly payments for car loans, student loans, credit card debt, and any other monthly debt you may have. A DTI of less than 50% is generally considered acceptable in the mortgage industry, though of course a lower ratio is always better.

Once you've taken a good look into your finances and your personal readiness, and have made the determination that you're ready to proceed with a home purchase, the next logical step is deciding where to go.



01

LOCATION, LOCATION, LOCATION!

The adage “Location! Location! Location!” is relevant to all home buyers, but for LGBTQ couples, consideration of location can take on an added layer of importance. While some couples may not feel an urgent need to be in the most vibrant, actively gay community in the country, everyone still wants a place where they feel accepted as and for who they are. Choosing a home is one of the most significant decisions in people’s lives, and for many, a primary consideration isn’t just the house itself, but also whether they will be moving to a neighborhood where they feel protected and supported.

Fortunately for all LGBTQ couples across the country, in the wake of the 2015 decision by the United States Supreme Court in *Obergefell v. Hodges*¹, all now have a right to marry, regardless of where they live, and the dawn of marriage equality in the United States has opened new doors to married LGBTQ couples wishing to purchase a home together. Even so, not all locations are necessarily created equal.

It is an unfortunate reality that certain areas may be more welcoming and accepting of a diverse community than others. When searching for the ideal location for your next home, it is important to investigate policies pertaining to LGBTQ housing discrimination at the county, city, and state levels before deciding where to settle. While the Fair Housing Act theoretically provides protection from housing discrimination, it unfortunately does not explicitly mention sexual orientation as a basis for protection.

Accordingly, when choosing where to purchase a home, couples should research whether the city they're considering includes sexual orientation and gender identity in its statutes forbidding housing discrimination. And of course that's simply in addition to all of the other things that you may want to consider in selecting a location for your first home. Schools, traffic, transportation options, climate, shopping options, proximity to other large cities – these are all factors to weigh in your selection.

Fortunately, there are many online resources available, including www.GayRealEstate.com, to investigate whether a potential neighborhood would be a good fit. Of course, making a visit to your potential locations and talking to residents are both good ideas as well. Choosing the ideal location is the first step to finding your perfect home.



HOME OWNERSHIP OPTIONS FOR LGBTQ COUPLES

Perhaps, when you purchased your first home, you were single. Perhaps you were in a relationship, though still unmarried, and now you are married. Maybe you're considering purchasing a home with your partner for the first time. Whatever your situation, it's important to consider your next home purchase with a sound education in the variety of ownership options available.

Though unfortunate discriminatory hurdles still exist in some locations, Post-*Obergefell*, LGBTQ couples happily, have far better options available than prior to the decision. Previously, in states where gay marriage was not recognized, married same-sex couples had to choose between either a joint tenancy with a right of survivorship, or a tenancy in common. While this is no longer necessarily the case, it's important to understand these different ownership options to determine the best fit for your particular needs and lifestyle.

A joint tenancy with a right of survivorship ensures that when one partner passes, the survivor owns all of the property, regardless of whether the party is married or not. Joint tenancy has long been, and remains, a sound option for gay couples who want to buy a home together but do not, for whatever personal reasons, legally want to marry. There are drawbacks to joint tenancy situations as well, however – though they ensure rights of survivorship, they also involve a great deal of cost and paperwork, as unmarried tenants must create a will that specifies distribution of assets, in order to avoid any outside challenges.

Another option occasionally used by same-sex couples wishing not to marry include purchasing the property as a tenancy in common, in which each individual owns only 50% of the property, and when one partner passes, that property goes to his or her heirs, and not to the other owner.



Of note, both joint tenancy and tenancy in common are still viable options for LGBTQ couples who, for whatever reasons, are happier not entering into a marriage or a legally recognized domestic partnership. Certainly, every couple is unique, and what might be ideal for one, is not for another. Therein lies the value of being educated on all potential options, and making the best choice for your personal circumstances.

For couples who do choose to marry, following *Oberfell* and nationwide marriage equality, couples can spend less time and money on estate planning, and more time and money on investing in the perfect home. Married members of the LGBTQ community have the option to hold property as a tenancy by the entirety. Owning a property in this manner provides greater protection against creditors, and the property is automatically considered shared, and jointly owned, 100%, by both parties. Additionally, married LGBTQ couples now receive another real estate perk in the form of capital gains exemptions. Now, couples who have tied the knot can enjoy double the capital gains exemption when selling their primary residence.

Upon deciding which ownership structure they desire, couples should discuss those options with a lawyer to ensure it is properly reflected in the deed to the property. It is also a smart decision to have a clear, and legally sound will in place to clearly reiterate and reinforce any intentions with respect to property, in the event that one partner should unfortunately pass away. Being informed, and taking steps to make intentions clear can spare a good amount of headache and aggravation down the road. These are important steps to take before seeking pre-approval of your mortgage, and determining what type of payment plan and property deed you ultimately want to obtain. Once you've made these decisions, you're ready to move on to finding an agent and a lender that will best help you achieve your home-ownership dreams.

03

CHOOSING AN AGENT AND A LENDER

CHOOSING AN AGENT

After choosing your perfect location, a conversation with a real estate professional should be one of a buyer's next steps. It costs the buyer nothing to use a real estate agent, and the benefits of doing so are many. Having the right real estate agent to help navigate the home-buying maze is a key piece of the real estate puzzle for most buyers, and a choice that should be made carefully to ensure you've found a good fit for your personality and your plans. LGBTQ homebuyers can connect with a qualified real estate professional in their area through www.GayRealEstate.com, where a number of potential realtors are suggested.

In considering which agent to choose, make sure to do your research. Don't hesitate to talk with the agent's recent clients, to ask the agent about their experience, to look at their current listings and recent sales, and to ask any questions you feel necessary to gauge the agent's knowledge of the area where you'd like to buy your home. Of particular importance to LGBTQ buyers might be the agent's knowledge of areas with active LGBTQ communities, and of the local housing laws and regulations in a particular area.

Choosing an agent familiar with your area of interest, with strong negotiation skills, and a personality that's a good fit for your own will go a long way toward making your home-buying experience a rewarding one. Even better, a good agent should be able to direct you to a mortgage friendly lender as well.

SELECTING A LENDER

Selecting the lender that's right for you is a critical step of the homebuying process. Your lender will walk you through the purchasing process, including helping you to lock in a rate and complete the loan process. As buying a home is one of the biggest investments many people make, it's important to select a lender that's a good fit for you. By shopping around, most buyers discover a range of loan amounts and interest rates depending on the lender selected, and even a slight difference in interest rate can make a difference of thousands, or even tens of thousands of dollars over the life of your mortgage.

Though the financial considerations when choosing a lender are certainly critical to any decision, also of importance, particularly to LGBTQ couples is choosing a lender whose beliefs and business practices align with their values. Choosing a lender that runs their business on a solid foundation of respect for the diverse community that it serves is a wise choice for buyers who want to increase their odds of avoiding discrimination and having a rewarding home-buying process from beginning to end. Buyers interested in more information on gay-friendly lenders can access blog articles and information at www.GayRealEstate.com.

Buyers interested in more information on gay-friendly lenders can access blog articles and information at www.GayRealEstate.com and www.GayMortgageLoans.com.

04

THE INITIAL PRE-APPROVAL PROCESS: WHAT CAN YOU AFFORD?

Unless paying cash, almost all homebuyers go through a pre-approval process at some point after deciding that they want to purchase a home. The best time to do this is as soon as you decide you want to buy. Doing so will give you a sound idea of your house-hunting price range and budget. It will also help to alert you to any potential obstacles in your path – such as a credit score that needs improvement, or savings you may need to accumulate. Additionally, most sellers require proof of pre-approval before they'll accept an offer, so this is a key first step for most buyers.

Existing homeowners have likely been through the pre-approval process at least once previously, and know that it requires talking with a lender and providing documentation of your income and assets. If you own an existing home, your current equity will be taken into account, as well as your existing debt. Pre-approval documentation will also include providing things like recent pay stubs for at least two or three months, tax returns for the past two years, and information concerning any bank or investment accounts, including your most recent few months' bank statements. Potential lenders will also access your credit report, as this gives a good idea of the likelihood that you'll be consistent in repaying your loan.

All individuals will have three credit reports from the three major credit reporting bureaus, Experian, Equifax, and TransUnion. Those reports will include your lines of credit, as well as their limits balances, minimum payments, and payment history. The better your credit score, the more options you will have for loan products, and the lower your interest rates are likely to be. The lowest interest rates are typically reserved for borrowers with a credit score of 740 or above, and many lenders will only approve loans for borrowers with a score of 620 or higher.

In addition to credit reports and information about your finances and investments, lenders will also require documentation of your job history. If you're purchasing a home with a partner, that person should also be prepared to provide this information in order to be pre-approved with you.

After receiving pre-approval, you'll know the maximum amount you can spend on a home, though of course, this doesn't necessarily mean you should spend that much. It can be difficult to decide how much to spend on a home, and it can be difficult, particularly if you are looking to upgrade or move to a more expensive area, to decide exactly how much more you feel comfortable spending. A good rule of thumb, however, is that the mortgage for your new home should be no more than roughly a third of your gross monthly income. Though a typical monthly house payment covers principal and interest on the loan, as well as property taxes, homeowner's insurance, and other assessments like HOA fees or mortgage insurance, as we all know, life includes many additional expenses beyond that. It's important to choose a price range, and a mortgage that suits your financial needs and lifestyle goals.



05

CHOOSING THE MORTGAGE THAT SUITS YOUR NEEDS

The method used to purchase your home is important, not only for your monthly housing payments, but for your long-term financial plans as well. Buyers can choose from a variety of payment plans, depending on their financial and life circumstances. Some of these options are best suited for first-time homebuyers who may not have as much saved for a down payment as seasoned homeowners do. Others are best suited for those with specific life circumstances – like veterans, or those who wish to live in a distinctly rural area. A perusal of the variety of options available will help you to determine which choice might best fit your needs and particular circumstances. Various available options include:

Conventional Fixed-Rate Mortgage: These are mortgages in which the interest rate is “locked in”, meaning that it never changes. For a single-unit residential home, a buyer will need a minimum down payment of at least 3%, and a credit score in at least the 600’s. Conventional loans will include a private mortgage insurance (PMI) fee for those who make a down payment of less than 20%. (PMI is an insurance policy that provides buyers with the flexibility to make down payments smaller than the traditional 20%, and the additional PMI fee protects the lender in case the buyer defaults on the payments.) In situations where PMI applies, buyers will often have the option to have a monthly fee added to their mortgage payment to cover the PMI, or to take a slightly higher interest rate in exchange for not having a monthly PMI fee. Another option is to pay for the entire insurance policy at closing, and keep a regular rate. Buyers who have a PMI can request that it be removed after paying at least 20% equity in their home.

Adjustable Rate Mortgage (ARM): These mortgages may begin at a lower interest rate, although the rate is not “locked in,” and can increase or decrease over time.

FHA Loans: These loans offer eligibility to those who may not otherwise qualify for a more conventional loan. FHA loans are often available to those with a credit score as low as 580, depending on the amount of debt the person has. Those who have a higher credit score may be able to obtain an FHA loan with more debt than would be allowed to qualify for a conventional loan. Those obtaining FHA loans do need a minimum 3.5% down payment, and will be expected to pay both up front and monthly mortgage insurance premiums (MIPs). For those who make only the minimum down payment, the MIP will remain for the life of the loan. For those who make a down payment of 10% or more, the MIP will remain for eleven years.

USDA Loans: USDA loans offer buyers the opportunity to purchase a home without a down payment. USDA loans are typically available for home purchases in rural areas, as well as on the outskirts of suburbia. Beyond the requirement of purchasing a home in a qualifying area, the buyer should have a credit score in the 600's, and the income of every adult in the household must add up to no more than 115% of the average income for that area. USDA loans also require upfront and monthly guarantee fees, which can be built into the loan.

Veterans Affairs Mortgages: These loans are available for eligible active-duty U.S. military service members, as well as veterans and surviving spouses. VA loans do not require a down payment, and instead of mortgage insurance, they require a one-time upfront funding fee. This fee can be built into the loan as well, or on occasion waived for those who have a disability incurred as a result of their military service, or if the buyer is a surviving spouse of a military member who lost their life in military service.

It can sometimes be difficult to determine which type of mortgage or payment plan may best suit your needs. There are a wide variety of options, and certain lenders may even offer special incentives to first-time buyers. As such, it's important to talk with a trusted agent or other adviser in order to make a determination as what's best for your personal and financial situation. Once you've done so, you're officially ready to begin searching for your new home.



06

Downsizing or Upgrading?

Downsizing

As we all know, life changes from day to day, and year to year, and sometimes significantly so. Some are just beginning the home ownership journey, and purchasing their very first starter home. Others of us have been home owners for a while, but for whatever reason, our current home may no longer best fit our needs. Some buy a home for their family, with young children and pets that need plenty of space, and when the children are gone, find that the extra space becomes too much to maintain. Others of us are in the opposite situation, having purchased a smaller home before having a family, and now realizing that more space is needed. Sometimes, financial circumstances – job loss, retirement, or unanticipated expenses cause the need for downsizing. Or, perhaps, financial circumstances have fortunately made it possible for you to consider upgrading to a new home with amenities you’ve always wanted, or in a location you’ve always dreamed of. If you are considering doing either, here’s some helpful information to consider.

For any number of reasons, you may current be in a life situation where you feel that you’re ready to downsize. Maybe your children are now living elsewhere on their own, perhaps you’re tired of

maintaining so much space, or maybe you're ready to retire, and are looking for ways to reduce expenses and time keeping up a larger home. If you find yourself thinking of downsizing, here are some important things to consider:

Potential Benefits: Moving into a smaller home often means you'll save money, by having a lower mortgage payment each month, as well as lower utility bills, and less maintenance. You'll be able to use that money for other things you need and enjoy, which is always a bonus. It also likely means that you'll save time – Time spent mowing a large yard, time spent on countless home-improvement and maintenance projects, and even time spent on routine things like cleaning and daily upkeep. It also means you'll likely have less clutter in your life, which is always a positive thing.

Some Drawbacks: It can be hard to decide what to keep and what to sell, throw, or give away when downsizing. Over the course of many years, particularly if you've been in only one home, it can be easy to accumulate a lot of "stuff". Deciding what to keep and what to let go of can be difficult, but it will be worth the effort. Find someone you love to help with this process if needed. When downsizing, it can also be difficult to say goodbye to a home you love, particularly if you've been living there for a long time. It's good to keep in mind, however, that you can always take your memories with you, and that new ones are waiting to be made in your new home as well.

Once you've made the decision to downsize, it's good to consider a few things:

Planning ahead: If you're going to downsize, it's good to think about your long-term plans. Planning ahead can help to make your transition to your new home go as smoothly as possible. Think carefully about your life circumstances and goals. Are you retiring, and planning to start a hobby or a craft from home? If so, you may want to plan for a home with a large garage or workspace. Do you enjoy gardening? A home with a yard that's suitable would be ideal. Will you have relatives, children, or grandchildren that come to visit often? Maybe you'll need a home with a smaller amount of space overall, but that still includes a guest room for your visitors. Think carefully about the space you'll need, and how you'll want to use it. Doing so will help you to obtain a clearer picture of your ideal home.

Functionality: Is this a home you're planning to be in for a number of years? Maybe you'll want to consider purchasing a ranch for easier mobility. Perhaps you'll want a home without a steep driveway. How much maintenance does the home you're considering need? If it's a smaller home, but one that has not been well maintained, or is significantly older, it may be wise to consider whether you'll want the ongoing maintenance responsibilities.

Location: While always an important factor to consider when choosing a home, when downsizing, particularly if for retirement, it may be helpful to consider things like the walkability of the neighborhood itself, its proximity to amenities like shopping, restaurants, and local parks, or to community centers or other activities that you enjoy.

If you're considering downsizing, take all of these factors into consideration. Talk with loved ones about your plans, as well as with a trusted real estate agent. By thinking through all your life goals and objectives, as well as what you enjoy and what fits your lifestyle circumstances, you'll definitely increase your chances of to find a new home in which you'll be happy, and in which you can make memories for years to come.

UPGRADING

Instead of downsizing, perhaps your life circumstances have brought you to a place where you're thinking of upgrading instead. Maybe your family is growing, and you need more space. Maybe your elderly parents are moving in with you, and you'll need a house with a guest suite. Maybe life's financial circumstances have been generous to you, and you feel you're now in a place where you can purchase the home of your dreams, with the amenities you desire, in the location that you want. A few reasons why people often decide to upgrade:

Location: Maybe you're in need of a change of scenery, for any number of reasons. You could be searching for great public schools, and wanting to move to a neighborhood that would provide access to them. Maybe you've always wanted to live closer to a bigger city, or if you're into the outdoors, in an area with access to the mountains, or the ocean, or excellent parks. Perhaps you want a neighborhood with its own amenities. As life changes, the locations that suit us best often change too. When deciding whether to upgrade, the importance of location is often an important factor. Sometimes, the area you want is worth the higher price tag.

You've Outgrown Your Space: For whatever reason, you may be feeling "cramped" in your current home. Maybe you've started a family, maybe relatives are moving in, maybe you've acquired a hobby that takes up a considerable amount of space. In these cases, it may be worth considering whether your quality of life would be improved by upgrading to a home with a little more space to breathe.

Boost in Income: Maybe you've had a very successful last few years, and your savings have grown considerably. Maybe you've entered into a long-term relationship, and are now living on two incomes instead of one. Whatever the reason for your financial prosperity, upgrading to the home you've always wanted may be a goal that's now within your grasp.

For all of these reasons and many more, people decide to upgrade. If you think you're leaning in that direction, it's important first, to thoroughly assess your financial situation. Take a long, thorough look at your budget, and what you'll realistically be able to afford. Talk to a well-qualified agent who is knowledgeable about the market in the neighborhood you're interested in, as well as the market in which you'll be trying to sell your current home, if you have one. Finally, take a look at your long-term financial and lifestyle goals, to see how upgrading might fit in. Once you've done your research, you're ready to make your decision and move one step closer toward the home of your dreams.





07

FINDING A HOME AND MAKING AN OFFER

After you've selected your agent and lender, and have settled on a general location and type of mortgage which will best suit your needs, you're ready to search for your perfect home. Often, buyers look at many homes before deciding which they want to make an offer on. Don't be afraid to take your time. Think about what you really want in your next home – what amenities are important to you? What features would you really enjoy? What style home and sort of neighborhood fit your personality and lifestyle needs? Choosing your perfect place is a decision that should be made in a timeframe that feels comfortable and not rushed.

It can be hard to remember everything about each home you visit, so taking pictures or making notes about each one is a good idea. It's also smart to evaluate the neighborhood itself, by looking at how well the other homes on the block are maintained, how much traffic the street gets, and whether it is conveniently located to work, school, or other amenities that are of importance to you.

Once you have found the property that you hope will become your next home, you're ready to make an offer. Your agent will be able to help you consider all necessary factors – like the local housing market conditions, the condition of the home itself, and the homeowner's motivation to sell, among other things – to determine the appropriate first offer to make

When considering what to offer on a home, keep in mind that there are three main costs that you'll need to account for and prepare for.

- The first, is your **down payment**, which is generally 3% or more of the sale price of the home.
- The second, is your **monthly payment and interest rate**. Being familiar with the current prevailing rates will help you to more accurately estimate your future monthly payments if your offer is accepted. As noted, if you are upgrading from an existing home, it's also important to consider how an increased monthly mortgage payment will affect your existing budget.
- Lastly, don't forget to account for **closing costs** in the amount that you save, which are discussed in more detail later in this guide.

Other costs to consider with respect to purchasing your next home are taxes and insurance, utilities, anticipated repairs and maintenance (depending on the age and condition of the home), and any homeowners' association dues or assessments. Particularly if you are moving to an entirely different area, taxes may change significantly. Likewise with utility bills and maintenance. If you're moving to a larger home, your existing utilities budget will likely increase, and conversely, you can likely expect savings in this area when you downsize, provided that the home is properly insulated and maintained, of course. Maintenance fees will also likely increase or decrease, depending on whether you select an older or newer home. Taking all of these potential costs into account will help you make a sound and informed decision as to how much you'd like to offer for the home you're interested in.

Once you've made that decision, your agent can help you draft the offer you want to make. It's important to make sure that your offer is clear, and well-written, and that it adequately conveys all important details. It should set forth not only the amount you're offering to pay for the home, but also extra details, like who will pay for the closing costs (though typically paid by the buyer, the seller can pay, if negotiated), which appliances will remain with the home, and when you'd like to close on the sale and take possession of the house.

Your agent will also be able to advise you on how much to offer as earnest money when you make your offer. Often, the earnest money is around 3% of the asking price, though it can be more or less depending on what's customary in the area, and on the market at the time. While earnest money is typically kept in an escrow account to be used as part of your down payment or other closing costs, the rules with respect to earnest money can vary from state to state. In some locations, depending on circumstances, all of your earnest money can be lost if you back out on the offer before closing. Accordingly, it's important to talk with your agent to understand what's customary in the location you're considering. Certainly, a strong earnest money offer is appealing to many sellers, and might give you an advantage over other buyers.

When submitting your offer to the seller, be certain that your agent includes a specific timeframe in which the seller should respond. As you may have experienced with previous home purchases, is not unusual for buyers and sellers to go back and forth several times in the negotiating process as they attempt to reach an acceptable price with acceptable terms. Making sure you've chosen an agent that you trust to provide smart and savvy representation during the negotiation process will go a long way to helping achieve the results that you want. If so, you're one step closer to owning your next perfect home.



08

THE APPRAISAL AND HOME INSPECTION PROCESS

After the seller has accepted your offer, you'll want to consult with your agent to find a reputable home inspector who can verify that your home has no structural problems, code violations, or other potential concerns. Your purchase agreement should provide a timeframe for the buyer to complete any and all inspections desired. It's also wise to make your offer contingent upon inspection, such that if major issues are revealed that the seller is unwilling to fix, you'll be able to walk away when you choose.

The costs of thorough inspections are the responsibility of the buyer, and usually cost a few hundred dollars, depending on the type of inspection requested and the location in which you're looking for a home. Generally, home inspectors look for signs of damage and any defects, and will issue a detailed report of any findings to the potential buyer. In addition to general home inspections, more specifically tailored inspections can be requested separately and include:



Chimney

Some inspection of the chimney is often included as part of a general home inspection, but specific issues identified by the general inspector may require a more detailed look by an inspector.



Lead-Based Paint

Typically only required for homes built prior to 1978, when lead-based paint was generally used.



Termite/Wood Damage

A general inspection may note signs of wood damage, but a pest control inspection would be required to identify the issues and potential remedies in greater detail.



Foundation

A general inspection may note certain issues with the structure and foundation, though certain problems may require the review of a specialist in those matters.



Roof

Particularly if the roof of your potential home is an older one, this inspection is worth the expense. A certified roofer will be able to indicate the condition of the roof, as well as any repairs needed now, or likely to be needed in the near future.



Pool and Spa

These of course only apply if the home has one of these features. These inspections are not usually part of a general inspection and will always require a specialist.



Sewer or Septic System

A general inspection may cover these issues in general terms, though certain problems may require the review of a specialist.



Soil Stability

This is not usually addressed in a general inspection, and almost always requires review by a specialist.



Landscaping

Those interested in determining if trees and other vegetation on the property are healthy may want to hire a certified arborist to inspect them.



Radon, Gases, and Other Chemicals

A mitigation contractor can test for radon or methane gas, and recommend ways to remove it. Likewise, a qualified formaldehyde inspector can test for unacceptable levels of this colorless and flammable chemical often used in building products.



Asbestos

General home inspections do not test for asbestos, and testing must be conducted in a qualified lab to make a conclusive determination as to whether or not it is present.



Mold

Mold is typical in humid, damp climates, and in dark, enclosed areas such as crawl spaces. While a general inspector might note areas of concern, a qualified mold mitigation expert will be able to definitively determine if mold is present, and if so, the type and necessary remedy.

It is always a good idea for the buyer to be present during the inspection, in order to be adequately informed of potential issues, and to ask any necessary questions. After all inspections are conducted and reports are reviewed, you can, and should, request that the sellers make certain repairs, and the seller and buyer can negotiate those matters to a satisfactory resolution. In some circumstances, the seller may refuse to make any repairs. In others, the seller may agree to the repairs, may offer cash in lieu of the repairs, or may agree to an adjustment of the purchase price of the home. Each home and each negotiation will be different. The important thing is to have a qualified agent to advise you, and to ultimately feel satisfied with the results of your negotiations.

In addition to the home inspection, your lender will also order an independent, third-party appraisal to determine what your home is worth. The appraiser will determine the value of the home by comparing it to recent sales of similar homes in that particular area. The appraisal must equal to or greater than the price of the offer to meet the terms of most lenders. If the appraisal comes in lower than expected, you'll have a few options if you still wish to purchase the home, which include:

- **Renegotiating** the offer price with the seller (sellers eager to sell their homes may be willing to accept a lower price in order to move quickly)
- **Paying the cash difference** between the appraised price and the amount of the loan
- Working with your lender to **appeal the appraisal** if you feel it was performed incorrectly
- **Walking away** from the offer

The lender will also likely order a title search to discover any other claims on the property, and to make sure you have a clear title to your new home when the sale is complete. In most cases, it's also wise to request that an official survey be conducted by a qualified surveyor, to verify the official boundaries of the property.

After all inspections, appraisals, and surveys have been completed to the satisfaction of both parties, and the terms of the contract have been negotiated so that all are in agreement, you're ready to proceed to the last step of the home-buying process – the closing table!

09

THE CLOSING TABLE

If you've made it this far in the searching and buying process, congratulations - you're ready to finalize the sale and close on your new home! Just prior to closing, you will likely have the opportunity to take the "final walk-through" of your home. Don't miss this opportunity, as it's your chance to make sure that repairs have been adequately completed, and the home is in the condition that you expect.

Once you've completed the final walk-through and made it to the closing table, you'll be ready to meet with the seller, your agent, their agent, and closing attorneys, to sign all necessary documents and pay your closing costs. Prior to closing, lenders will provide buyers with a document, often called a closing disclosure, disclosing their estimated closing costs and fees, so the buyer can plan ahead. As previously mentioned, closing costs typically include things like:

- Attorney fees
- Credit report processing fees
- Title search and insurance fees
- Appraisal and inspection fees
- Points – These are predetermined fees similar to prepaid interest, and are paid to the lender to receive a particular interest rate (each point typically represents 1% of the total loan amount)
- Other costs depending on your particular loan

You'll also need to insure that you have a valid homeowner's insurance policy in place before you close on your home. Your lender will likely require that you have at least enough homeowner's insurance to cover the replacement value of the home in the event that the home is totally destroyed by an unforeseen event. Homeowner's insurance also covers personal property items up to a certain amount, in the event of a theft. Depending on the location of the home, buyers may also need extra hazard insurance for things like floods, wildfires, or earthquakes.

At closing, you'll need to be prepared with your valid picture ID and certified check for any down payment due (unless you have wired the money to the title company), as well as any other documents that your particular circumstances may require. Then, all that remains is to sign the appropriate documents, and shake hands on the purchase of your home.





CONCLUSION

CONGRATULATIONS!

If you've made it this far, hopefully you have a key to your new home on your key chain, a smile on your face, and a future to be filled with happy memories in a home that you can cherish for years to come. Finding the right home is not always a quick or easy process, but with the right resources to guide you, it's a journey that's worth it.

As your home ownership experience continues, you can always turn to www.GayRealEstate.com for advice and up to date information on all kinds of real estate needs, knowing that when you do so, you're receiving the most helpful and accurate information available. We wish you many happy years in your new home making memories with those you love!

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