

REAL ESTATE F.A.Q.



Presented By:



Presented by HomeBuyerToolBox.com



FAQs

Q: How much home can I afford?

A: This depends on your income, monthly debts, credit score, and how much you plan to put down. While online calculators can give you a rough idea, a pre-approval gives you a real number based on actual guidelines, not guesses.

Q: Should I get pre-approved before looking at homes?

A: Yes 👍

This is one of the most important first steps. It:

Shows sellers you're serious

Helps you move quickly when you find a home

Prevents falling in love with something outside your budget

Q: What's the difference between pre-qualification and pre-approval?

A:

Pre-qualification = quick estimate based on what you tell us

Pre-approval = verified income, credit, and assets

👉 Pre-approval is what actually strengthens your offer.

Q: How much earnest money do I need?

A: Typically 1–3% of the purchase price, but it varies depending on the market.

This deposit shows the seller you're serious and is applied toward your closing costs or down payment later.

Q: What happens if my offer is accepted?

A: You're officially under contract 🎉

From there, the process begins:

Inspection period

Appraisal ordered

Loan processing & underwriting

Final approval → closing

Q: Can I back out of a contract?

A: Yes—but only during certain contingency periods (like inspection, loan, or appraisal). Your realtor will guide you through timelines so you stay protected.



FAQs

Q: What does underwriting mean?

A: This is when the lender reviews your full financial picture to make sure everything meets loan guidelines.

Think of it as the final "approval check."

Q: Why do I have to provide so many documents?

A: Mortgage loans are heavily regulated.

We have to verify:

Income

Assets

Credit

Employment

👉 Every dollar needs to be sourced and documented.

Q: Will my rate change before closing?

A: It can if you're not locked. Rates move daily

Your lender will help you decide when to lock based on market conditions and timing.

Q: What are closing costs?

A: Closing costs are the total fees required to complete your home purchase.

They typically range from 2%–5% of the purchase price.

They include several categories:

1. Lender Fees

-Loan origination

-Processing & underwriting

3. Third-Party Fees

-Appraisal

-Credit report

2. Title & Escrow Fees

-Title insurance & Title Search

-Closing/settlement fee

4. Government Fees

-Recording fees

-Inspection or survey(if applicable)

-Transfer taxes (varies by state)

👉 These are estimated upfront and finalized just before closing.

Q: What is escrow and how does it work?

A: "Escrow" simply means money held by a third party to make sure everything is paid properly.

There are two main ways escrow is used:

1. During the transaction

Your earnest money is held in escrow

It's applied toward your purchase at closing

2. After closing (monthly escrow account)

A portion of your monthly payment goes into an account

The lender uses it to pay:

Property taxes


Homeowners insurance

👉 This keeps you from having to pay large lump sums later.



FAQs

 Q: What should I NOT do during the process?

A: This is a big one 

Don't change jobs

Don't take on new debt

Don't move large sums of money

Don't miss payments

 Keep everything as stable as possible until closing.

Q: What happens at closing?

A: Closing day is the finish line 

You'll:

-Sign final loan documents

-Bring your closing funds (if needed)

-Get your keys 

Q: How much money do I bring to closing?

A: You'll receive exact numbers from your lender and title a few days before closing in your Closing Disclosure.

This number includes everything:

Down payment

Closing costs

Pre-paids

Q: How long does closing take?

A: Most transactions take 30–45 days from contract to closing, depending on the loan and situation.

Q: When is my first mortgage payment due?

A: Typically 1–2 months after closing, your lender will let you know.

Q: What does my monthly payment include?

A: Often referred to as "PITI":

-Principal & Interest

-Property Taxes

-Homeowners Insurance

-(Sometimes HOA dues, but most often they are paid by you separately)

FAQs

BONUS SECTION

Who Does What in the Process?

Realtor  Finds homes, negotiates, manages the contract

Lender  Handles financing, approvals, loan strategy

Title  Manages closing and ownership transfer

Insurance  Ensures proper coverage on the property

Biggest Mistakes to Avoid

- Changing jobs mid-process
- Opening or closing accounts
- Large unexplained deposits
- Moving large sums of money around
- Delaying document requests

 These can delay or even derail your loan.

Home Buying Timeline Snapshot

1. Pre-Approval 

2. House Hunting 

3. Under Contract 

4. Loan + Appraisal 

5. Clear to Close 

6. Closing Day 