

# BUYERS GUIDE

STEPS TO BUYING A HOME







**ANNIE WAYLAND**  
Broker

**541-280-3770**

[annie.wayland@cascadesir.com](mailto:annie.wayland@cascadesir.com)  
[anniewayland.cascadehasson.com](http://anniewayland.cascadehasson.com)

Ranked in the Top 1% of Brokers in Central Oregon, Annie Wayland is known for her tenacity, proactive communication style, vast local network, and drive to do whatever it takes to help her clients succeed. When it comes to responsiveness, Annie is unparalleled. Her business thrives on availability, and she works tirelessly to ensure a successful transaction. As a well-liked, respected, and well-connected member of the real estate world, she continually secures the best deals for her clients. When you work with her, you can expect enthusiasm, your cheerleader, and an aggressive yet personable approach that makes the buying and selling as painless and efficient as possible. She is regarded as someone who doesn't take herself too seriously and always gets the job done.

Annie fell in love with South Deschutes County and Central Oregon in 1987 when her parents bought a home here. She grew up on Sunriver's bike paths and golf courses, so she has an intimate knowledge of the area and understands what makes this place unique. After many weekend getaways and family vacations, Annie became an official Oregon resident in 2003. If you want a vacation home, an investment property, or a full-time residence, Annie has the local market insight and an extensive network of contacts to ensure you find the perfect home in the ideal location.

When not working with clients, you can find Annie hosting a new lifestyle show called "Selling Oregon" on American Dream TV. From fly fishing to zip lining, Annie showcases all the fantastic adventures you can experience in the region. She highlights properties for sale that exemplify the South Deschutes County and Sunriver lifestyle. Annie brings this same enthusiasm and passion to every real estate transaction. As a former nationally-ranked tennis player at the University of Oregon, her competitive nature shines through when it comes to getting you the best real estate deal in Central Oregon.



# NEW HOME WISH LIST

Before you begin looking for a home, know what you're looking for. Create your own Wish List to help you identify all the things that you absolutely must have as well as those items that would be nice, but that you could live without. Print out the checklist, fill it in, and share with your realtor.

## PROPERTY CHARACTERISTICS

☐ Price Range

☐ Approx. Square Footage

☐ Newer Home

☐ Two Stories

☐ Master Bedroom Upstairs

☐ Family Room

☐ Family Room Fireplace

☐ Formal Dining Room

☐ Gas/Heat

☐ Central Air

☐ Eat-in Kitchen

☐ Tub & Separate Shower

☐ Refrigerator

☐ Electric Range/Cook top

☐ Den/Office

☐ Built-In Range/Oven

☐ Self-cleaning Oven

☐ Hardwood Floors

☐ Microwave Oven

☐ Disposal

☐ Dishwasher

☐ Laundry Room

☐ Newer Roof

☐ Automatic Garage Door

☐ Basement

☐ Security System

☐ Landscape Sprinklers

☐ Swimming Pool

# 10 STEP BUYING PROCESS

## **Step 1.** **Start Your Research Early**

Start reading Web sites, newspapers, and magazines that have real estate listings. Make a note of particular homes you are interested in and see how long they stay on the market.

## **Step 2.** **Determine How Much House You Can Afford**

Lenders generally recommend that people look for homes that cost no more than three to five times their annual household income if the home buyers plan to make a 20% down payment and have a moderate amount of other debt.

## **Step 3.** **Get Prequalified and Preapproved for credit for Your Mortgage**

Before you start looking for a home, you will need to know how much you can actually spend.

## **Step 4.** **Find Real Estate Agent**

Real estate agents can provide you with helpful information on homes and neighborhoods that isn't easily accessible to the public.

## **Step 5.** **Make an Offer**

Once you and the seller have reached agreement on a price, the house will go into escrow, which is the period of time it takes to complete all of the remaining steps in the home buying process.

## **Step 6.** **Get a Home Inspection**

Typically, purchase offers are contingent on a home inspection of the property to check for signs of structural damage or things that may need fixing.

## **Step 7.** **Select Your Loan**

Lenders have a wide range of competitively priced loan programs and a reputation for exceptional customer service. You will have many questions when you are purchasing a home, and having one of our experienced, responsive mortgage bankers assist you can make the process much easier.

## **Step 8.** **Have the Home Appraised**

Lenders will arrange for an appraiser to provide an independent estimate of the value of the house you are buying. The appraiser is a member of a third party company and is not directly associated with the lender.

## **Step 9.** **Coordinate the Paperwork**

There is a lot of paperwork involved in buying a house. Your lender will arrange for a title company to handle all of the paperwork and make sure that the seller is the rightful owner of the house you are buying.

## **Step 10.** **Close the Sale**

At closing, you will sign all of the paperwork required to complete the purchase, including your loan documents.





## Step 1

### Start Your Research Early

As soon as you can, start reading Web sites, newspapers, and magazines that have real estate listings. Make a note of particular homes you are interested in and see how long they stay on the market. Also, note any changes in asking prices. This will give you a sense of the housing trends in specific areas.

## Step 2

### Determine How Much House You Can Afford

Lenders generally recommend that people look for homes that cost no more than three to five times their annual household income if the home buyers plan to make a 20% down payment and have a moderate amount of other debt.

## Step 3

### Get Prequalified and Preapproved for credit for Your Mortgage

Before you start looking for a home, you will need to know how much you can actually spend. The best way to do that is to get prequalified for a mortgage. To get prequalified, you just need to provide some financial information to your mortgage banker, such as your income and the amount of savings and investments you have. Your lender will review this information and tell you how much we can lend you. This will tell you the price range of the homes you should be looking at. Later, you can get preapproved for credit, which involves providing your financial documents (W-2 statements, paycheck stubs, bank account statements, etc.) so your lender can verify your financial status and credit.



## Step 4

### Find the Right Real Estate Agent

Real estate agents are important partners when you're buying or selling a home. Real estate agents can provide you with helpful information on homes and neighborhoods that isn't easily accessible to the public. Their knowledge of the home buying process, negotiating skills, and familiarity with the area you want to live in can be extremely valuable. And best of all, it doesn't cost you anything to use an agent – they're compensated from the commission paid by the seller of the house.





## Step 5

### Shop for Your Home and Make an Offer

Start touring homes in your price range. It might be helpful to take notes on all the homes you visit. You will see a lot of houses! It can be hard to remember everything about them, so you might want to take pictures or video to help you remember each home.

Make sure to check out the little details of each house.

For example:

- Test the plumbing by running the shower to see how strong the water pressure is and how long it takes to get hot water
- Try the electrical system by turning switches on and off
- Open and close the windows and doors to see if they work properly

It's also important to evaluate the neighborhood and make a note of things such as:

- Are the other homes on the block well maintained?
- How much traffic does the street get?
- Is there enough street parking for your family and visitors?
- Is it conveniently located near places of interest to you: schools, shopping centers, restaurants, parks, and public transportation?

## Step 6

### Get a Home Inspection

Typically, purchase offers are contingent on a home inspection of the property to check for signs of structural damage or things that may need fixing. Your real estate agent usually will help you arrange to have this inspection conducted within a few days of your offer being accepted by the seller. This contingency protects you by giving you a chance to renegotiate your offer or withdraw it without penalty if the inspection reveals significant material damage. Both you and the seller will receive a report on the home inspector's findings. You can then decide if you want to ask the seller to fix anything on the property before closing the sale. Before the sale closes, you will have a walk-through of the house, which gives you the chance to confirm that any agreed-upon repairs have been made.

## Step 7

### Work with a Mortgage Banker to Select Your Loan

Lenders have a wide range of competitively priced loan programs and a reputation for exceptional customer service. You will have many questions when you are purchasing a home, and having one of our experienced, responsive mortgage bankers assist you can make the process much easier. Every home buyer has their own priorities when choosing a mortgage. Some are interested in keeping their monthly payments as low as possible. Others are interested in making sure that their monthly payments never increase. And still others pick a loan based on the knowledge they will be moving again in just a few years.







## Step 8

### Have the Home Appraised

Lenders will arrange for an appraiser to provide an independent estimate of the value of the house you are buying. The appraiser is a member of a third party company and is not directly associated with the lender. The appraisal will let all the parties involved know that you are paying a fair price for the home.

## Step 9

### Coordinate the Paperwork

As you can imagine, there is a lot of paperwork involved in buying a house. Your lender will arrange for a title company to handle all of the paperwork and make sure that the seller is the rightful owner of the house you are buying.

## Step 10

### Close the Sale

At closing, you will sign all of the paperwork required to complete the purchase, including your loan documents. It typically takes a couple of days for your loan to be funded after the paperwork is returned to the lender. Once the check is delivered to the seller, you are ready to move into your new home!SHAREshare it on Facebookshare it on Twittershare it on Google Plusshare it on LinkedIn

# HOME LOAN TIPS

## **Tip 1. Start saving for a down payment**

Start reading Web sites, newspapers, and magazines that have real estate listings. Make a note of particular homes you are interested in and see how long they stay on the market.

## **Tip 2. Check your credit score**

Having a good credit score puts you in a position to attract the best deal on your home loan. So it's a good idea to obtain a copy of your credit report before starting the home buying process. You will see what your credit profile looks like to potential lenders and can then take steps to improve your credit score if necessary.

## **Tip 3. Utilize a mortgage calculator**

Mortgage calculators are great tools for helping you understand how much home you can afford. They are very easy to use and can show you how much your monthly mortgage payment would be under different home price, down payment and interest rate scenarios.

## **Tip 4. Start tracking interest rates**

The interest rate will be one of the biggest factors in determining the cost of your mortgage. Interest rates for mortgages change almost every day and it is helpful to know which way they are heading.

## **Tip 5. Get pre-qualified**

Many real estate agents want you to be pre-qualified for a loan before they will start to work with you. The mortgage pre-qualification process is fairly simple, usually just requiring some financial information such as your income and the amount of savings and investments you have. Once you are pre-qualified, you will have a better sense of how much you can borrow and the price range of the homes you can afford.





# GETTING YOUR FINANCES IN ORDER

## **The Importance of Your Credit Score**

A credit score is a way of measuring how likely you are to pay your bills. It's one of the key factors that lenders look at when deciding if they will lend you money to buy a home and at what interest rate. The higher your credit score, the better interest rate you can get. Your credit score is based on a credit report that contains information on your credit history, such as the amount and type of debt you have and whether you've made any late payments. Credit scores range between 300 and 850.

## **Down Payment Requirements**

Depending on your lender and the type of loan you choose, your required down payment can range from 3% to 20% of the purchase price of the home. For example, the down payment on a \$200,000 home would range between \$6,000 and \$40,000. With a significant lump sum due at the time of closing, you will need to build your savings before you buy a home.

# REAL ESTATE TERMINOLOGY

- **Adjustable-rate mortgage** - There are two types of conventional loans: the fixed-rate and the adjustable-rate mortgage. In an adjustable-rate mortgage, the interest rate can change over the course of the loan at five, seven, or ten year intervals. For homeowners who plan to stay in their home for more than a few years, this is a risky loan as rates can suddenly skyrocket depending on market conditions.
- **Amortization** - This is the process of combining both interest and principal in payments, rather than simply paying off interest at the start. This allows you to build more equity in the home early on.
- **Appraisal** - In order to get a loan from a bank to buy a home, you first need to get the home appraised so the bank can be sure they are lending the correct amount of money. The appraiser will determine the value of the home based on an examination of the property itself, as well as the sale price of comparable homes in the area.
- **Assessed value** - This is how much a home is worth according to a public tax assessor who makes that determination in order to figure out how much city or state tax the owner owes.
- **Buyer's agent** - This is the agent who represents the buyer in the home-buying process. On the other side is the listing agent, who represents the seller.
- **Cash reserves** - The cash reserves is the money left over for the buyer after the down payment and the closing costs.
- **Closing** - The closing refers to the meeting that takes place where the sale of the property is finalized. At the closing, buyers and sellers sign the final documents, and the buyer makes the down payment and pays closing costs.
- **Closing costs** - In addition to the final price of a home, there are also closing costs, which will typically make up about two to five percent of the purchase price, not including the down payment. Examples of closings costs include loan processing costs, title insurance, and excise tax.
- **Comparative market analysis** - Comparative market analysis (CMA) is a report on comparable homes in the area that is used to derive an accurate value for the home in question.
- **Contingencies** - This term refers to conditions that have to be met in order for the purchase of a home to be finalized. For example, there may be contingencies that the loan must be approved or the appraised value must be near the final sale price.
- **Dual agency** - Dual agency is when one agent represents both sides, rather than having both a buyer's agent and a listing agent.
- **Equity** - Equity is ownership. In homeownership, equity refers to how much of your home you actually own—meaning how much of the principal you've paid off. The more equity you have, the more financial flexibility you have, as you can refinance against whatever equity you've built. Put another way, equity is the difference between the fair market value of the home and the unpaid balance of the mortgage. If you have a \$200,000 home, and you still owe \$150,000 on it, you have \$50,000 in equity.
- **Escrow** - Escrow is an account that the lender sets up that receives monthly payments from the buyer.
- **Fixed-rate mortgage** - There are two types of conventional loans: the fixed-rate and the adjustable-rate mortgage. In a fixed-rate mortgage, the interest rate stays the same throughout the life of the loan.
- **Home warranty** - This warranty protects from future problems to things such as plumbing and heating, which can be extremely expensive to fix.
- **Inspection** - Home inspections are required once a potential buyer makes an offer. Typically, they cost a few hundred dollars. The purpose is to check that the house's plumbing, foundation, appliances, and other features are up to code. Issues that may turn up during an inspection may factor into the negotiation on a final price. Failing to do an inspection may result in surprise costly repairs down the road for the home buyer.



# REAL ESTATE TERMINOLOGY

- **Interest** - This is the cost of borrowing money for a home. Interest is combined with principal to determine monthly mortgage payments. The longer a mortgage is, the more you will pay in interest when you have finally paid off the loan.
- **Listing** - A listing is essentially a home that is for sale. The term gets its name from the fact that these homes are often "listed" on a website or in a publication.
- **Listing agent** - This is the agent who represents the seller in the home-buying process. On the other side is the buyer's agent, who represents the buyer.
- **Mortgage broker** - The broker is an individual or company that is responsible for taking care of all aspects of the deal between borrowers and lenders, whether that be originating the loan or placing it with a funding source such as a bank.
- **Offer** - This is the initial price offered by a prospective buyer to the seller. A seller may accept the offer, reject it, or counter with a different offer.
- **Pre-approval letter** - Before buying a home, a buyer can obtain a pre-approval letter from a bank, which provides an estimate on how much the bank will lend that person. This letter will help determine what the buyer can afford.
- **Principal** - The principal is the amount of money borrowed to purchase a home. Paying off the principal allows a buyer to build equity in a home. Principal is combined with interest to determine the monthly mortgage payment.
- **Private mortgage insurance** - Private mortgage insurance (PMI) is an insurance premium that the buyer pays to the lender in order to protect the lender from default on a mortgage. These insurance payments typically end once the buyer builds up 20% equity in a home.
- **Real estate agent** - A real estate agent is a professional with a real estate license who works under a broker and assists both buyers and sellers in the home-buying process.
- **Real estate broker** - A real estate broker is a real estate agent who has passed a state broker's exam and met a minimum number of transactions. These brokers are able to work on their own or hire their own agents.
- **Realtor** - A Realtor is a real estate agent who specifically is a member of the National Association of Realtors. NAR has a code of standards and ethics that members must adhere to.
- **Refinancing** - Refinancing is when you restructure your home loan, replacing your old loan with an entirely new loan that has different rates and payment structures. The main reason people refinance their home loans is to get a lower interest rate on their mortgage, and therefore lower not only the monthly payment but also the overall debt owed.
- **Title insurance** - Title insurance is often required as part of the closing costs. It covers research into public records to ensure that the title is free and clear, and ready for sale. If you purchase a home and find out later that there are liens on the home, you'll be glad you had title insurance.



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