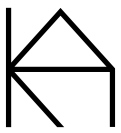


# Buying a home in Chicagoland

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COMPASS

# Buyer Timeline

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## 01 Mortgage Pre-Approval

Unless you're paying cash for your home, you'll need to talk to a good local lender about obtaining a pre-approval letter for financing. The lender can provide answers to questions about interest rates, closing costs, loan products, down payment requirements, & monthly payment expectations. We can provide referrals for mortgage lenders if needed.

## 02 Buyer Consultation

We'll sit down with you at our office to discuss your search criteria in detail, review available inventory, and answer any questions about the home buying process. This will maximize efficiency of your time looking at properties that meet your criteria and we can all be on the same page with your timeframe and home ownership goals.

## 03 Home Search

After the available properties are narrowed down to your list of favorites, we will schedule buyer tours to see homes that not only fit your criteria but also have great resale potential. Navigating the search process to help you make a smart investment is our priority.



## 04 Make An Offer

Once you have found The One, we will review the comparable sales data to analyze the list price and come up with an offer strategy. We will review the sales contract and offer terms and present the offer in writing to the listing agent. You will be guided through the negotiation process and once terms are mutually agreed by buyer and seller, the offer will be revised for the seller to sign. Once the contract is signed by both parties, you will be officially under contract and initial earnest money of typically \$1000-\$2500 will be due.

## 05 Inspection

You will have an inspection contingency typically, 5 or 7 business days to conduct an inspection after the offer is signed. We can provide referrals for professional home inspectors if needed. If any serious issues are uncovered, you can negotiate seller repairs or credits at closing to have the repairs done yourself. You will pay the inspector upon having the inspection.

## 06 Attorney Review

You will have an attorney review contingency typically 5 or 7 business days to have an attorney review the contract after it is signed. We can provide referrals for local real estate attorneys if needed. If there is a condo association, this will be your opportunity to review all of the condo association documents, budget, and meeting minutes. Your attorney will negotiate amendments to the contract as well as formalize any inspection repairs/credits that the seller agreed to. You will pay for the attorney's fee (typically \$500-\$850 or more for new construction deals) upon closing.

## 07 Loan Application & Appraisal

If you are obtaining financing, you will need to make a loan application upon receiving the contract. Your lender will let you know the list of financial documents necessary to provide to the lender including a couple months of bank statements, tax records, pay stubs etc. Once you feel confident your home purchase is moving forward after attorney review/inspection period, your lender will have an appraisal done on the property.



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# 08

## Clear Mortgage Contingencies

If you are obtaining financing, you will have a mortgage contingency of typically 30-45 days to obtain a mortgage commitment. Once your lender has all of your documents, they will send it to underwriting to review. Once underwriting has issued a Clear-to-Close, your loan is complete and the file will be sent to the title company for closing..

# 09

## Final Walk-Through

Before we head to the closing table, we'll have a final walk through of your future home.

This is our chance to make sure the sellers made any repairs agreed to, all appliances and fixtures negotiated were left behind and that the sellers didn't accidentally damage the home when moving out.

# 10

## Closing

We will attend your closing together along with your attorney and the seller's attorney at the office of the seller's title company. Your attorney will explain each form you need to sign and will review the numbers on the settlement statement. Closings typically take a couple of hours on average. When closing is complete, you'll receive the keys to your new home!

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# Key Terms

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### APPRAISAL

Assessment of the property's market value, typically done for the purpose of obtaining a Mortgage.

### LOAN OFFICER

The loan officer represents a financial institution and provides a loan to the buyer.

### PRE-OFFER INSPECTION

A pre-offer inspection is an inspection of the home before you make an offer. It is a way to make your offer stronger in a competitive market.

### PRIVATE ATTORNEY

You can seek outside legal counsel on the contract. In our area, most buyers don't hire their own legal counsel, however you are always welcome to do so.

### APPRAISER

The lender will hire an appraiser to place a value on the property before approving your loan.

### EARNEST MONEY DEPOSIT (EMD)

A good faith deposit the buyer makes with an offer to show that you are serious about buying the property. In exchange, the seller agrees to stop marketing the property.

### INSPECTION

An expert conducts a formal review of the property to find visible issues that need to be repaired. You can make your offer contingent on an inspection or conduct a pre-offer inspection to make your offer stronger.

### INSPECTION CONTINGENCY

You can make your offer contingent on a home inspection. If the inspection uncovers issues, we can determine the best way to move forward.

### COMMON CHARGE

Monthly maintenance fee paid by condo owners. Property taxes are not included in the common charge.

### CONTRACT DEPOSIT

A percentage of the agreed-upon purchase price paid by the buyer at the time of signing the contract.

### CO-OP SHAREHOLDER

Owner of a co-op unit, since what they are actually purchasing are shares of stock in the co-op corporation.

### DEBT-TO-INCOME RATIO

The percentage of an individual's monthly gross income relative to the amount of debt owed.

### FESCROW DEPOSIT

Deposit of funds to be transferred upon completion of the deal.

### FINANCIAL STATEMENT

A formal record of all your financial assets, debts, and liabilities.

### FLIP TAX

A tax levied by a co-op and paid by the seller when a sale is made. They are designed to generate funds for the co-op's cash reserve.

### MAINTENANCE FEE

Fees paid by co-op shareholders that contribute to building operations.

### SETTLEMENT COMPANY

The settlement company, also called a title company, ensures the contract is fair to all parties and manages the money throughout the process. Working with your agent, the buyer hires the settlement company, which is paid through the closing costs.

### SPECIFIC TESTS

Tests like radon and termites require separate contingencies in your offer. Your agent can walk you through your options.

### WALKTHROUGH

The buyer reviews the house just before closing to make sure everything is in the same condition and that all home inspection items are fixed.

### LIEN SEARCH

A background check on the property and the seller to ensure there are no outstanding debts or claims upon the property.

### PRE-APPROVED

Advanced approval from a bank or other lending institution for a home mortgage.

### PRE-QUALIFIED

Potential buyers provide an overall financial picture and mortgage brokers provide an estimate of what level of loan you will likely be pre-approved for.

# Estimated Costs

The following is an estimate of the costs typically associated with the purchase of a home.

(actual charges can be more or less)



# Prior to Closing

**\$400-\$800**

Inspection

Differs according to the size of the property

**\$400-\$575**

Appraisal & Credit Report

Paid to the lender

# Paid at Closing

**\$1,000-\$1,500**

Lender Processing & Underwriting Fees

**\$200-\$400**

Lender's Title Insurance Fee

To ensure the lender's interest in the property is the first mortgage.

**\$2,800-\$3,500**

Title Company Fees

Based on the value of the property.

**\$7.50**

Chicago Revenue Transfer Stamps

Per 1,000 on purchase price.

Homeowner's Insurance

Varies based on the property.

Tax Reserve Fund

A minimum of two months of estimated taxes placed into escrow if required by the lender, depending on the timing of closing.

Condominium Charges

Condominium associations may charge an application fee, move-in fee, etc.

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