



BUYER GUIDE

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Financing

If you are financing your purchase, the mortgage lender will be a key figure in the overall buying process. Licensed Loan Officers are there to connect you to the financing and provide multiple services, from the obtainment of a pre-approval letter, to helping you apply for the loan program that fits you best, to ordering the appraisal of the property, to managing the documentation and disclosures that apply to a mortgage loan.

Though the specific questions regarding the terms of your mortgage should be addressed to the Loan Officer, the following information helps to frame the main elements at play in the financing of a real estate purchase.

- Your Credit Score will be crucial. It can sometimes pay off to work on it/improve as advised by your mortgage lender.
- These are the typical out of pocket costs:
 - Down Payment (including the Earnest Money Deposit)
 - Professional inspection (around \$400-450)
 - Appraisal fees (around \$800-900)
 - Closing Costs, such as Title Insurance, Escrow fees, Lender fees, prepaid taxes and insurance, etc. Closing costs depend heavily on the specifics of each loan program and yet other factors, but a good general working number is 3%-5% of the purchase price)
- You'll want to connect with a Mortgage Lender, to establish how much you qualify for, and what loan program is a best fit for you, on the basis of your credit scores and other factors, like:
 - Income of all the applicants
 - Monthly bills and long term debts, such as student loans, car payments, credit card debt, alimony, etc.
 - Perhaps the most crucial piece of information to have in deciding on a purchase price range is **knowing what monthly payment will cover what purchase price**. There is a saying: "You don't live in the price, you live in the payment".
- Gather Documents for the Lender:
 - 2-month pay stubs and 2-year W2's (if you're an employee) or profit and

I will

- ➔ Provide options of true and tested mortgage lenders
- ➔ Work with the lender to obtain a pre-approval letter befitting the offer price and terms.

loss statements (if you are self-employed)

- Recent bank statements
- Tax returns of last 2 years
- Current mortgage statement
- Documentation for any other form of income (child support, alimony, retirement, investment gains, etc.)

...you can now apply with a Lender, find the right program, and become pre-approved.

Finding the right Property

- Work with me to set up a home/property search in your preferred way(s):
 - Homesnap smart app or website
 - Company/Personal Website
 - In person consultation
- Review and address your Wants and Needs, with a keen eye on:
 - must haves, should haves, your wish list
 - neighborhood
 - resale
 - cost of ownership (taxes, imminent and future maintenance, etc.)

I will

- ➔ Organize and schedule home tours
- ➔ Discuss the benefits and drawbacks of each home in relation to your specific needs
- ➔ Provide you with on-going updates on available homes and market trends.

A word of personal advice from the Pro

However tempting, falling in love with a property before it is actually yours can be heartbreaking, if things don't work out, so the best approach is to “fall in like”, and wait until it is yours to “fall in love”.

Also, whether your current furniture fits in a new space or not is, in most cases, an overrated consideration which is likely to be regretted later.

...once the right home is found, it's time to make an offer!

The Offer

The offer is put forth as a 12 page contract and may include additional documents on a case to case basis. The contract covers many topics that are beyond the scope of this guide but will be covered in person.

The **final terms** of the purchase may involve counters on both sides, where the conditions of the sale are further negotiated and agreed upon like:

- offer price
- downpayment (financing program)
- earnest money deposit amount
- closing date
- date of possession
- home warranty policy
- title and escrow company
- ...etc.

I will

- ➔ Advise you on the terms and issues of the offer and write up the contract.
- ➔ Present your offer and help you negotiate the final agreement
- ➔ Keep up with the contractual timelines or negotiate to extend them as required.

Once the offer is presented and mutually accepted, it is important to be aware of duties of the Buyer and of the Seller, of the timelines, and about which contingencies are to be cleared through to closing.

A TYPICAL TRANSACTION TIMELINE

Following is the outline of a typical transaction: it assumes that the lender will require roughly 40 days to process the mortgage, and it assumes certain “typical” or “default” timelines and amounts, indicated in square brackets []. Buyer contingencies are also covered below.

- **Day 0 = The date your OFFER is ACCEPTED**
- **By Business Day [3] – Earnest Money is deposited.**
Earnest money [1% of the purchase price] is deposited in the form of a personal check written out to the Escrow Company, delivered at their office.
- **By the end of Business Day [5] - Deadline to terminate on the basis of the Seller's Property Disclosure Statement.** This is set as the end of the 5th

business day from when I receive it on your behalf, and forward it to you. Assuming we receive it on Day 0, the contingency is removed by end of Day 5.

- **Business the end of Business Day [10] – End of Inspection Period**

By the end of the inspection period we'll need to have the inspection done and any eventual repairs/remedies negotiated, or - if no agreement has been reached - we will need to terminate, thus getting refunded the Earnest Money deposit.

- **Calendar Days 5-30 - Appraisal and Report**

Your lender will be ordering the appraisal at some point before the

Professional Inspection, to be carried out after the inspection, thus giving the Seller a chance to repair defects that are likely to become an issue with financing of the property (such as roof or siding defects, or safety and health hazards and such).

Once the appraisal report is submitted back to the mortgage lender (usually 3-5 days after the appraisal is carried out), the appraised amount will either be "at or above value", in which case no further action is needed, or "below value" or "subject to conditions (i.e. repairs)", in which case we'll want to negotiate price and/or repairs with the Seller to the satisfaction of the appraiser.

- **By day 40 (better if earlier) – Signing.**

Escrow arranges a time and date for signing the purchase and mortgage loan paperwork, so the sale can fund.

Please note that there is some processing of paperwork between signing by all parties and recording the sale – though under certain conditions a “same day sign and fund” arrangement is possible, it is advisable to sign at least one day before the intended closing date.

- **Day 40 – the closing date.** Recording of the sale may happen on the same day of the signing (if signing is done by mid morning and depending on the lender's process) or, typically, the following afternoon.

I will

- ➔ Advise you on the terms and issues of the offer and fill out the purchase offer contract.
- ➔ Present your offer and negotiate on your behalf
- ➔ Provide the purchase documents to lender and to escrow
- ➔ Set up the Professional home inspection for a date and time that best suits you
- ➔ Provide options for Homeowner's insurance agents
- ➔ Assist in lining up repair contractors, if needed

A word about Buyer CONTINGENCIES:

There are a few common contingencies through which a Buyer can be refunded the earnest money deposit, they are:

- **Seller Property Disclosure Statement** - Buyer can back out 5 days from receipt of the Disclosure Statement.
- Termination, via notice of unconditional disapproval of the property before the end of the **Professional Inspection Period** – the length of the Inspection Period is negotiable, the default on the forms being 10 Business Days from the day of mutual acceptance.
- **Financing Contingency** – this covers the cases where, despite the Buyer's best efforts, financing is no longer available, for example:
 - the appraised value is lower than the sale price, and Buyer and Seller do not negotiate a solution
 - the Buyer's employment status changes for reasons that are outside the Buyer's direct control (i.e. quitting a job would not qualify)

NOTE: The Financing Contingency does NOT cover cases where the Buyer does not use best efforts to maintain the credit picture that produced the pre-approval (so, no new credit inquiries, credit cards, financing of large purchases, and no conspicuous cash deposits until **AFTER closing!**)

...now the property is yours!

POSSESSION AND KEYS:

Once you are entitled to possession, I will meet you at the property, open the lockbox, and let you take and use the keys to your new home!

Remember:

I normally work as a Buyer's Exclusive Agent, committing to work hard to guide my Clients through the entire Buying Process.

No matter where you find homes that attract your attention...

- ✓ In a local real estate magazine
- ✓ Via the Internet
- ✓ Other agents' FOR SALE signs
- ✓ Other agents' OPEN HOUSES
- ✓ From a friend
- ✓ A "For Sale by Owner" sign...

I will help you buy any of them!

So, if you see a sign, an open house, or even hear about a property, call me first and I will provide you with all the information on that property and make all the necessary arrangements for a private showing.

As Your Negotiator, I Need Your Help...

In order for me to help you buy your new property for the lowest price, it is critical that you understand that **the Listing Agent** (new construction or resale properties) **works directly for the Seller.**

Therefore, if you visit an open house or model home it is crucial that you do not give any information away about yourself including: why you're moving, the price you can afford, and whether you like the property or not. **TELL THEM NOTHING!** Why? Because you don't want to give them any negotiating advantage they can use against you should we write an offer.

If you're touring a model home in a new development, immediately let them know that you have an agent. Feel free to fill out a buyer registration/information form if they request it. Only put your name on it, and offer my name to them as your Buyer Agent. Again, give them no other information!

When we find a home that you want to make an offer on, I will control exactly what information to share with the Sellers so that you are in the absolutely best negotiating position.