
THE 9 MOST COMMON QUESTIONS WE GET FROM NEW (OR RETURNING) HOME BUYERS

WHETHER YOU'RE A FIRST TIME BUYER OR A FOURTH TIME BUYER, THE QUESTIONS SEEM TO BE THE SAME. HERE'S A QUICK GUIDE THAT CAN HELP YOU SEE THE WHOLE PICTURE.

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- 1. WHAT'S THE FIRST THING I SHOULD DO TO BUY A HOUSE?**
A) GO HOUSE-HUNTING
B) GET PRE-APPROVED FOR A MORTGAGE

ANSWER: DON'T WAIT UNTIL YOU FIND A DREAM HOME TO GET PRE-APPROVED! YOU MIGHT LOSE OUT TO SOMEONE WHO'S BETTER PREPARED

The first thing most people *really* do when they start thinking about buying a house is *look at them*. It's fun. And that's fine, but don't get too excited until

you've contacted a mortgage professional and gone through the rigorous process of getting pre-approved for a loan.

Whatever you do, don't make an offer on a home without being fully pre-approved (it's unlikely you'd be allowed to anyway). Once pre-approved, make sure you have a letter from your lender in hand as proof to show sellers and include with your offer.

If by some chance a home seller does accept your offer without proof of mortgage approval, and you later discover the bank won't give you a loan, the experience could be emotionally and financially draining.

Where Can I Find a Good Lender?

I can recommend mortgage brokers, or you can ask your friends for recommendations. Select both a lender and a mortgage broker, then compare the offers from each. Be ready to dig through your financial life for a week or so as you get the paperwork together for the pre-approval.

2. HOW LONG DOES IT TAKE TO BUY A HOME?

- A) SIX MONTHS
- B) SIX WEEKS

ANSWER: BETWEEN 26 AND 60 DAYS (ON AVERAGE FROM ACCEPTANCE OF OFFER TO KEYS IN HAND)

Buying a home doesn't include the time it takes to FIND a home. That can take some people years. But once you make an offer, the time frame is usually between 30 and 60 days, an average of 45 days (about six weeks). Most of that time is spent satisfying the lender's requirements, doing inspections, doing due diligence research, and getting the closing documents ready. Problems can and do frequently arise during any of these periods, which can lengthen the process.

3. HOW MUCH DO I HAVE TO PAY A REAL ESTATE AGENT TO BUY A HOME?

- A) NOTHING
- B) A FEE BASED ON NEGOTIATED AGREEMENT

ANSWER: A FEE BASED ON NEGOTIATED AGREEMENT

It used to be that your agent's fee was automatically paid by the seller from the proceeds of their sale, making your buyer's agent free to you. However, that has changed, and now your real estate agent is required by law to have a separate agreement with all buyers before showing homes.

The buyer is responsible for paying their real estate agent's fee. In many cases, that fee can be negotiated in the real estate offer with a seller for the seller to pay the buyer's agent fees. But not always, so buyers must be prepared to add real estate fees to their closing costs.

4. DO I NEED TO USE A REAL ESTATE AGENT TO BUY A HOUSE?

- A) NO
- B) YES

ANSWER: NO, BUT...

You can bypass hiring a buyer's agent and go directly to the listing agent, but if you do that, you will be representing yourself in the sale.

That will make you responsible for all paperwork, due diligence, time frames, repair negotiations, arranging title, managing escrow, knowing who to hire and when, spotting warning signs, and more.

The seller's agent will not represent you unless you also agree to pay their fee or arrange a fee from the seller. That means it will cost you the same, but you won't get independent representation.

THE TRAVELING METAPHOR

Imagine traveling to a foreign country you've never visited before. You don't know the language or customs. Sure, you could figure it out on your own with the help of Google, and you might have some interesting experiences along the way, especially getting yourself out of sticky situations.

But suppose you had an experienced guide with you who could speak the language, introduce you to locals, help you with arranging visas, show you

secret places, and prevent you from paying the “tourist tax” of inexperience. Wouldn’t that be a more rewarding trip?

That’s what it’s like to have your own real estate agent. However, there’s one more thing that makes the real estate agent useful to you: a measure of protection against fraud.

Real estate agents have E&O Insurance, which backs their ethics with financial and legal protections that extend to you.

5. SHOULD I BUY NOW OR WAIT UNTIL PRICES DROP?

A) BUY NOW

B) WAIT

C) KNOW THYSELF

ANSWER: KNOW THYSELF

Real estate prices in 2025 are at an all-time high almost everywhere. And economic conditions favor them staying high for quite a while. Something drastic would need to occur in the world economy to change things (such as COVID, when prices rose, and the banking crisis of 2008, when prices fell).

If you had bought last year, when everyone thought prices would fall, you’d have made money, because prices went up. Someone will always be caught making a decision just as economic factors change, but no one can actually predict the change.

My advice, and the advice of most real estate professionals I know, is to buy when it’s important for your life, and as young as possible. That way you enjoy your house, gain equity by paying down the mortgage, and refinance if/when rates drop.

True, the house you buy may drop (or rise) in value, but if you buy what you can afford now, then you’ll be able to keep your house, which is an asset that will serve you.

If it drops in value, you still have the asset. Your plans may change with regards to that asset, but you still have it. **The important thing is to only pay what you can comfortably afford!**

6. WHAT KIND OF CREDIT SCORE DO I NEED TO BUY A HOME?

- A) 750+
- B) 600+
- C) 800+

ANSWER: 580 TO 800 (620 IS THE LOWEST RECOMMENDED)

You are probably aware that a higher credit score offers better lending terms (interest rate, closing costs). There are some lenders who will approve buyers with a 580 score, offering less attractive terms. The higher the score, the better the terms. Being financially responsible (as indicated by your credit score in this case), entitles you to better financial rewards.

If your score is below 620, you may want to raise it before buying. It may mean a difference of tens of thousands of dollars in your purchase price.

Talk to your mortgage professional for advice.

7. HOW MUCH MONEY DO I NEED TO HAVE FOR A DOWN PAYMENT?

- A) 20% OF THE PURCHASE PRICE
- B) 3% OR MORE

ANSWER: 3% TO 20%

Some loans, such as the VA loan in the US, may even allow 0% down. Some specialty loans can go as low as 3%. However, most conventional bank or mortgage broker loans are approved for between 5% and 20% down.

You get better terms at 20% down, and putting 20% down eliminates an extra payment called Private Mortgage Insurance (PMI) that can add hundreds of dollars to your payment.

But at today's high prices, most buyers pay less than 20%.

Do run a search for specialty mortgage programs in your area or for your industry. There are teacher loans and neighborhood revitalization mortgage and grants, for example.

8. WHAT OTHER FEES ARE THERE, BESIDES THE DOWN PAYMENT?

- A) NONE
- B) A BUNCH

ANSWER: YOU KNOW THE ANSWER IS GOING TO BE “A BUNCH”

These include up-front costs (before closing) like application fees, appraisal fees, pest inspections, and home inspection fees. These will typically run you between \$750 and \$1,500 for ordinary houses or condos.

And then there are closing costs, including loan origination fees, title policy, real estate agent fees, closing agent fees, document fees, taxes, and more. These will typically run 4 to 7%.

EXAMPLE COSTS

The total cost estimate to buy a \$500,000 home with 20% down:

- Price: \$500,000
- Down payment 20%: **\$100,000**
(Loan amount: \$400,000)
- Before-closing fees: **\$1,000**
- Lender 1% origination fee: **\$4,000**
- 4-7% closing costs: **\$16,000 - \$28,000**

Total costs: \$21,000 to 33,000 (not including the down payment)

9. WHEN DO I GET THE KEYS?

- A) AT FINAL WALK-THROUGH
- B) AT CLOSING
- C) AFTER THE PROPERTY TRANSFER HAS RECORDED

ANSWER: AFTER THE PROPERTY TRANSFER HAS RECORDED

It used to be that you got the keys at closing. In some places it still works that way, but in most, you'll need to wait until the property is officially recorded. At that point, I (or another agent) will be able to deliver the keys to you or you can pick them up at the title company or lawyer's office.

Ask your real estate agent how closing works in your area. The timing for you to get your keys in hand is based on custom, not legalities.

READY TO GET STARTED?

Then I'm ready to meet with you by phone or in person for an initial consultation. That's where I'll answer all your questions and help you think of more that you might not even know to ask.

WE'LL CREATE A PLAN OF THE NEXT STEPS THAT WILL GET YOU
CLOSER TO YOUR HOUSE PURCHASE.