



# How Do Realtors® Help Buyers?

## MARKET INSIGHTS

- › Provide market overview
- › Produce Comparative Market Analysis
- › Show what comparable homes are selling for
- › Provide relevant neighborhood information on:
  - › Schools
  - › Parks
  - › Dining
  - › Recreation
  - › Commute times
  - › Arts, culture & entertainment

## BUYER NEEDS

- › Conduct pre-showing interview to determine needs
- › Help find the right home to purchase
- › Connect buyer with mortgage broker to determine how much home they can afford

- › Set up customized property search
- › Promote needs within office
- › Promote needs to sphere of influence showings

## PREVIEW HOMES

- › Schedule showings
- › Show homes
- › Community tour

## CONTRACTS

- › Explain Contract to Buy & Sell
- › Explain buyer agency agreement
- › Explain required disclosure documents
- › Explain deeds
- › Explain title work
- › Obtain & review qualification letter

## COMMUNICATION

- › Explain the buying process
- › Review & arrange financing options
- › Guide through the inspection process
- › Guide through the appraisal process
- › Explain closing procedure
- › Schedule & manage vendors
- › Guide through TRID requirements
- › Track due diligence deadlines
- › Recommend providers & coordinate with:
  - › Lenders
  - › Appraisers
  - › Inspectors
  - › Title company

## NEGOTIATION

- › Offer strategy
- › Price
- › Inspection resolution
- › Appraisal resolution
- › Title resolution
- › Multiple offers
- › Seller concessions
- › Earnest money
- › Inclusions & exclusions
- › Conditional sale contingency
- › Survey resolution
- › Due diligence resolution
- › Closing & possession date
- › Payment for failed or untimely possession



# Buying Your First Home

The prospect of buying your first home can be both exhilarating and scary at the same time. It's likely the largest purchase you've made in your lifetime—and also one of the best long-term investments. But buying a home is not a one-size-fits-all proposition. Finding the right place in the perfect neighborhood, and at a cost that's within your budget, is no small task. That's where I come in. My job is to help you navigate the twists and turns of the buying process, so that you end up with a house you're proud to call home.

## HOW I HELP

- › Explain the entire real estate process from start to finish so there are no surprises
- › Recommend a lender that can help you determine how much you can afford and pre-approve you for a home loan
- › Help you determine the types of homes and neighborhoods that best fit your needs
- › Arrange tours of homes that meet your search criteria
- › Provide you with detailed information about homes you're interested in
- › Determine the market value of homes you're interested in
- › Assist you in writing and negotiating a mutually-accepted purchase and sale agreement
- › Accompany you to the inspection
- › Coordinate necessary steps after inspection
- › Work with the escrow company to ensure all needed documents are in order and completed in a timely manner
- › Provide ongoing support and services even after you've moved into your new home





# Buyer's Terms

## **LOAN AMOUNT**

The amount of the mortgage based on the purchase price, minus the down payment.

## **DOWN PAYMENT**

Cash that the buyer provides the lender as their portion of the purchase price. The down payment is considered the buyer's equity (or cash investment) in their home.

## **POINTS**

Fees charged by the lender to offset their interest rate, if it's below the prevailing market rate. One point equals one percentage point—so one point on a \$100,000 loan would be \$1,000.

## **APPRAISAL FEE**

The amount paid for the lender's appraisal of the property.

## **CREDIT REPORT FEE**

The fee charged by the lender to obtain a credit report on the buyer.

## **TITLE INSURANCE FEE**

A one-time premium that a buyer pays for protection against loss or damage in the event of an incorrect search of public records or misinterpretation of title. The title insurance policy also shows what the property is subject to in terms of liens, taxes, encumbrances, deed restrictions and easements.

## **ESCROW FEE**

The amount a buyer pays the escrow company or closing agent for preparing papers, accounting for all funds and coordinating the information between all parties involved in the transaction.

## **CLOSING COSTS**

A general term for all the estimated charges associated with the transfer of ownership of the property.

## **PREPAID INTEREST**

The amount of interest due on the loan during the time period between closing of escrow and the first mortgage payment, due at the time of closing.

## **PITI**

The estimated house payment, including principal, interest, taxes and insurance.

## **PRINCIPAL AND INTEREST**

The loan payment, consisting of the amount to be applied against the balance of the loan, and the interest payment, which is charged for interest on the loan.

## **TOTAL CASH REQUIRED**

The total amount of cash the buyer will need, including down payment and closing costs.

## **PREMIUM MORTGAGE INSURANCE (PMI)**

Insurance for the lender, to cover potential losses if the borrower defaults on the loan.



How much house can you afford?

# Financing

Determining how much you can afford before you begin your home search will save you valuable time. I can help you locate a lender who will assist you in finding a financing package that will best meet your needs. But there are a few steps you should consider beforehand to make the process as smooth as possible:

## CREDIT REPORT

It's important to check your credit report before you see your lender because:

- › Lenders check this to determine the amount of loan you qualify for
- › It allows you to correct any mistakes in the report before lenders see it
- › If there are any blemishes in your report that are not errors, you should be prepared to explain them to your lender

You are entitled to one free request each year from each of the three credit bureaus. The best way to do this is to go online to [AnnualCreditReport.com](http://AnnualCreditReport.com).

## CREDIT SCORE

You may want to check your credit score at the same time you check your credit report (usually for a fee). This score influences how much lenders are willing to loan to you and at what interest rate.

## DOWN PAYMENT

Most lenders will give better financing terms to borrowers that can put a 20 percent down payment on the purchase. If you are unable to do so, you will likely be required to purchase Private Mortgage Insurance (PMI) and perhaps pay a higher interest rate.

## PREAPPROVAL

A letter of preapproval from a lender shows that they have checked all your documentation and are prepared to make you a loan. Getting preapproved prior to starting your home search saves you time by:

- › Keeping you focused on viewing only the homes that are within your budget
- › Helping you obtain your financing more quickly once you find a house you want to buy







Answers to

# Frequently Asked Questions

## How does my offer get presented to the seller?

In today's electronic world, offers are sent via email to the seller's agent. I will call the agent to let them know it's coming and tell them a little bit about you and the details of your offer. Then I will follow up with the agent again to confirm receipt of your offer.

## Does it cost me money to make an offer?

When you write the offer on the home you've chosen, you will be expected to include an earnest money deposit. The deposit is a sign of your good faith that you are seriously interested in buying the home.

## Where does my earnest money go?

Once the buyer and seller have a mutually accepted offer, the earnest money is deposited into a trust account. That deposit becomes a credit to the buyer and becomes part of the purchase expense.

## Is that all the money that's involved?

Some lenders require the cost of the appraisal and credit report at the time of the loan application.

## Can I lose my earnest money?

Real estate contracts are complicated legal transactions. This is another area where having a knowledgeable and professional agent is a necessity. Rarely does the buyer lose the earnest money. Most often, if the transaction falls apart, there are circumstances beyond the buyer's control that cause it to happen. If the buyer willfully decides, however, that they no longer want to buy the house and has no legal reason for rescinding their offer, then the seller has the right to retain the earnest money.

## What happens if I offer less than the asking price?

If you offer less money, the seller has three options. They can accept the lower offer, counter your offer or reject it completely. Remember that there could be another buyer who is also interested in the home you've chosen. If they happen to write an offer at the same time you do, the seller will have two offers to compare. There are usually many aspects of each offer to consider, but ultimately the seller will want to accept the best and most complete offer. In active real estate markets, homes often sell for their listed price. In hot markets, there may be many buyers vying for the same house, which sometimes drives the final sale price above the original listing price.

As a real estate professional, I can help you plan your strategy, based on the current real estate market in our area.

## What if I need to sell my home before I buy a new one?

To put yourself in the best negotiating position before you find the new home you want, hire a qualified real estate agent to help you put your home on the market. Once you write an offer on a new home, your offer will be "contingent" upon the sale of your home. A buyer in this position may not have the same negotiating power as one whose home has already sold (or at least has an accepted offer). The seller may be hesitant to accept your offer because there are too many things that must happen before the sale can close.