

# *Home Buyer's Guide*

# THE HOME BUYING PROCESS

## Strategy

- Find a REALTOR® you can trust
- Strategic home buyer consultation
- Set up your “Backstage Pass” to the MLS

## Financing

- Mortgage application
- Obtain pre-approval letter

## Showings

- Concierge home showing specialist
- View your favorites
- Find your home

## Offer & Negotiations

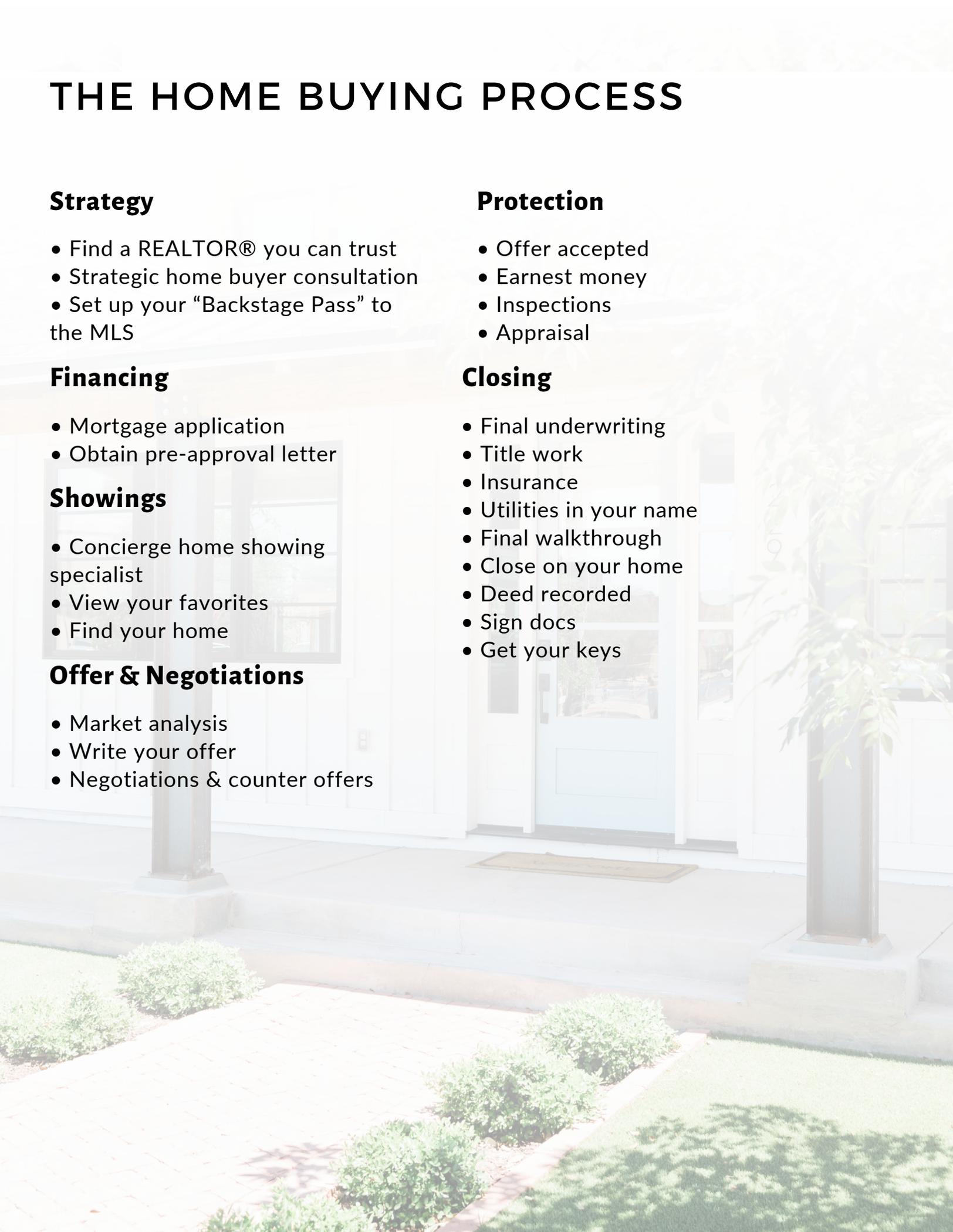
- Market analysis
- Write your offer
- Negotiations & counter offers

## Protection

- Offer accepted
- Earnest money
- Inspections
- Appraisal

## Closing

- Final underwriting
- Title work
- Insurance
- Utilities in your name
- Final walkthrough
- Close on your home
- Deed recorded
- Sign docs
- Get your keys



# YOU STRATEGY STARTS HERE

WE LOOK OUT FOR MANY DIFFERENT VARIABLES INVOLVED IN YOUR 7-STEP HOME BUYING STRATEGY

- 1. Expert Advice to Setting Your Strategy**
- 2. Funding Your Dream**
- 3. Selecting Your Home**
- 4. Negotiating Your Terms**
- 5. Protecting Your Home**
- 6. Closing on Your Home**
- 7. Your Lifetime Resource**



# EXPERT ADVICE FOR SETTING YOUR STRATEGY

## Market Intelligence

- Economic indicators
- Trends analysis
- Interest rates
- Loan programs and qualifications
- Real estate cycles
- Seasonal advantages
- Local market conditions Micro markets
- National market conditions
- Absorption analysis
- Inventory of corporate-owned homes
- Inventory of short sales
- Inventory of foreclosures
- Shadow inventory
- Inventory fluctuation
- Rent vs. buy trends
- Market stability
- Knowledge of co-op agent's negotiation strategy
- Knowledge of mortgage options
- Knowledge of insider deals
- Knowledge of appreciation rates
- Knowledge of inventory

## Smart Home Buying Strategy

- Determine timing & motivation
- Evaluate needs & wants
- Out-of-pocket expenses
- Financing needs & pre-approval
- Neighborhood & lifestyle
- Quality of life
- Set expectations according to market
- Customized plan
- Inventory of vacant homes
- Rental housing vacancy rates
- Builder confidence

# FUNDING YOUR DREAM

## Trusted Lenders

- Best rate & terms
- Close on time
- No surprises
- Over-deliver vs. Overpromise
- Get documents on time to the title company

## Your Home as an Investment

- Mistakes that cause you to overpay for your home
- Mistakes that cause you to overpay for your loan
- How to accelerate your equity and build wealth with your home purchase
- Why choosing the right lender makes all the difference
- Equity buyer vs. emotional buyer

## Decisions on Cost

- 15-year vs. 30-year mortgage
- Long-term hold
- Short-term hold
- Buy first or sell first
- Rental property
- 13th payment



# MORTGAGE PRE-APPROVAL

## How Much Can You Afford? Key Factors to Consider

- The down payment
- The interest rate
- Your debt-to-income ratio
- The closing costs associated with the transaction

## Down Payment Requirements

Loan Type	Down Payment	Details
CONVENTIONAL	5%+	You can put as little as 5% down and as much as you want. Anytime you
FHA	3.5%	put less than 20% down, you will have to pay some mortgage insurance.
DOWN PAYMENT ASSISTANCE*	\$1,000+	A program for people who qualify with credit and income but do not have
VA	0%	A special program for military buyers that allows them to put almost nothing down toward the purchase.
FHA 203k	3.5%	A special product that allows you to wrap the costs of repairs or improvements to the home you buy into your mortgage.

\*There are many down payment assistance programs available through our preferred vendors, Just ask us for more information to find out if you qualify.

### Closing Costs

**You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the closing, unless you are able to include them in your financing. Typically, total closing costs will range between 2–3% of your mortgage amount.**

# SELECTING YOUR HOME

## Showings

- Select homes of interest
- View your favorites
- Proactively suggest listings that match your needs
- On-call “concierge” Showing Specialist

## Right Price — Right Home

- Property type (condo, townhouse, single family, manufactured, multi-unit, investment)
- Preferred subdivisions
- Price range
- Year built (age of home)
- Bedroom/bathroom/garage needs
- Square footage
- Landscape/lot preference
- Floor plan
- Amenities
- ADA disability features
- Appliances

## Lifestyle and Neighborhood

- School rankings
- Crime level
- Demographics
- Planned community
- Parks & playgrounds
- Privacy of neighborhood/gated community
- Location of home in neighborhood
- Proximity to: work, restaurants, recreation, public transportation, major roads, entertainment, etc.

## Managing Risk

- Foreclosures/bank-owned homes
- Short Sales
- Vacant homes
- City inspections



# TYPES OF HOME SALE TRANSACTIONS

## **Traditional Sale (21–45 Days)**

These homes have a regular seller on the other side of the transaction. They are not “upside down” on their mortgage, meaning they don’t owe more on the home than the home is worth. However, if they do, they have the cash to bring to the table to sell without negotiating with the bank. The response time on your offer to a traditional seller is usually pretty prompt (generally within 24 hours, if not less). The traditional homes will reflect the “market value” for a neighborhood and will usually be the highest-priced home sales in the market. They will generally be in the best condition of any home on the market.

## **New Construction (Varies, typically 4–6 months unless already completed)**

Brand new homes, built to your tastes and warranted. With new construction, you get exactly what you want. New construction homes can be already built, in the process of being completed, or entirely custom.

## **Bank Owned Sale (30–60 Days)**

A bank-owned sale is one in which the bank owns the home. Usually, the bank will own the home because the seller tried to do a short sale, and the bank wouldn’t agree, or the seller just decided to let the home go back to the bank by not making their payments. The bank-owned transaction is a two-party transaction, 1. Buyer 2. Bank. The listing agent is the go-between with the bank, and they help the bank’s asset manager (the decision maker at the bank) make the decisions about the property and about the pricing of the home. Bank-owned sales are almost always “As Is” sales. Bank-owned purchases are usually priced well below the price of a comparably sized “Traditional Sale,” but they may be in poor condition and most likely need some sort of work or cleaning done.

## **FSBO (30–60 DAYS)**

This is selling a home directly by the owner rather than having representation by a real estate professional. One of the most popular reasons owners choose to sell their homes without the help of a real estate agent is to avoid paying an agent’s commission. If the owner sells their home to a person not represented by an agent, the owner pays no commission. If a real estate agent represents the buyer, that agent may request that the owner pay them a commission (typically 3%) for bringing the buyer to them. The owner can agree to pay or refuse. The seller is not legally obligated to pay the commission. If the owner refuses, the buyer will often compensate their agent on their own. FSBO homeowners will often market their properties or choose to employ the services of an online marketing company or listing service.

## **Short Sale (4+ Months)**

A short sale is a home that is selling for less than the mortgage balance that is owed. This is where the term. “short sale” comes from the home selling “short” of what is owed. The seller is usually selling the home because they can’t make their payments any longer. The short sale is a three-party transaction. There is 1. Seller 2. Buyer, and 3. Bank (or banks) involved in the sale. The process is like a traditional sale in that the seller hires a real estate agent to market the home and get an offer. Still, once the seller and the buyer agree to a price, the bank then has to decide if the price is acceptable and if they will release the seller from the obligation of the debt they owe. The bank must collect all of the seller’s financial records, review the offer, and send out a third party to value the property. From there, the bank will decide whether they will accept the offer, counter the offer, or reject it. Short sales can be great deals, but the waiting time involved can be extreme and very hard on a buyer wanting to purchase quickly.

# NEGOTIATING YOUR TERMS

## Position of Strength

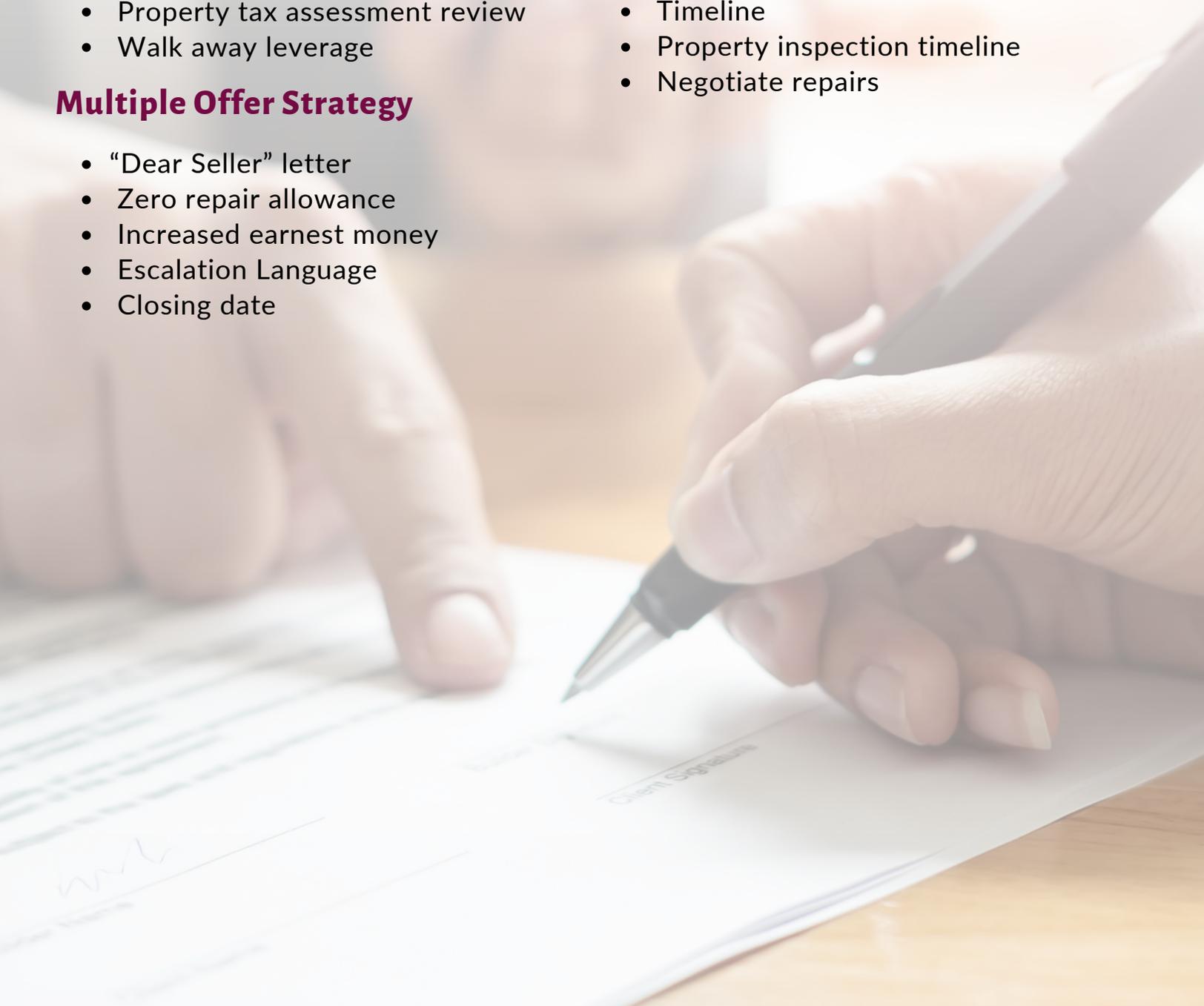
- Pre-approval in hand
- Type of financing
- Negotiating with listing agent
- Comparable sales to support offer
- Seller's purchase price per tax records
- Property tax assessment review
- Walk away leverage

## Multiple Offer Strategy

- "Dear Seller" letter
- Zero repair allowance
- Increased earnest money
- Escalation Language
- Closing date

## Seller Concessions and Offer Details

- Seller contribution to buyer's closing costs
- Home warranty
- Inspection repair costs
- Closing date
- Title policy/escrow fees
- Contract acceptance
- Timeline
- Property inspection timeline
- Negotiate repairs



# MAKING AN OFFER

Once we've found the home you wish to purchase, you'll need to determine what offer you are willing to make on the home. After all, you are the one making the payments!

## Offer Terms

- Sales price
- Comparative market analysis (comps)
- Earnest money
- Financing terms
- Inspection period
- Closing date
- Personal property
- Other applicable addendum like Lead Paint Disclosures, Short Sale Contingencies, etc.
- Seller contribution to YOUR closing costs (if requested)

## Offer Terms

Example – Asking the seller to cover a portion of your closing costs.

$$\mathbf{\$300,000 - \$9,000 = \$291,000}$$

### YOUR OFFER

(Total amount of your purchase price)

### SELLER'S CONTRIBUTIONS

(Amount of your closing costs you ask the seller to pay for you)

### NET OFFER

(Final amount the seller is actually receiving, viewed as your actual offer)

## A Note about Multiple Offers

Make offers you want the other party to sign. It is important to remember that the more competition there is for the home, the higher the offer will have to be, sometimes even exceeding the asking price. Remember, be realistic, but it all comes down to market value, solid comparable sales, and comparable homes on the market.

# PROTECTING YOUR HOME

## Home Inspection

- Eliminate potential surprises
- Preemptive negotiation strategy
- Identify potential “deal killer.s”
- Walk-away leverage

## Home Warranty

- Cover the mechanical systems and major appliances in the home for a year
- Can save buyers thousands of dollars
- Can be paid for by the seller
- Can renew after the first year is up

## Lifestyle and Amenities

- Drive time
- Location of hospitals, restaurants, schools, gyms

## Future Home Maintenance Costs

- Heating and cooling costs
- Age of appliances
- Utility costs
- Home owners association dues
- Lawn and landscape maintenance



# INSPECTIONS

## Home Inspections

If you are purchasing a resale property, we highly recommend that you have a professional home inspector conduct a thorough inspection. Our Inspector is exceedingly complete and detailed to minimize surprises for you. However, the inspection is not meant to lowball the seller's post-price negotiations, as all existing homes have minor imperfections.

The inspection is intended to report on significant damage or serious problems that require repair. Your home cannot "pass or fail" an inspection. The Inspector's job is to make you aware of recommended or necessary repairs.

## The Inspection Will Include the Following

- Appliances
- Plumbing
- Electrical
- Heating and Air conditioning (depending upon the season)
- Roof and Attic (if accessible)
- Foundation
- General Structure

### COMMON PRICES for the home inspector

1600 sq ft and less .....	\$435
1600-2400 .....	\$465
2400-3200 .....	\$495
3200+ .....	(Call for pricing)
Pest Inspections .....	\$95

The seller may be willing to negotiate the completion of repairs, or you may decide that the home will take too much work and money and rescind the offer during the inspection period.

Your inspection is a contingency to the purchase agreement and needs to be completed and repairs negotiated within the due diligence date on the purchase agreement, usually a 9-10 day period.

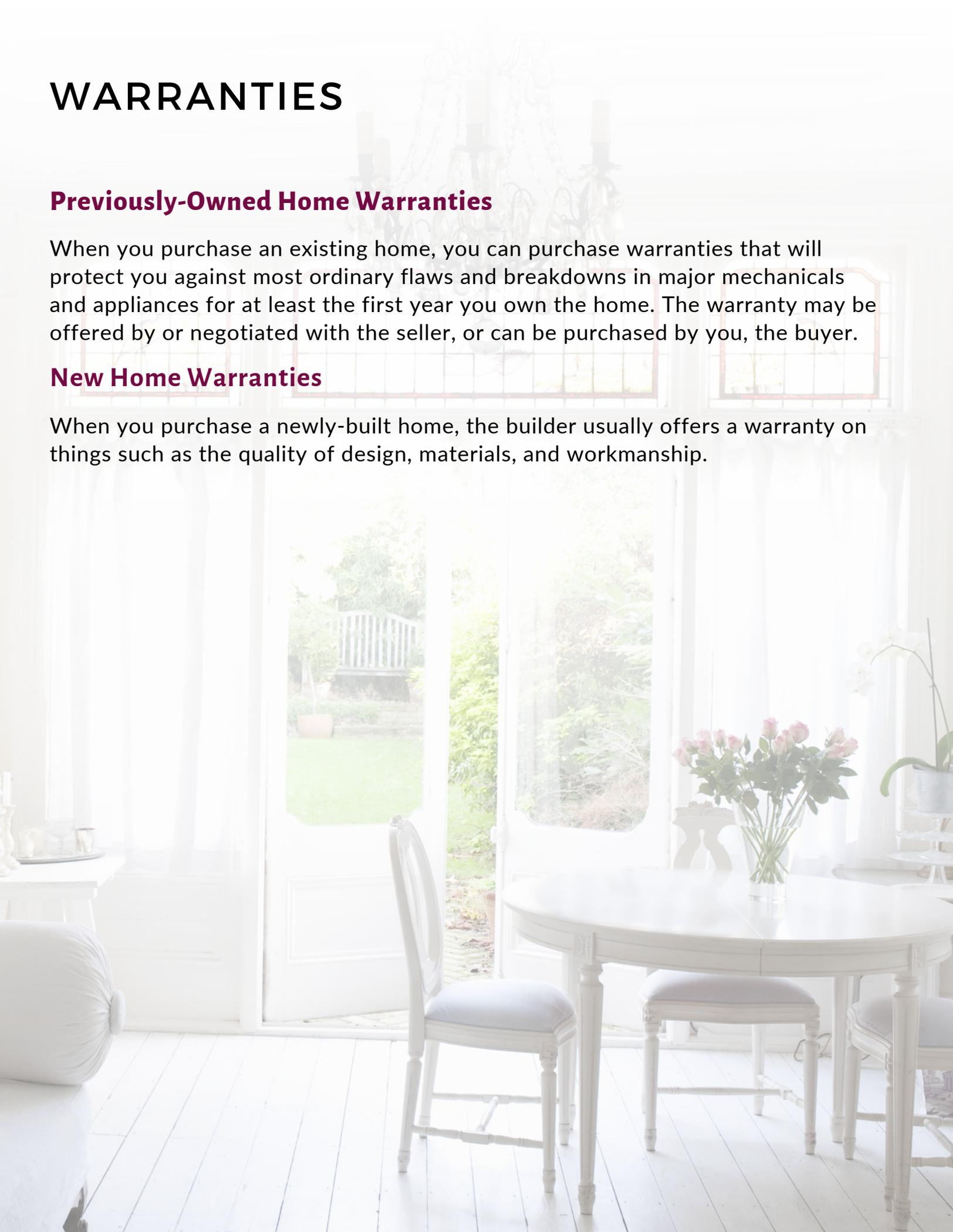
# WARRANTIES

## Previously-Owned Home Warranties

When you purchase an existing home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns in major mechanicals and appliances for at least the first year you own the home. The warranty may be offered by or negotiated with the seller, or can be purchased by you, the buyer.

## New Home Warranties

When you purchase a newly-built home, the builder usually offers a warranty on things such as the quality of design, materials, and workmanship.



# CLOSING ON YOUR HOME

## Home Owner's Insurance

- Highly competitive rates
- Impacts your monthly payment

## Title Company

- Quality management of process
- Manage all parties in the transaction
- Leverage for getting problems resolved
- Closing on time
- Protecting your interests
- Transferring ownership of the property to you

## The Final Details

- All documents to the lender in a timely manner
- Lender repairs where applicable
- Closing & settlement review
- Potential deal killers
- Transfer of utilities
- Moving into your new home

**NOTE: Buyer's agent commission is paid by the seller at closing once we find you the right home. Our win is your win!**



# WHAT TO EXPECT AT CLOSING

## Who Will be There?

- You, the buyer(s)
- Buyer's Agent
- Lender
- Notary

## What Will You Need?

Bring a valid government-issued photo ID and a second form of ID showing your name.

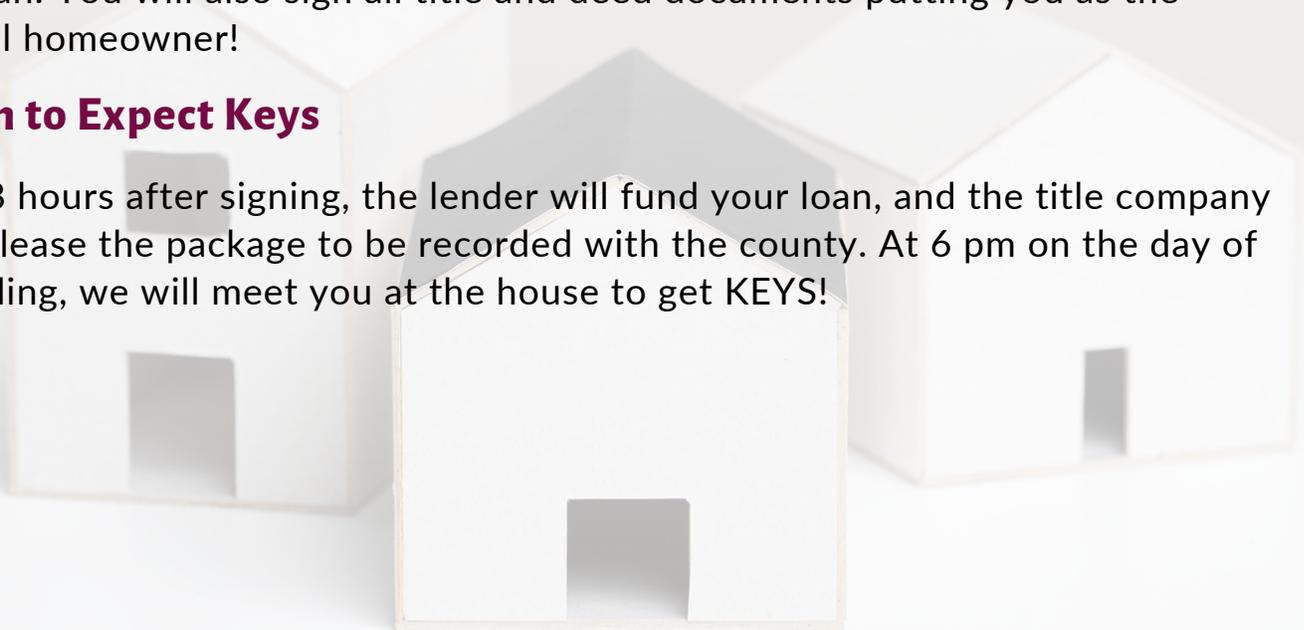
Bring a cashier's check for your cash to close (your mortgage officer will tell you the amount prior to closing)

## What Is Expected from You at the Closing?

If financing the property, your lender will require you to sign a document, called a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign all title and deed documents putting you as the official homeowner!

## When to Expect Keys

24-48 hours after signing, the lender will fund your loan, and the title company will release the package to be recorded with the county. At 6 pm on the day of recording, we will meet you at the house to get KEYS!



# YOUR LIFETIME RESOURCE

## On-Going Real Estate Support

- Post closing questions
- Updated market information
- Helping your friends and family

## Trusted Contractors

- Handymen
- Cleaning companies
- Carpet cleaning
- Exterior maintenance
- Painting & remodeling
- Siding/Windows/Decks

## Raving Fan Club

- Parties
- Holiday giveaway
- (ex. Thanksgiving Pie, Movie Day, Photos with Santa)
- Helpful videos
- Market Snapshot
- Giveaways



# The Home Buying Process



1

## **OFFER SENT**

Once you've decided on the home of your dreams, our team will sit down and discuss making an offer – in terms of amount offered, contingencies, loan type, and any other special requests.

2

## **PRICE NEGOTIATIONS**

After your offer has been received, sometimes your needs to be advocated for. Our team of expert negotiators will discuss different options and tactics we can employ to ensure you're getting the best deal.

3

## **CONTRACT ACCEPTANCE**

It's good for both parties! You and the seller have agreed upon the terms and price for the home. The contract is signed, and has been sent to the title company. We're in escrow folks!

4

## **DELIVERY OF EARNEST MONEY**

You will deliver the earnest money deposit to the title company within 72 hours after contract acceptance. This deposit is provided in order for the seller to mark your home "Pending" on the market while all of your needed inspections are completed on the property.

5

## **INSPECTIONS & NEGOTIATIONS**

During this time we will make recommendations and help schedule all inspections you wish to have done on the property. Once this has been done, we will negotiate any repair requests you have on your behalf. All parties will sign an amendment agreeing to repairs, if applicable.

6

## **APPRAISAL**

As the buyer, your lender will order an appraisal of the home. Once this is done, an appraiser will visit the home to verify the value of the property.

7

## **FINAL WALK-THROUGH**

Typically right before the close of escrow, we will walk through the home with you to ensure the home is in the same condition as the day all parties went into contract. We will also review completed repairs at this time as well.

8

## **CLOSING DAY**

Congrats! Escrow has now closed upon the agreed upon date in the contract. The transfer of ownership and funds occurs at this point and the property is on record!



## WHAT CAN YOU EXPECT AFTER CLOSING?

- ✓ Newsletters
- ✓ Info on Fun Events in Your Community
  - ✓ Resources for all Things
    - ✓ Fun Pop-Bys
    - ✓ A Friend for Life



# Lets Close on your Dream Home!



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