seller are countering, negotiations can sometimes reach an impasse. Often the difference is very small, but neither the seller nor buyer will budge because both want to feel that they dictated the price. It helps to keep things is perspective. The difference between the monthly payment of a 30-year, 6% mortgage of $345,000 vs. $350,000 is only $30 a month. Certainly, though, the difference between what you want and what the seller wants can be fairly large. At some point, you will have to decide if you want to continue negotiating with the seller.

If the seller outright rejects your offer, usually it is because he or she has accepted an offer from another buyer or feels that your offering price is so low that your offer is not serious. If your offer is rejected for the second reason, you can submit another one. Whatever the reason for the seller rejecting the offer, try to not be too disappointed if you do not get the first house you put an offer on. There are likely many houses out there that meet your needs.

The Pre-Closing Period and Closing

Pre-closing period

Once your offer is accepted, you can arrange for the home inspection, which should be done by an independent, qualified professional, and either apply for a mortgage if you have not already done so or let your lender know you found a home if you were pre-approved. The lender will start to prepare for closing and may need additional documentation from you, such as proof of homeowners insurance (which needs to be purchased before closing). As mentioned above, an appraisal must be done that meets the lender's specifications. During the escrow period, it is a good idea to periodically check in with the lender and make sure they have everything they need. Otherwise, your closing may be delayed.

Occasionally, buyers who were pre-approved later get their loan denied. For example, you may be denied a loan for a particular house if the appraisal comes in too low. Also, your lender will likely check your credit report right before closing. Your loan may be denied if there have been major changes since you first applied, so avoid charging $15,000 to your credit card! However, if there are no problems, your loan will get final approval, and the lender will be ready to pay out the mortgage funds.

If you are purchasing the home with another person, you will have to decide how to hold the title and then the title company know. There are several ways for two or more people to hold the title, such as:
Tenancy by the entirety: This is only available to married couples. In tenancy by entirety, both ownershave claim to the whole, undivided title. Permissionis needed from both spouses to sell or refinance the property.

Joint tenancy: The title is split in equal shares among the owners, and there is a right of survivorship, meaning if one of the owners dies, his or her share automatically goes to the surviving owners.

Tenancy in common: Ownership of the house can be split by any percentage. For example, you could own 75% percent of the home, while the other titleholder owns 25%. With tenancy in common, there is no right of survivorship, so if you die, your ownership share goes to whomever you left it to in your will.

About a day or so before closing - ideally after the seller has moved out - consider doing a final walkthrough of the property. In the walkthrough, you should make sure the seller left everything he or she agreed to leave and that the property is in the same condition it was before. This is the best time to bring up any problems - such as a stain on the carpet - since the seller has not yet gotten paid. Once closing happens, your options for getting the seller to do something are limited.

Closing

Closing is the day the mortgage is finalized, and the title of the house is transferred to you. In many states, the closing is handled by the title company. If not, it may be handled by a closing company or attorney. The lender will send its documents and the mortgage funds to the company handling closing, and the title documents needed to record the transfer of ownership in the public records will be prepared. This is usually recorded with the city or county, depending on where you live. Before closing, the title company will also do the title search to make sure the seller is the current legal owner of the home and see if there are any existing liens that must be paid before the seller can receive any money.

Three days before you close you will receive the Closing Disclosure, which lists your actual closing costs. If you do not receive it, ask for it. If your actual closing costs differ significantly from the estimates given in Loan Estimate, ask the lender why.

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The closing may take place in the office of the company handling closing, or they may send a notary public to your office or home so you can sign the papers. You and the seller may attend the closing together or separately. You will need to bring photo identification, proof of insurance for the home, and a cashier's check for the amount you are paying for closing costs and the down payment. You are going to sign a lot of paperwork, so be prepared for a sore hand! Do not feel rushed. Make sure you understand everything before signing it. You may want to hire a real estate attorney to accompany you to closing and explain what everything means. The documents you may be signing include the:

- **Mortgage note:** The mortgage note is your promise to pay the lender according to the specified terms.
- **Mortgage or deed of trust:** This gives the lender the right to the title of the home if you do not pay the mortgage.
- **Affidavits:** You may have to sign affidavits confirming particular requirements or facts, such as an affidavit of occupancy confirming you will occupy the home.

After you sign all of the documents, you will receive the keys to your new home. The title or closing company will disburse the funds to the seller and bring the title paperwork to the county or town office to record the transfer of ownership. You are now a homeowner!

Tax Benefits of Homeownership

Your mortgage payments will probably be higher than what you are paying now for rent, but owning a home can provide a nice tax break. If you itemize your deductions, you can usually deduct some home-related costs, the most common ones being mortgage interest and property taxes. Since deductions lower your taxable income, your tax liability decreases. For example, if your marginal tax rate (the tax rate that is applied to the last dollar you earn) is 25%, paying $3,000 in property taxes and mortgage interest would save you $750 in taxes.

Filling out a new Form W-4, available on the IRS's website at www.irs.gov, allows you to see if you can reduce the amount of taxes being withheld from your paychecks. In order to fill out the form properly, you must know, or at least be able to reasonably estimate, what your property taxes and mortgage interest are for the year. At closing, or soon after, you should receive a form from the tax assessor's office letting you know your property tax rate. To calculate your interest payments for the year, you can use an amortization table.

If you do not adjust your tax withholding you may get a big refund. While a big refund may sound nice, it is not necessarily beneficial. A refund is just the government giving you back excessive money that was withheld from your paychecks, money you essentially loaned to them interest free for the year. It is better to reduce the taxes withheld from your paycheck and increase your net income. You can use the extra money to pay down interest-charging debts, like credit cards and car loans, or put it in a savings account to earn interest. Of course, you should avoid decreasing your withholdings so much that you wind up owing the IRS at the end of the year.

While mortgage interest and property taxes are the most common deductions, you may also be able to deduct other home-related expenses, such as PMI and points. Although points are paid at closing, the IRS generally requires you to deduct them over the life of the loan. In order to deduct the full amount paid for points in the year you close, you must meet several conditions, listed on the IRS's website. If you do not already do so, once you purchase a home, you may want to have your tax return done by a tax specialist to ensure that you are getting all of the deductions you are entitled to and do not claiming anything you are not entitled to.

Summary

Buying a home involves a lot of work. It is not always easy. However, once you overcome any challenges you may face, you get a big reward: your home!

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BUDGET WORKSHEET

Monthly Income	Gross	Net
Job		
Spouse's job		
Part-time job		
Commissions/ bonuses		
Government benefits		
Child support/ alimony		
Other		
Total Income:		

Monthly Expenses	Current	Proposed
Rent/mortgage		
Second mortgage		
HOA dues		
Property taxes		
Homeowners insurance		
Gas/electric (house)		
Water/sewer/garbage		
Telephone		
Groceries		
Household items		
Health insurance		
Co-pays (medical)		
Car payment #1		
Car payment #2		
Gasoline		
Repairs (house)		
Repairs (cars)		
Auto insurance		
Auto registration		
Tolls/parking		
Public transportation		
Daycare/babysitting		
Alimony/child support		
Tuition/lessons		
Student loan payment		
Taxes (payment plan)		

Monthly Expense	Current	Proposed
Life insurance		
Union dues		
Donations		
Storage fees		
Beauty/barber		
Movies/videos		
Internet access		
Cable/satellite		
Dining out/ snacks		
Sports/hobbies		
Gym membership		
Vacation/travel		
Books/music		
Clothing purchases		
Laundry/dry cleaning		
Pool/hot tub service		
Gardening		
Alarm system		
Gifts/cards		
Pet care		
Cell phone/pager		
Transaction fees		
Postage		
Cigarettes/alcohol		
Savings		
Debt payment		
Debt payment		
Debt payment		
Other:		
Other:		
Other:		
Other:		
Other:		
Other:		
Other:		
Total Expenses:		

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HOME SEARCH CHECKLIST

Address of property		
Asking price	Square footage	Date of visit
Number of bedrooms	Number of bathrooms	Date built
Is there a homeowners association? ❑ Yes ❑ No		HOA dues $
Notes		

Neighborhood	Additional Description	Good	Average	Poor	N/A
Condition of nearby homes/ businesses					
Traffic					
Safety					
Street parking					
School system					
Public transportation					
Proximity to fire department					
Proximity to police station					
Proximity to hospital					
Proximity to work					
Proximity to restaurants/shops					
Proximity to supermarket					
Proximity to recreation/parks					
Other:					
Other:					
Other:					
Other:					

Common Space	Additional Description	Good	Average	Poor	N/A
Lobby					
Hallways					
Laundry room					
Gym					
Pool					
Playground					
Garden					
Other:					
Other:					

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Home	Additional Description	Good	Average	Poor	N/A
Layout					
Size of rooms					
Closet space					
Basement	Finished: ☐ Yes ☐ No				
Attic					
Fireplace	☐ Wood ☐ Gas ☐ Decorative				
Flooring – living room	Type:				
Flooring – kitchen	Type:				
Flooring – bedrooms	Type:				
Flooring – bathrooms	Type:				
Appliances – kitchen	Color:				
Appliances – washer and dryer					
Countertops	Type:				
Cabinets					
Vanities (bathroom)					
Showers/tubs					
Interior walls condition					
Ceiling height					
Plumbing					
Water pressure					
Electricity					
Cable/internet hook-ups					
Light fixtures					
Air conditioning					
Heat	Type:				
Exterior appearance	Style:				
Outdoor space	Type:				
Fence					
Parking	Type:				
Windows					
Roof	Age:				
Gutters and downspouts					
Water heater	Age:				
Noise level					
Other:					
Other:					
Other:					
Other:					

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Click here to schedule your Personal Financial Checkup today for helpful guidance and more tips!

Or contact us directly via email:
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