A COMPLETE WALKTHROUGH

FIRST TIME HOME BUYER'S GUIDE

METRO DETROIT & THE CITY OF DETROIT

Every step from the first conversation to the day you get keys. Offer, inspection, appraisal, closing, and the quick math on what you can actually afford.

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FIRST-TIME HOME BUYER GUIDE

BUYING YOUR FIRST HOME IN METRO DETROIT

A plain walk through what actually happens, from the first conversation to the day you get the keys.

JAY SHAH

REALTOR · NEW ERA REAL ESTATE

I am a residential agent with New Era Real Estate in Troy, and I work across Metro Detroit and the city of Detroit. I grew up in Novi and lived in Detroit from 2018 to 2023. Before I got my license in 2023 I worked as a title searcher, so I spent a few years reading the paperwork behind these deals before I ever wrote one.

A lot of my buyers are first-timers, and the same questions come up every time, usually right when things start moving fast. Read this once now and it will make much more sense when you are in the middle of it.

THE FULL PRICE RANGE

I work the full range of pricing, starter homes through move-up homes, in the city and in the suburbs. Plenty of agents only put the expensive listings in front of people. That is not how I run it.

YOU WILL HEAR BACK

Call or text and you get a response, and I work on getting you into showings fast. The most common complaint I hear about a previous agent is that they could not get a call back.

WHERE I WORK

Metro Detroit across Oakland, Macomb and Wayne, plus the city of Detroit. Buyers, sellers and investors, including relocation and out-of-state buyers.

WHAT IS INSIDE

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01 WHAT YOU CAN AFFORD

There are two numbers here and they are not the same. One is what a lender will approve you for. The other is what you are comfortable paying every month for the next several years. Start with the second one.

Lenders work off your gross monthly income, meaning before taxes. A common target is a housing payment at or under 28 percent of that, and all of your monthly debt payments including housing at or under 36 to 43 percent. Those are guidelines, not hard walls, and different loan programs stretch them.

YOUR PAYMENT HAS FOUR PARTS

PRINCIPAL & INTEREST

The loan itself. Fixed for 30 years if you take a fixed rate.

PROPERTY TAXES

Varies a lot by city and by address. Section 09 covers this.

INSURANCE

Homeowner's policy, required by the lender, paid monthly into escrow.

MORTGAGE INSURANCE

Only if you put down less than 20 percent. Drops off later on most loans.

A condo or a home in an association adds an HOA fee on top of all four, and lenders count that fee against you the same way they count a car payment.

QUICK MATH BY INCOME

GROSS ANNUAL INCOME	PER MONTH	HOUSING BUDGET AT 28%	ROUGH MAX PRICE	5% DOWN PAYMENT
$60,000	$5,000	$1,400	**$155,000**	$7,750
$85,000	$7,083	$1,980	**$225,000**	$11,250
$110,000	$9,167	$2,565	**$295,000**	$14,750
$150,000	$12,500	$3,500	**$410,000**	$20,500

Illustration only, not a quote. Assumes 5 percent down, a 30 year fixed loan at 6.75 percent, property taxes at 2 percent of price per year, $1,400 a year for insurance, mortgage insurance at 0.5 percent of the loan, and no other monthly debt. Change any one of those and the number moves. Taxes in particular swing hard by address. A lender pre-approval is the real number, and it is free.

> **THE THING THAT SURPRISES PEOPLE**
>
> Monthly debt eats buying power faster than a small down payment does. Every $300 a month in car payments, student loans, and credit card minimums takes roughly $35,000 off the top of your price range. Clearing one small loan before you apply can move your number more than saving another $5,000.

02 *QUICK MATH ON THE PAYMENT*

Rates move, so here is the math across a range instead of pinned to one number. Find the column closest to what your lender quoted you and work from there. All of this is principal and interest only, on a 30 year fixed loan. Taxes, insurance, mortgage insurance and any association dues go on top.

MONTHLY PRINCIPAL AND INTEREST PER $100,000 BORROWED

RATE	PER $100,000
6.0%	$600
6.5%	$632
7.0%	$665

Here is how to use that table. Say you are buying a $265,000 home and putting 5 percent down. Your down payment is $13,250, so you are borrowing $251,750, which rounds to about 2.5 hundred-thousands. At 6.5 percent that is 2.5 times $632, or roughly $1,580 a month in principal and interest.

That $1,580 is not your payment yet. On that same house, property taxes at 2 percent of price come to about $442 a month, homeowner's insurance around $117, and mortgage insurance on a 5 percent down conventional loan roughly $105. Add it up and you are at about $2,244 a month. The loan itself is only about 70 percent of what leaves your account.

Run it the other direction if you have a monthly number in mind. If $2,000 a month is your ceiling, subtract roughly $600 for taxes, insurance and mortgage insurance, which leaves about $1,400 for principal and interest. From the table, $1,400 at 6.5 percent supports somewhere near $220,000 of loan, so with 5 percent down you are shopping around $230,000. Taxes swing this the hardest, so the number moves by city and by address.

WHAT A GIVEN PAYMENT CAN BORROW

PRINCIPAL & INTEREST PER MONTH	AT 6.0%	AT 6.5%	AT 7.0%
$1,000	$166,800	$158,200	$150,300
$1,250	$208,500	$197,800	$187,900
$1,500	$250,200	$237,300	$225,500
$1,750	$291,900	$276,900	$263,000
$2,000	$333,600	$316,400	$300,600
$2,500	$417,000	$395,500	$375,800

DOWN PAYMENT IN REAL DOLLARS

PURCHASE PRICE	3% CONVENTIONAL	3.5% FHA	5%	10%	20%
$150,000	$4,500	$5,250	$7,500	$15,000	$30,000
$200,000	$6,000	$7,000	$10,000	$20,000	$40,000
$250,000	$7,500	$8,750	$12,500	$25,000	$50,000
$300,000	$9,000	$10,500	$15,000	$30,000	$60,000
$350,000	$10,500	$12,250	$17,500	$35,000	$70,000
$400,000	$12,000	$14,000	$20,000	$40,000	$80,000

Arithmetic illustrations only, not quotes, and they exclude taxes, insurance, mortgage insurance and association dues. Your lender's numbers are the real ones, and a licensed loan officer is the person to get them from.

RUN YOUR OWN NUMBERS

There is a calculator on my site that does all of this for you. Put in a purchase price, a down payment and a rate, and it gives you the monthly payment with a property tax estimate built in, so you are not working off the rough figures on this page.

jayshahrealestate.com/calculator

THE 20 PERCENT MYTH

You do not need 20 percent down, and waiting until you have it is how people stay renters for another four years. Conventional loans go as low as 3 percent for qualified first time buyers, FHA sits at 3.5 percent, and VA and USDA can go to zero if you qualify. Under 20 percent you pay mortgage insurance, which on a conventional loan comes off once you have built enough equity.

Do not spend every dollar you have on the down payment either. Closing costs are separate and real, and you want a cushion left over for moving, for whatever you want to change right away, and for the first thing that breaks.

03 GET PRE-APPROVED BEFORE YOU LOOK

I know it feels backwards. You want to see houses, not upload pay stubs. Do it anyway. An offer without a pre-approval letter attached is not treated as a real offer, and shopping without one means looking at houses that may not be yours to buy.

PRE-QUALIFIED IS NOT PRE-APPROVED

Pre-qualified means you told a lender some numbers and they did quick math. It is worth very little and listing agents know it. Pre-approved means they ran a much more thorough check, reviewed your actual documents, and put their name on a letter. Many lenders can do this with a soft credit check, which **does not affect your credit score**. That is the one you need.

WHAT A LENDER IS REALLY LOOKING AT

INCOME

Two years of steady, documentable income. If you are self employed or 1099, expect them to want two years of returns and to work off your net, not your gross.

DEBT TO INCOME

All monthly debt payments including the new mortgage, divided by gross monthly income. This is usually what caps your number, not your savings.

CREDIT

The score plus what is actually on the report. Higher scores get better pricing on the same loan.

CASH

Down payment, closing costs and reserves. They want to see it in your account and know where it came from.

HAVE THESE READY

- Last two years of W-2s or 1099s
- Last two years of tax returns
- Last 30 days of pay stubs
- Last two months of bank statements, every page, including the blank ones
- Government photo ID
- If self employed, two years of returns plus a year to date profit and loss
- If any of the down payment is a gift, a signed gift letter and a clean paper trail

CHOOSE A LENDER, NOT JUST A RATE

TALK TO TWO OR THREE

Mortgage credit pulls inside a short shopping window count as one inquiry, so comparing does not wreck your score. Compare full cost, not the headline rate.

LOCAL USUALLY BEATS AN APP

A local lender the listing agent recognizes strengthens your offer, and when underwriting gets tense you want someone who answers the phone.

ASK THESE THREE

Are you a MSHDA participating lender? What is your average contract to clear to close time? Who exactly do I call the week of closing?

DO NOT DO ANY OF THIS BEFORE CLOSING

Once you are pre-approved, freeze your financial life until the keys are in your hand. Do not open a credit card. Do not finance or lease a car. Do not change jobs. Do not make a large deposit you cannot document. Do not pay off a collection account without asking your lender first, because it can move your score the wrong way.

Lenders re-pull credit and re-verify employment right before funding. Any one of these can kill your loan the week of closing, after you have already paid for an inspection and an appraisal.

04 *CASH YOU NEED AT CLOSING*

Your cash comes in three buckets: the down payment, the closing costs, and the prepaid items the lender collects up front to start your escrow account. The down payment is the one everybody plans for. The other two are where first-time buyers get caught short.

Plan on closing costs and prepaids running roughly 2 to 4 percent of the purchase price on top of your down payment. Your lender is required to give you a written Loan Estimate early on with real numbers for your loan.

ITEM	TYPICAL RANGE	WHEN YOU PAY
Earnest money deposit	$1,000 to $5,000	Right after the offer is accepted. Credited back to you at closing.
Home inspection	$400 to $600	Out of pocket, day of inspection
Sewer line camera scope, optional	$150 to $350	Out of pocket, during inspection
Appraisal	$550 to $750	Charged by the lender, often up front
Lender origination and underwriting	0 to 1% of the loan	At closing
Lender title policy, settlement fee, recording	$900 to $1,700	At closing
First year homeowner's insurance	$1,200 to $2,000	Prepaid at closing
Escrow setup for taxes and insurance	2 to 6 months of each	At closing
Prepaid interest and prorated taxes	Varies by closing date	At closing

These ranges are typical for this market and are estimates only, not quotes. For accurate numbers on your loan and your insurance premium, talk to a licensed loan officer and a licensed insurance agent. I am happy to connect you with one of each if you would like.

TWO THINGS THAT WORK IN YOUR FAVOR IN MICHIGAN

The seller customarily pays the state and county transfer tax and the owner's title insurance policy. That is a meaningful cost you are usually not carrying.

You can also ask the seller to pay part of your closing costs in the offer. That is called a seller concession. How much room you have depends on how much competition the house has. On a home that has been sitting, this is often easier to get than a price cut.

05 *HOW THE PROCESS WORKS*

Eight steps, start to keys. Everything else in this guide is a closer look at one of them.

1 **WE TALK**

What you want, which areas, what you want to spend, and when you need to be in. If you do not have a pre-approval yet I will point you to a lender. No cost, no commitment, and it tells us what we are actually shopping for.

2 **I SEND YOU HOMES, YOU SEND ME HOMES**

I set up a search that pushes new listings to you as they hit the market. You will also find things on your own on Zillow, Redfin, and social media. Send them all over. Some of what you find online is already sold, already under contract, or was never really for sale. I will tell you which is which and pull the real listing history.

3 **WE GO LOOK AT HOMES**

Usually three to six in a run so you have something to compare against. Text me the addresses and I will get us in, often same day or next day. The first tour is where your list of must-haves gets honest.

GET PRE-APPROVED

Ideally you have a pre-approval before we start touring, and at the latest you get one right after that first showing session. It is the one step that turns you from someone who is looking into someone who can buy.

It is free, it usually takes a day or two, and it does three things for you. It tells you your real number, so you stop guessing and you never fall for a house you cannot get. It locks in what your monthly payment would actually look like, which is the number that matters more than the price. And it means the moment we walk into the right house, we can write the offer that night instead of scrambling for paperwork while somebody else writes theirs.

I have seen buyers spend weeks touring $300,000 homes and then find out they qualify for $250,000. Every one of those showings was time spent on houses they were never going to get. Knowing your real number first is what keeps that from happening to you.

If you are buying with cash you do not need a pre-approval. You need proof of funds instead, which can be as simple as a recent bank statement showing the money is there.

It also changes how the other side sees you. Almost no seller in this market will look at an offer without a pre-approval attached, and listing agents read it before they read your price. Two buyers can offer the same money and the one with a solid pre-approval wins, because the seller believes that deal will actually close.

It tells me something too. Getting pre-approved shows me you are serious about buying a home, and that lets me work differently for you. I will chase down off-market leads, get us into homes on short notice, and move on something the day it hits, because I know we are ready to actually write.

Ask me and I will connect you with a lender I trust. One phone call, no cost, no obligation to use them, and no commitment to buy anything. Worst case you find out you are ready sooner than you thought.

4

WE SUBMIT AN OFFER

We go over the price, the terms, and what the listing history tells us before we send it. Then we wait on the seller. Accepted, countered, or rejected.

What I generally write is a 5 to 7 day inspection contingency, plus an appraisal contingency. The inspection contingency gives us 5 to 7 days to inspect the home and negotiate or walk away. The appraisal contingency covers us if we are using a mortgage and the bank says the property is worth less than what we are purchasing it for, in which case we are allowed to walk away from the deal. Most of the time the seller lowers the price to what the bank says.

If they accept, the agreement comes **BACK** to you signed by the seller, and you sign it a **SECOND TIME**. That second signature is called bottom lining it. Once the seller receives that bottom lined document, we are in contract.

Submitting an offer does not bind you to anything until seller receives the bottom line offer.

5

EARNEST MONEY DEPOSIT

Usually we put in around 1 percent of the property price as earnest money. That money comes back to you and goes toward either your closing costs or your down payment on the home. It is there to show the seller you are serious about buying this home.

If you leave the deal for a reason that is not one of the contingencies declared in the contract, the seller gets to keep that earnest money. If you leave during the inspection or appraisal contingency, you walk away from the deal with your money.

6

INSPECTION

Once both sides sign, we book the inspection immediately. We typically write a 5 to 7 day window, so there is no time to sit on it.

I ideally recommend to get the inspection scheduled within the first few days of the inspection period. You will have hired an inspector and you're welcome to bring any trusted friends or family along too. This is the time where you can negotiate and find out any issues to property.

7

APPRAISAL

Your lender orders it and we wait for the number to come back. This is the quietest stretch of the deal and usually the longest.

8

FINAL WALKTHROUGH AND CLOSING

After the appraisal, most of the work is done. Underwriting finishes, we walk the house one more time, you sign at the title company, and you get the keys. On a mortgage, accepted offer to keys is usually 30 to 45 days.

WHAT I HANDLE

Searching the MLS and finding properties that fit what you told me. Pulling comparable sales and telling you what a property is worth. Getting you in to see homes. Writing and negotiating the offer. Coordinating inspection, appraisal, title and closing. Telling you when a house is a bad idea, including when that costs me a commission.

WHAT I NEED FROM YOU

Get pre-approved before we tour. Send me every property you come across. Answer your lender the same day they ask. Do not open new credit or change jobs once we are under contract. That is most of it.

> **THE PART THAT SURPRISES PEOPLE**
>
> The first few steps are as slow or as fast as you want. Once an offer is accepted, everything compresses. Inspection, appraisal, underwriting and closing all happen inside roughly the same 30 to 45 days, and every one of them has a hard deadline attached. Answer your phone during that stretch and send documents the same day they are asked for, and the rest of it tends to take care of itself.

06 *THE SEARCH AND THE SHOWINGS*

I am in the MLS directly, so I see listings and status changes as they happen rather than whenever a public site catches up. I go find properties that fit what you told me and send them over.

You look too. Zillow, Redfin, a sign in a yard, driving a neighborhood on a Saturday, something a friend mentions. Send me anything, even when you are not sure about it. I will pull the full record, tell you what is actually going on with the listing, and work on getting us in. The buyers who land the right house fastest are the ones who send me the most.

WHAT TO ACTUALLY LOOK AT ON A SHOWING

Photos are shot to sell. Twenty focused minutes in the house tells you more than fifty pictures.

THE SMELL

Musty basement, pets, or fresh paint covering something. Trust your nose.

WATER

Stains on ceilings, around windows, and at the base of basement walls. Look in the corners and behind boxes.

THE MECHANICALS

Find the furnace and water heater and look for the manufacture date. A 22 year old furnace is a line item in your budget, not a detail.

THE ROOF, FROM THE STREET

Curling shingles, mismatched patches, or a sag in the ridge line.

WINDOWS

Open a few. Fog between the panes means failed seals.

GRADING

Does the ground slope toward the house or away from it. This causes more wet basements than anything else.

THE BLOCK

You are buying the street, not just the house. Look at the neighbors.

SIGNAL AND COMMUTE

Check your phone while you are standing there, then drive your actual commute at the hour you would actually drive it.

CHEAP TO CHANGE LATER

Paint, carpet and flooring, light fixtures, cabinet hardware, countertops, appliances, an ugly vanity, landscaping, a bad backsplash. None of this should decide whether you buy a house. Almost everybody weights it too heavily.

EXPENSIVE OR IMPOSSIBLE

Foundation, roof structure, sewer line, electrical panel and old wiring, whole house window replacement, furnace and air conditioning, a floor plan that does not work, and the location. Location is the only one you can never fix at any price.

TEXT ME THESE AFTER A SHOWING

How long has it really been on market, and has the price dropped?

What are the taxes now, and what will they be after uncapping?

Did it go under contract before and fall through, and why?

What did comparable homes on this block actually sell for?

How old are the roof, furnace and water heater?

Is there an association, and what does it cost monthly?

Was it a rental or a flip, and were permits pulled?

Is it in an NEZ or any other abatement zone?

07 *WRITING THE OFFER*

An offer is a full set of terms, not just a number. Sometimes a term matters more to the seller than the price does, and that is where we can win a house without overpaying for it.

PRICE

What we offer, based on comparable sales and how long this one has been sitting.

EARNEST MONEY

Your deposit, held by the title company. It shows you are serious and it comes back to you at closing.

FINANCING AND DOWN PAYMENT

Conventional, FHA, VA, or cash, and how much you are putting down. Sellers read this closely.

INSPECTION CONTINGENCY

Usually 5 to 7 days. Your right to inspect and to walk away with your deposit if something serious turns up.

APPRAISAL CONTINGENCY

Your protection if the home appraises below the price. Section 06 covers what happens then.

SELLER CONCESSIONS

Money from the seller toward your closing costs, if we ask for it.

CLOSING DATE AND OCCUPANCY

When we close and when you actually get the keys. Sometimes a seller needs a few days after closing to move out.

WHAT STAYS WITH THE HOUSE

Appliances, window treatments, the shed, the mounted TV brackets. If you want it, we write it in.

EXPIRATION

How long the seller has to respond before the offer goes away.

NOTHING IS BINDING UNTIL BOTH SIGN

Until the seller signs, you can withdraw. Once both parties sign, the clocks start.

> **IF THERE ARE MULTIPLE OFFERS**
>
> The listing agent may call for highest and best, which means every buyer gets one more shot by a deadline. Decide your real ceiling before that call comes, not during it. Losing a house you can afford is survivable. Winning one you cannot is not.

THE SELLER'S DISCLOSURE

Michigan requires sellers of most residential property to give you a written Seller's Disclosure Statement covering known conditions and defects. Read all of it. Two things to know. Certain transfers are exempt, including foreclosures and some estate sales. And when the seller never lived in the house, which is common with flips, the disclosure tells you close to nothing. Less disclosure means the inspection carries more weight.

STRENGTHENING AN OFFER WITHOUT JUST PAYING MORE

- A larger earnest money deposit, which signals you are not going to flake
- A shorter inspection window, if you can line up an inspector fast
- A closing date built around what the seller actually needs
- Pre-approval from a local lender the listing agent recognizes
- Proof of funds attached up front instead of promised later
- Fewer contingencies, but only when you fully understand what you are giving up

> **ON WAIVING THE INSPECTION**
>
> In a competitive situation somebody will suggest waiving your inspection to win. Occasionally that is a calculated risk worth taking on a newer home with a lot of information available. Often it is how a first time buyer inherits a $30,000 problem in year one. I will give you my honest read either way, and I am not going to talk you into it to close a deal.

08 *THE INSPECTION*

We usually write a 5 to 7 day inspection window. The clock starts the moment both sides have signed, so we book the inspector the same day. You hire the inspector and you pay them directly, which is exactly why they work for you and not for anybody else in the deal.

Go to the inspection if you can. Two to three hours, follow the inspector around, ask questions. You will learn more about the house in that window than in every showing combined, and you will learn where the water shutoff is.

The report is not pass or fail. It will run 40 pages or more and it will flag things on a brand new house too, because that is the inspector's job. Sort what comes back into three piles: safety and structure, big systems near the end of their life, and cosmetic or routine maintenance. The first two are worth negotiating over. The third is homeownership.

WHAT A STANDARD INSPECTION COVERS

- Structure and foundation
- Roof, gutters and flashing
- Electrical panel and wiring
- Plumbing supply and drains
- Furnace, air conditioning, water heater
- Attic and insulation
- Basement and crawlspace
- Windows, doors and siding
- Grading and drainage
- Visible pests and moisture

WHAT IT DOES NOT COVER, AND WHAT TO ADD

SEWER SCOPE

A camera down the main line. On any older home this is the best few hundred dollars you will spend all transaction. A collapsed or root filled lateral is a five figure problem and a standard inspection will never find it.

RADON TEST

Michigan has plenty of it. Cheap to test, manageable to mitigate, expensive to ignore.

MOLD TESTING

If the inspector flags moisture or you smell it, test rather than guess.

SPECIALISTS

Chimney, pool, septic and well all need their own person if the property has one. Homes built before 1978 also carry a federally required lead paint disclosure.

INSIDE THE FIVE TO SEVEN DAYS

DAY 1

Offer accepted, earnest money delivered. I start calling inspectors that day. Good ones book out, so waiting two days can burn most of your window.

DAYS 2 TO 4

Inspection happens, plus add-ons like the sewer scope or radon test, which sometimes need a separate visit. The written report follows within about a day.

DAYS 5 TO 7

We go through the report, get estimates where we need real numbers, and submit our response before the deadline. Miss it and you can lose the contingency.

WHAT TO PAY ATTENTION TO IN OLDER METRO DETROIT HOMES

A lot of the housing stock here was built between 1910 and 1960, and that means a specific set of things show up over and over. Age alone is not a problem. Deferred maintenance is.

Start with water and the roof. Ask how old the roof is and how many layers are on it. In the basement, look for staining along the walls, efflorescence, active seepage, a sump pump that runs constantly, and grading outside that slopes toward the house instead of away from it. Most basement water problems in this market are gutter and grading problems wearing a scarier costume, but not all of them.

Then the mechanicals and their age. Furnaces and water heaters have a useful life, roughly 15 to 20 years for a furnace and 10 to 15 for a water heater. Neither one being old is a dealbreaker, but two systems both due at once is a real number you should be planning for.

Electrical and plumbing are where older homes cost real money. Watch for fuse boxes, knob and tube wiring, ungrounded outlets, and low amp service. Some insurance carriers will not write a policy on knob and tube at all, so loop your insurance agent in early if the inspector finds it. On the plumbing side, galvanized supply lines and a lead water service line are both common in the city and both worth pricing out.

Scope the sewer line. A standard inspection does not include it. On an older home with mature trees, a camera scope runs a couple hundred dollars and it is one of the cheapest ways to avoid a five figure surprise from a collapsed or root filled clay line. Ask for it.

Also expect the paperwork side of old houses. Homes built before 1978 may have lead paint, and you will get a disclosure about it. Asbestos wrap on old ductwork and pipes is common and is usually managed rather than removed. Finished basements, additions, and converted attics are worth asking about permits on, because unpermitted work becomes your problem the day you own it.

Vacant homes get their own list. Frozen and burst pipes, missing copper, a stripped furnace, and utilities that have been off long enough that nothing can be tested. If a house has been sitting empty, make sure the inspector can actually run the systems, and get the utilities turned on before the inspection if that is what it takes.

> **AFTER THE REPORT**
>
> You have three moves: proceed as is, ask the seller for repairs or a credit, or terminate and get your earnest money back as long as you are inside the window. Asking for a credit instead of repairs is often better, because then the work gets done your way by your contractor.
>
> Get your repair quotes during the inspection window, not after it closes. Once that window passes, your leverage is gone.

09 *WHAT TO WATCH FOR*

Every inspection report comes back with dozens of items on it, and the first read is alarming for everybody. That is the inspector doing their job, not a verdict on the house. The useful move is sorting what came back by what it actually costs.

HUNDREDS

GFCI outlets, handrails, caulking, a hose bib, regrading soil away from the foundation, gutter cleaning, minor leaks, door and window adjustments.

LOW THOUSANDS

Water heater, sump pump with battery backup, a section of sewer line, partial rewiring, chimney work, a few windows, exterior paint, a garage door.

FIVE FIGURES AND UP

Full roof tear-off, foundation repair, a complete rewire, full sewer replacement, furnace and air conditioning together, whole house windows, major mold or asbestos abatement.

DO NOT PANIC OVER THESE

Missing GFCI outlets, a loose handrail, a stuck window, dirty ducts, a missing dryer vent cover, minor settlement cracks, a working appliance that is simply old, a leaky hose bib. These are line items and cheap fixes. Chasing every one of them is how buyers annoy a seller into refusing the things that actually matter.

PAY EXTRA ATTENTION ON A REHAB

Detroit and the surrounding suburbs have a lot of flips, and the work ranges from excellent to alarming. A beautiful kitchen tells you nothing about what is behind the drywall. Ask whether permits were pulled and inspections passed on the electrical, plumbing and mechanical work. Unpermitted work hidden behind new finishes is the most expensive kind of pretty.

ASK FOR MONEY, NOT REPAIRS

A seller with one foot out the door hires the cheapest contractor who answers the phone, and you inherit that work. Take the credit and hire your own person on your own timeline.

> **THE QUESTION TO ASK YOURSELF**

> Not whether anything is wrong with this house, because something is always wrong with every house, including new construction. The question is whether the things that are wrong are things you can live with, afford to fix, or get the seller to pay for. That is the whole decision, and it is the one we work through together once the report is in.

10 *THE APPRAISAL*

Once the inspection is settled, your lender orders the appraisal. An independent appraiser visits the home, looks at recent comparable sales, and puts a value on it. They are not working for you and not working for the seller. The lender needs to know the house is worth what they are lending against, because if the loan goes bad the house is the collateral.

Ordered, completed, and returned usually takes one to two weeks. Then we find out which of three things happened.

IT COMES IN HIGHER THAN YOUR PURCHASE PRICE

This is the good outcome. You are buying the house for less than an independent appraiser says it is worth, and that difference is equity you own on day one. Nothing about your loan or your price changes. The seller does not get to raise the price because it appraised high.

IT COMES IN RIGHT AT THE PRICE

The most common result, and a non event. Nothing changes, the file moves to underwriting, and we keep going toward closing.

IT COMES IN LOWER THAN THE PRICE

The lender will only lend against the appraised value, so there is a gap to solve. You have options and we pick one together.

1. The seller lowers the price to the appraised value. This is the outcome we push for first, and it is more likely than people expect, because the next buyer's appraisal will probably say the same thing.
2. You meet somewhere in the middle and cover part of the gap in cash on top of your down payment.
3. We challenge the appraisal if the comparable sales used were genuinely wrong. This works sometimes and it is worth a look, but do not count on it.
4. We leave the deal. With an appraisal contingency in the contract, you walk and your earnest money comes back to you.

This stretch feels slow because there is nothing for you to do but respond to the lender. Send every document they ask for the day they ask for it. Almost every delayed closing I have seen traces back to a document sitting in somebody's inbox.

WHAT A GAP LOOKS LIKE

Say you are buying at $300,000 and it appraises at $285,000. The lender will only lend against $285,000, so there is a $15,000 gap between what the house is worth on paper and what you agreed to pay. That gap has to get resolved before anyone closes. In practice most low appraisals end one of two ways: the seller lowers the price to what the appraiser said, or the two sides land somewhere in the middle, with the seller coming down some and you coming up some.

CAN WE DISPUTE IT

Sometimes. We can submit better comparable sales the appraiser may have missed and request a reconsideration of value. Be realistic. It works occasionally, not usually, and it costs time on the contract clock either way.

> **A DETROIT NOTE**
>
> Heavily renovated Detroit homes can appraise short, because comparable sales on the block have not caught up to the finish level inside the house. Worth knowing going in, and it is part of how we decide what to offer.

11 *CLOSING*

After the appraisal, most of the deal is behind you. Underwriting clears its final conditions, the title company confirms clean title and prepares the paperwork, and we set a date.

WHILE THAT IS HAPPENING

TITLE WORK

The title company searches for liens, judgments, unpaid taxes, unpaid water bills and anything else attached to the property, then issues title insurance. This was my job before real estate, and it matters far more than most buyers realize.

HOMEOWNER'S INSURANCE

Start quoting early. On older homes, carriers can decline or price up based on roof age, knob and tube wiring, or the electrical panel. A licensed insurance agent is who gets you real numbers.

UTILITIES

Get everything switched into your name effective your closing date.

UNDERWRITING REQUESTS

They will ask for more documents, sometimes for things you swear you already sent. Send them the same day, every time.

WHO PAYS WHAT

YOU TYPICALLY PAY

Lender origination and underwriting fees, appraisal, credit report, lender's title policy, settlement and closing fees, recording fees, prepaid interest, prepaid taxes and insurance funding your escrow account, and any association transfer fees.

THE SELLER TYPICALLY PAYS

Michigan state and county real estate transfer tax, the commission arrangement per their listing contract, their own title policy, and any concessions toward your costs that we negotiated into the deal.

DO NOT BLOW UP YOUR OWN LOAN

Your file gets re-verified right before closing. Between the offer and the keys, do not change jobs, do not open a new credit card or finance a car, do not make large deposits you cannot document, and do not buy furniture or appliances on credit. Wait until after you close. This is the single most common self-inflicted problem in the process.

THE LAST WEEK

You get a Closing Disclosure at least three business days before closing. It lists your final cash to close and every fee. Read it against the Loan Estimate you got at the start and tell me about anything that moved. Three business days is a legal minimum, not a courtesy, so you have time to ask.

The final walkthrough happens the day of or the day before. We are checking that the house is in the same condition it was in, that any agreed repairs actually got done, that everything that was supposed to stay is still there, and that the furnace, water heater, and outlets all run. If something is wrong, we deal with it before you sign, not after.

Michigan closings happen at a title company. You will sign a stack of documents, most of which you have already seen. Bring a government photo ID. Your funds get wired ahead of time, and a cashier's check for smaller amounts if the title company allows it.

> **READ THIS BEFORE YOU WIRE MONEY**
> Wire fraud in real estate is real and it is common. Before you send anything, call the title company to verbally confirm the wire instructions, using a phone number you looked up yourself rather than one in an email. Never trust changed wire instructions that arrive by email, even if the email looks exactly right. A wire that goes to the wrong account is usually gone.

BRING TO THE TABLE	DO THESE YOUR FIRST WEEK
Photo ID for everyone on the loan	File your Principal Residence Exemption
Cashier’s check, or confirmation of your wire	File your Property Transfer Affidavit
Proof of your homeowner’s insurance policy	Apply for an NEZ abatement if the home qualifies
Your closing disclosure, marked up with questions	Change the locks and find the main water shutoff

Then you get the keys, and I will tell you where the water shutoff is one more time.

12 HOUSE, CONDO, OR CO-OP

What you are legally buying is different in each of these, and that changes your monthly cost, your financing, and how easily you can sell it later.

SINGLE FAMILY

You own the land and the structure on it. Roof, furnace, lawn, snow, and every repair is yours. It is the most freedom, the most maintenance, the easiest to finance, and the easiest to resell. Some subdivisions still have an HOA with dues and rules even though the homes are detached, so always ask.

CONDO

You own the inside of your unit. The association owns the building, the roof, and the grounds, and you pay a monthly fee toward maintaining them. That fee is not optional and it is not fixed. It can rise, and the association can levy a special assessment for a big project like a roof or a parking deck.

Read the documents during your inspection window, not after. The master deed and bylaws tell you what you own and what the rules are. The budget and reserve balance tell you whether the association can pay for what is coming. The last year of meeting minutes tells you what they are arguing about. Also check the fee history, any pending special assessments, rental caps, and pet and parking rules.

CO-OP

You are buying shares in a corporation that owns the building, and those shares give you the right to occupy a unit. You do not get a deed to real estate. Financing is a share loan rather than a mortgage, and very few lenders around here write them. The board has to approve you, which takes time and paperwork, and they can say no. Co-ops are rare in Metro Detroit but they exist, and the low price tag on one is usually explained by all of the above. If you are looking at one, tell me early.

HOA ON A SINGLE FAMILY HOME

Common across newer Oakland and Macomb subdivisions. Dues are lower than a condo, but the rules are real: exterior colors, fences, sheds, boats and trailers, landscaping standards. Get the bylaws and the current dues in writing, and confirm there is no outstanding assessment before you commit.

> **CONDO FINANCING, THE PART NOBODY WARNS YOU ABOUT**
>
> With a condo, the lender approves the building as well as you. You can be perfectly qualified and still get declined because of the association. The usual reasons are too many units being rented instead of owner occupied, reserves that are too thin, pending litigation involving the association, one owner or entity holding too many units, or an association that simply will not return the lender's questionnaire.
>
> FHA loans have their own list of approved condo projects, which is narrower. Tell your lender it is a condo on the first phone call so the building review starts early instead of surfacing three weeks in.

	SINGLE FAMILY	CONDO	CO-OP	HOUSE + HOA
What you own	Structure and land	Unit interior	Corporation shares	Structure and land
Financing	Easiest	Project must qualify	Hardest, few lenders	Easiest
Monthly extra	None	Dues, often sizeable	Sizable maintenance fee	Dues, usually modest
Exterior upkeep	All yours	Association	Corporation	Yours, with rules
Resale	Broadest buyer pool	Good if warrantable	Slowest, board approves	Broad

13 MICHIGAN PROPERTY TAXES

Taxes are the part of the payment that first-time buyers underestimate the most, and in Detroit they can vary enormously between two houses on the same block. This section is worth five minutes.

YOUR BILL IS NOT BASED ON WHAT YOU PAID

Michigan taxes are calculated on taxable value, which is roughly half of what the assessor considers the home's market value, multiplied by the local millage rate. The tax figure you see on a listing is the current owner's bill under their circumstances. It is a starting point for research, not a prediction of your bill.

UNCAPPING IS THE BIG ONE

While one owner keeps a home, its taxable value can only rise by a small capped amount each year. When the property sells, that cap comes off. The year after you buy, taxable value resets to half of the home's market value. On a house that has been in the same family for twenty years, that reset can raise the bill significantly. Ask what the taxes will be after uncapping, not what they are today, and build your monthly budget around that number.

FILE YOUR PRINCIPAL RESIDENCE EXEMPTION

If the home is your primary residence, you file a Principal Residence Exemption with the local assessor and it exempts you from a chunk of the school operating millage. It is a form, it is free, it saves real money every single year, and there is a filing deadline. Do not skip it. I will remind you, and so will the title company, but it is on you to file it.

NEIGHBORHOOD ENTERPRISE ZONES

Detroit has designated Neighborhood Enterprise Zone districts where a qualifying home can carry a certificate that substantially lowers the property tax bill, sometimes for years. New construction, rehabbed homes, and certain existing homes in those districts can qualify. This is a large part of why two nearly identical houses on the same street can have very different tax bills. Whether a specific address has a certificate, and whether it carries over to you, is worth confirming with the City of Detroit before we write the offer rather than after. For owner occupants who qualify, an NEZ Homestead abatement cuts the City of Detroit and Wayne County operating millage roughly in half, and it comes with a requirement to put at least $500 into the home within two years. It is not automatic and it does not simply follow the house to you. You apply, and you need the deed in your name, a Property Transfer Affidavit, and your Principal Residence Exemption on file.

HOMESTEAD VERSUS NON-HOMESTEAD

If the house you are buying was a rental or a flip, it is currently non-homestead and taxed at the higher rate. Filing your Principal Residence Exemption after closing is what moves it. Miss the filing deadline and you carry the higher rate for the year.

MSHDA, THE MICHIGAN ASSISTANCE PROGRAM

The Michigan State Housing Development Authority runs the MI Home Loan, which pairs with a down payment assistance loan of up to $10,000 toward down payment and closing costs. Broad strokes: a minimum credit score around 640, household income limits that vary by family size and location, a required homebuyer education course, and first time buyer status in most of the state, though repeat buyers can qualify in targeted areas. Not every lender participates, so ask on the first phone call. Terms and limits change, so confirm current details with a participating lender.

ASK THIS BEFORE YOU OFFER

What is the current taxable value and assessed value? Is it homestead or non-homestead right now? Is the property in an NEZ? Are there any unpaid taxes, water bills, or special assessments attached to it? Title work catches most of this, but I would rather know before we are under contract than after.

> **ESTIMATE THE TAXES YOURSELF**
>
> The calculator on my site estimates property taxes from the price you purchase at, which is a much better starting point than the seller's current bill.
>
> **jayshahrealestate.com/calculator**
>
> It does not account for NEZ abatements or any other special tax program, so if a property has one, the real bill will come in lower than the estimate. For an exact number on a specific address, ask me and we will pull it.

> **WHAT THIS MEANS IN DOLLARS**
>
> A $300 a month difference in property taxes is about $50,000 of buying power. That is not a rounding error, it is a different house. Before you fall in love with an address, we pull the actual tax picture for it.

14 TIMELINE AT A GLANCE

Counting from the day the offer is accepted. Every deal drifts a little, but this is the shape of it on a typical financed purchase.

DAY	WHAT HAPPENS
Day 0	Offer accepted and signed by both sides. Every clock in the contract starts now.
Day 1 to 3	Earnest money delivered to the title company. Inspection booked. Full loan application in with your lender.
Day 2 to 7	Inspection happens, plus a sewer scope or specialist if we ordered one. Repair quotes come in while the window is still open.
Day 5 to 10	Inspection response negotiated and resolved. Condo documents reviewed if it is a condo.
Day 8 to 14	Appraisal ordered and the appraiser visits the home.
Day 15 to 25	Appraisal comes back. Underwriting works the file. Title work and survey ordered. Insurance quoted and bound.
Day 25 to 35	Final conditions cleared, then clear to close from the lender.
Day 30 to 45	Closing Disclosure at least three business days out. Final walkthrough. Funds wired. Sign at the title company. Keys.

15 WORDS YOU WILL HEAR

APPRAISAL
An independent valuation of the home, ordered by your lender.

CLEAR TO CLOSE
The lender is done with conditions and the closing can be scheduled.

CLOSING DISCLOSURE
The final statement of your loan terms and cash to close, delivered at least three business days before closing.

COMPARABLE SALES
Recent nearby sales of similar homes, used to set price and value. Everyone calls them comps.

CONTINGENCY
A condition in the contract that lets you exit without losing your deposit if it is not met.

EARNEST MONEY
Your good faith deposit, held by the title company and credited to you at closing.

ESCROW
An account that holds money for someone else. Your lender uses one to collect and pay your taxes and insurance.

HOA
Homeowners association. Collects dues, maintains common areas, and enforces rules.

MILLAGE
The local property tax rate, expressed in mills. One mill is one dollar per thousand of taxable value.

PITI
Principal, interest, taxes, and insurance. The four parts of your monthly payment.

PMI AND MIP
Mortgage insurance on a conventional loan and on an FHA loan. Required when you put down less than 20 percent.

PRE-QUALIFICATION AND PRE-APPROVAL
A quick estimate versus a real review of your documents and credit. Sellers take the second one seriously.

PRINCIPAL RESIDENCE EXEMPTION

A Michigan filing that exempts your primary home from part of the school operating tax.

SELLER CONCESSION

Money the seller agrees to put toward your closing costs.

TAXABLE VALUE

The figure your Michigan tax bill is calculated from, roughly half of assessed market value.

TITLE INSURANCE

Protection against ownership claims and defects in the property's history.

UNCAPPING

The reset of taxable value to half of market value the year after a home changes hands.

UNDERWRITING

The lender's final verification of your income, assets, credit, and the property itself.

BOTTOM LINING

Your second signature on the purchase agreement after the seller signs it. Once the seller has that document back, you are in contract.

DEBT TO INCOME RATIO

All your monthly debt payments including the new mortgage, divided by your gross monthly income. Usually what caps your price.

MSHDA

The Michigan State Housing Development Authority, which runs the state's first time buyer loan and down payment assistance programs.

NEZ

Neighborhood Enterprise Zone. A Detroit district where a qualifying home can carry a certificate that lowers the property tax bill.

PROPERTY TRANSFER AFFIDAVIT

A Michigan form you file after closing that reports the transfer to the assessor.

PROOF OF FUNDS

Documentation, usually a bank statement, showing you have the cash. What a cash buyer submits instead of a pre-approval.

RECONSIDERATION OF VALUE

A formal request for the appraiser to look again, supported by comparable sales they may have missed.

SELLER'S DISCLOSURE

The written statement of known conditions and defects Michigan requires from most residential sellers.

WARRANTABLE

A condo project a lender will finance. Too many rentals, thin reserves, or litigation can make a project non-warrantable.

16 MISTAKES AND A CHECKLIST

THE TEN I SEE MOST

01 **Shopping before getting pre-approved.** You lose weeks and sometimes lose the house you actually wanted.

02 **Budgeting off the seller's tax bill.** Taxes uncap after the sale in Michigan. Yours will not match theirs.

03 **Spending every dollar on the down payment.** You still need closing costs, moving money and a cushion. Something always breaks in the first year.

04 **Buying at the very top of your approval.** The ceiling is not the target.

05 **Waiving inspection to win a bidding war** without understanding the house you are taking on.

06 **Opening credit or changing jobs mid transaction.** This kills loans at the finish line.

07 **Skipping the sewer scope on an older home** to save a few hundred dollars.

08 **Only touring on a sunny Saturday afternoon.** Go back at night. Go back when it rains.

09 **Wiring money without calling to confirm** the instructions at a number you looked up yourself.

10 **Holding out for the perfect house.** It does not exist at any price. The right house is the one where the things wrong with it are things you can live with or afford to fix.

BEFORE YOU SHOP

- Pull your credit and know your actual score
- Gather the document list from section 03
- Get fully pre-approved, not pre-qualified
- Decide your comfortable monthly payment, not your maximum
- Separate must-haves from nice-to-haves in writing

WHILE YOU ARE LOOKING

- Send me every property you come across
- Tour with a critical eye, not a decorating eye
- Read the Seller's Disclosure before offering
- Know the tax picture before you write the offer
- Go back to the block at a different hour

ONCE YOU ARE UNDER CONTRACT

- Book the inspection immediately
- Attend the inspection in person
- Add a sewer scope on any older home
- Talk to your lender about locking your rate
- Get insurance quotes early
- Answer underwriting the same day
- Confirm wire instructions by phone
- Do the final walkthrough, no exceptions

> **IF YOU REMEMBER NOTHING ELSE**
>
> Get pre-approved first. Everything downstream depends on it, and it is the fastest way to go from thinking about buying to actually being able to.
>
> Budget on the payment you are comfortable with, not the one you qualify for, and remember Michigan taxes uncap after you buy. The seller's tax bill is not your tax bill.
>
> Ask questions that feel too basic. You are supposed to not know this. I do this every day and you are doing it for the first time, so there is no such thing as a dumb question here. The buyers who ask the most end up in the best position.

START HERE

THE FIRST STEP IS A CONVERSATION

Call or text me and tell me what you are looking for. If you are six months out from buying, that is not too early, that is the best time to start. We can figure out the number, get you in front of a lender, and start looking at homes so you know what your money actually buys here.

JUST THINKING ABOUT IT

We talk through your situation and what the numbers would need to look like. No pressure to do anything with it.

READY TO LOOK

I get you connected with a lender, then we start sending each other properties and getting you into showings.

ALREADY UNDER CONTRACT

If you are mid transaction somewhere else and stuck on something in this guide, call anyway. I will tell you what I know.

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