

Buying a Property





Begin Your Journey

FIND IDEAL PROPERTY

Needs Analysis

Analyze buyer wants and needs.
Help the buyer get a clear picture of their ideal home.

Pre-Qualification or Pre-Approval

Guide buyer to loan officer.
Obtain prequalification or pre-approval.
Help choose the best mortgage financing plan.

Neighborhood Information

Create a broad neighborhood search profile.
Provide a list of target neighborhoods and related information for each.

Home Search

Organize and schedule a home search process.
Ongoing updates, drive-bys, and showings of available homes.

Offer Preparation

Compare homes and make a decision
Advise on terms and issues of offer
Fill out purchase offer contract.

MAKE IT YOURS

Negotiation to Buy

Present the offer.
Negotiate on buyer's behalf and secure the best terms.

Vendor Coordination

Advise and supervise vendor selection.
Coordinate vendor services.

Pre-Close Preparation

Coordinate and supervise document preparation.
Provide pre-closing consulting.

Closing

Preview closing documents.
Resolve last-minute issues.
Complete transaction.

Post-Closing

Coordinate move-in.
Assist with post-closing issues.





5 Reasons to Sign a Buyer Representation Agreement

If you've started looking for a home and a real estate professional to assist you, your buyer's representative will ask you to sign a Buyer Representation Agreement. What is this form?

A Buyer Representation Agreement is a legal document that formalizes your working relationship with a particular buyer's representative, detailing which services you are entitled to receive and what your buyer's rep expects from you in return.

While the document uses formal language, homebuyers should view it as an essential and helpful tool for clarifying expectations, developing mutual loyalty, and most importantly, elevating the services you will receive.

Key Benefits of Your Buyer Representation Agreement

1. RECEIVE A HIGHER LEVEL OF SERVICE

By signing a Buyer Representation Agreement with a buyer's rep, you are establishing a formalized relationship that spells out the obligations of both parties. This agreement ensures a higher level of professionalism and commitment from your buyer's rep.

With this formal agreement in place, you can expect superior services and dedicated attention throughout your home-buying journey. Your buyer's rep will be committed to understanding your needs and providing expert guidance every step of the way.

2. GET MORE WITHOUT PAYING MORE

Oftentimes, the listing broker has already agreed to pay the buyer's broker commission. If they haven't, you can ask your buyer's rep to avoid showing you any such homes. Or you can still view the home, knowing that you'll need to factor your broker's commission into any offer you may write.

3. AVOID MISUNDERSTANDINGS

A Buyer Representation Agreement clarifies expectations, helping you understand what you should and should not expect from your buyer's rep, which usually centers on dealing honestly and fairly.

4. AGENCY RELATIONSHIPS ARE BASED ON MUTUAL CONSENT

While most representations agreements specify a time period, they can be terminated early if both parties consent.

Most buyer's reps are willing to end the agreement early if the working relationship isn't going well. Some buyer's reps also offer representation agreements for as little as one day, for the purpose of giving both parties a brief trial period to explore working together.

5. STRENGTH AS A TEAM

When you and your buyer's rep work together within a formalized agency relationship, you have created a team dedicated to helping you achieve the best possible home-buying experience.



STEP SEVEN

Home Buying Guidelines

- If you have to re-sell soon, don't buy an unusual house.
- Even if the quality of the school district doesn't matter to you now, remember it might someday happen to another buyer and it affects property values.
- Brand-new homes may be lower in maintenance costs but can be higher in out-of-pocket expenses.
- Location – location – location – some things don't change.
- Supply and demand is a critical issue. Be ready to move quickly when you find what you want.
- Pay attention to floor plans not decorating.
- Imagine the property being vacant. Everything will be gone when you move in.
- Vacant homes appear larger than they are. It may be a good idea to measure to be sure your furniture will fit.
- Pay close attention to the kitchen and baths – can be expensive to change.
- Be an educated buyer. Learn as much as you can about the market before you buy.
- Buy the best you can afford in the best neighborhood you can afford.
- You are almost always better off with the least expensive home in the area rather than the most expensive.
- Pay attention to the original listing date of the properties you look at; sellers tend to be more flexible the longer the home is on the market.
- Be honest and open with your REALTOR®; they work for you and can best help you if they have a good understanding of your needs.
- You'll know the right home for you when you see it and it will have very little to do with logic – don't ask us how that works – it just does!

STEP EIGHT

The Homebuyer's Checklist

WHY USE A BUYER'S CHECKLIST?

- 1. CLARITY AND FOCUS:** A buyer's checklist helps you clarify what features are essential versus what would be nice to have. This clarity prevents you from being swayed by superficial aspects during the home viewing process.
- 2. EFFICIENT DECISION-MAKING:** By listing and prioritizing features, you can efficiently compare multiple properties. This ensures that you make decisions based on what matters most to you and your family.
- 3. BUDGET MANAGEMENT:** It helps you stay within your budget by identifying must-have features versus optional ones. This prevents overspending on features that aren't crucial to your lifestyle.
- 4. EFFECTIVE COMMUNICATION:** When working with real estate agents, a checklist ensures you communicate your requirements clearly, minimizing misunderstandings and streamlining the search process.

HOW TO USE A BUYER'S CHECKLIST

Define Your Needs vs. Wants: Quality of Life

- **Needs:** List non-negotiable features such as number of bedrooms, bathrooms, location preferences (e.g., proximity to work or schools), and essential amenities (e.g., kitchen size).
- **Wants:** Identify features that would enhance your living experience but are not essential, such as a pool, additional storage space, or a home office.

Create Your Checklist: Use a spreadsheet or printed template to list your needs and wants in separate columns, including space for notes and ratings to evaluate each property against your checklist criteria.

Prioritize Features: Rank your needs and wants in order of importance to help compare properties that fulfill different aspects of your checklist to varying degrees.

During Property Viewings: Bring your checklist and take notes as you tour each property, checking off items that meet your criteria and noting features that don't align with your needs or wants.

Review and Adjust: Regularly review and update your checklist as you view properties and gain new insights, adjusting priorities based on what you learn during the search process.

Final Decision: When a property meets most needs and aligns with your wants, consider its fit with your lifestyle and budget, using your checklist before making an offer or negotiating.

Writing an Offer

Before making an offer on a house, ensure you have three essential elements in place:

1. MORTGAGE PRE-APPROVAL

Start by obtaining a mortgage pre-approval from at least one lender before you begin house hunting. This process can be time-consuming as it involves gathering numerous documents, but it's crucial because it determines how much you can afford to spend on a house. A pre-approval not only signals to sellers that you are a serious buyer, but it also provides them with confidence that you can close the deal quickly, which is particularly advantageous if the seller needs to sell fast.

2. UNDERSTANDING THE MARKET

Knowledge of the local real estate market is vital to make a competitive offer. You can gather this information through your own research, comparable sales data, or a comparative market analysis from your real estate agent. Ideally, your offer should be slightly below the amount for which you are preapproved, giving you some leeway to negotiate.

3. ACCESSIBILITY TO DOWN PAYMENT

Ensure that the down payment amount required by your lender is readily available in your bank account. It's not sufficient to have merely earmarked funds for purchasing a home; you need immediate access to these funds to cover the earnest deposit, down payment, and closing costs to facilitate a smooth transaction.

WHAT IS INCLUDED IN AN OFFER:

A written offer may contain these elements, among others:

- **Address:** The home's legal address, and sometimes the legal property description.
- **Price:** Details regarding the purchase price and terms.
Earnest money: The amount and terms regarding the earnest money, including its disposition upon the acceptance of the offer.
- **Proof of funds:** Required for cash offers or large deposits, proof of funds strengthens your offer by demonstrating financial readiness.
- **Title:** A stipulation that the seller will provide a clear title to the property.
- **Closing costs:** Details regarding which party will pay closing costs or other fees, as well as how certain taxes and expenses will be prorated between the buyer and the seller at closing. (Some lenders may cap the amount of seller participation in these expenses.)
- **The date and time of the offer's expiration:** In hot markets, this can be mere hours, but in most cases, it's one or two days.
A projected loan closing date: This is typically 30 to 60 days, though how long your lender's underwriting process takes can be the deciding factor here.
- **Contingencies:** Any contingencies that the deal is subject to (more on these in the next section).
Disclosures: Other state-required provisions or disclosures.

COMMON CONTINGENCIES:

Your written offer will likely include at least a couple of standard contingencies. These are things that need to happen before the sale can move forward. Common contingencies include:

- **Final loan approval:** In other words, you get the mortgage, often within a specified amount of time.
- **Home inspection:** In addition to requiring that the property undergo a home inspection, this contingency may also specify how issues revealed during the inspection will be addressed (for example, if the seller will repair or provide a credit at closing), or if the inspection is for informational purposes only.
- **Appraisal:** Lenders generally insist on verification of the home's value via an appraisal, as they don't want to lend you more than the property is worth.
- **Home sale:** This is a less common contingency that means the purchase relies on the completion of another, separate transaction. This is usually either the sale of your current home or the seller finding a new home.

Although you have to protect your interests and gather enough information to make a wise purchase, contingencies may act as roadblocks to getting a deal done — especially in hot markets. It's best for both the buyer and the seller to put only enough stipulations in the contract to cover the necessary bases; no more.

THE OFFER

Process

BUYER'S AGENT

Write Initial Offer and submit to Seller's Agent

Congrats you're under contract

Counter Offer is reviewed, buyer can either:

SELLER'S AGENT

Initial Offer is reviewed, seller can either:

ACCEPT THE OFFER

or

DECLINE THE OFFER & Counter with new terms

R E P E A T

You can negotiate back and forth as many times as needed until you reach an agreement or someone chooses to walk away.

ACCEPT THE OFFER

ACCEPT THE OFFER

CONGRATS YOU'RE
UNDER CONTRACT

SCHEDULING YOUR MOVE

AFTER SIGNING

- Declutter! Sort through every drawer, closet, cupboard & shelf, removing items you no longer need or like.
- Donate or sell items that are in good condition.
- Get copies of medical records and store them with your other important documents
- Create an inventory of anything valuable that you plan to move
- Get estimates from moving companies

4 WEEKS TO MOVE

- Give 30 days' notice if you are currently renting
- Schedule movers/moving truck
- Buy/find packing materials
- Start packing

2 WEEKS TO MOVE

- Contact utility companies (water, electric, cable)
- Change address: mailing, subscriptions, etc.
- Minimize grocery shopping
- Keep on packing

1 WEEK TO MOVE

- Obtain a certified check for closing
 - Complete final walkthrough
 - Finish packing
 - Clean
 - Pack essentials for a few nights in the new home
 - Confirm delivery date with the moving company.
- Write directions to the new home, along with your cell phone number

Real Estate Terminology

- **Appraisal:** An estimation of a property's market value by a licensed appraiser based on comparable recent sales of nearby properties and an inspection of the property itself.
- **Closing Costs:** Expenses over and above the price of the property that buyers and sellers normally incur to complete a real estate transaction. These costs can include loan origination fees, title insurance, surveys, taxes, and credit report charges.
- **Contingency:** A condition outlined in a real estate contract that must be met before the transaction can proceed. Common contingencies include home inspections, appraisal, and financing.
- **Down Payment:** An initial payment made when something is bought on credit. In real estate, it is a portion of the price of the property that the buyer pays upfront and does not finance with a mortgage.
- **Equity:** The difference between the market value of a property and the amount still owed on its mortgage. It represents the amount of money a homeowner would receive after selling the property and paying off the mortgage.
- **Escrow:** An arrangement where a third party holds and regulates payment of the funds required for two parties involved in a given transaction. It helps make transactions more secure by keeping the payment in a secure escrow account which is only released when all of the terms of an agreement are met.
- **Fixed-Rate Mortgage:** A mortgage that has a fixed interest rate for the entire term of the loan. The advantage of a fixed-rate mortgage is that it provides predictable housing costs over the life of the loan.
- **Adjustable-Rate Mortgage (ARM):** A type of mortgage loan in which the interest rate applied on the outstanding balance varies throughout the life of the loan. Normally the initial interest rate is fixed for a period of time, after which it resets periodically, often every year or even monthly.
- **Listing:** A written contract that gives a real estate agent the exclusive right to sell a property for a specified time.
- **Pre-approval:** A lender's assessment of a borrower's ability to pay for a home, resulting in a commitment to lend a specified amount. This is more comprehensive than pre-qualification and includes a credit check and financial background analysis.
- **Title:** A legal document evidencing a person's right to or ownership of a property.
- **Title Insurance:** Insurance that protects the holder from financial loss sustained from defects in a title to a property. It's a safeguard against any title dispute that might arise over a particular property.

Real Estate Terminology

- **Good Faith Estimate (GFE):** A document provided by a lender to a borrower within three days of submitting a loan application, which outlines the estimated costs associated with the loan and the terms.
- **Off-Market Listing:** A property that a realtor keeps off the multiple listing services (MLS) and tries to sell directly to buyers without widespread advertising.
- **CMA (Comparative Market Analysis):** An estimate of a home's value compared to others. This is done by evaluating similar, recently sold homes, called comparables, or "comps," in the same area.
- **As-Is:** A term used to indicate that the seller is selling a property in its current state, and will not make any repairs or improvements before the sale, nor offer any credits to the buyer to fund these fixes.
- **Contingent Offer:** An offer on a property that is accepted by the seller but is still subject to the fulfillment of certain conditions before the sale can be finalized, such as the sale of the buyer's current home.
- **Due Diligence:** The process of thoroughly investigating a property before purchase to confirm it meets all expectations. This includes reviewing financial records, the physical condition of the property, and legal constraints.
- **Staging:** The act of preparing and decorating a property to be sold. The goal is to make the home appealing to the highest number of potential buyers, thereby selling the property more swiftly and for more money.
- **Title Defect:** Any legal issue with the title of a property that needs to be resolved before the buyer can receive a clear title.
- **Walk-Through:** A final inspection of a property before closing where buyers look for any issues that need to be addressed before ownership is transferred.
- **Earnest Money:** A deposit made to a seller showing the buyer's good faith in a transaction. This money is typically held in an escrow account during the closing process and usually counts towards the down payment or closing costs.
- **FSBO (For Sale By Owner):** Properties that are offered for sale directly by the owner without the representation of a real estate agent. This can potentially save on commission costs but may require more effort from the seller.
- **Multiple Listing Service (MLS):** A comprehensive database of properties for sale that is used by real estate agents to share information about properties with other agents who may represent potential buyers. Access to an MLS usually requires an agent membership.
- **Closing:** The final step in executing a real estate transaction. This is when the ownership of the property is transferred from the seller to the buyer, and all necessary payments and paperwork are finalized.

Day of Closing

✓ CLOSING DAY

Closing is when you sign ownership and insurance paperwork and you receive your new home's keys! Typically, closing takes four to six weeks. During this time, purchase funds are held in escrow, where your money is held safe until the transaction is complete.

✓ FINAL WALK-THROUGH

We will do a final walk of the home within 24 hours of closing to check the property's condition. This final inspection takes about an hour. We will make sure any repair work that the seller agreed to make has been done.

We will be sure to:

- Make sure all appliances are working properly
- Run the water in all the faucets and check for any possible leaks
- Open and close garage doors with an opener
- Flush toilets
- Run the garbage disposal and exhaust fans

✓ CLOSING TABLE

Who will be there:

- Your agent
- The seller
- The seller's agent
- Your loan officer

BRING TO CLOSING

- Government-issued photo ID
- Copy of the sales contract

✓ RECEIVE YOUR KEYS

Congratulations! It was a lot of hard work but you are now officially homeowners!! Time to throw a party and get to know your new neighbors!



4 Types of Contracts.

1. LISTING AGREEMENT

- Between the seller and the listing broker.
- Creates a contractual relation.
- Spells out duties and compensation.

2. BUYER REP. AGREEMENT

- Between the buyer and buyer broker.
- Creates contractual relationships.
- Spells out duties and compensations.

3. OFFER OF COMPENSATION

- Optional between brokerages.
- Compensation agreement is available before or at the time of the showing.

4. SALES CONTRACT

- Between buyer and seller.
- Spells out obligations.
- Brokers and agents, not parties.

** at settlement table, title co. may ask for agreement to confirm.

Formalizing the Relationship.

Not every buyer-agent agreement looks exactly the same, but it typically contains some common elements, as outlined here:

✓ EXCLUSIVITY

Will you be the sole representative of the buyer-client? Although this will vary according to state law and company policy, exclusivity protects the right of the buyer's representative to be compensated when the buyer finds a property. Generally, an exclusive agreement is better than a non-exclusive or open agreement.

✓ AREA

If the area is addressed in the agreement, it should be defined as a range that is broad enough to encompass all the properties within the buyer-client's parameters. The area should cover the market area of the buyer representative rather than a specific town or subdivision.

✓ PROTECTION PERIOD

If the buyer purchases a home you showed them within a certain period after the agreement expires, you are due a commission.

✓ DURATION

How long will the buyer be your client? The primary factor that determines duration is the buyer's time frame. Other factors may include your marketplace, desired property type, buyer's needs, and your broker's business policies. The agreement should not expire while the purchase is being finalized and closed.

✓ SERVICES

The description of services should detail the range of duties and tasks you are agreeing to perform as well as what is expected of the buyer-client. As a buyer's representative, specifying what you will not do, otherwise known as limiting scope, is just as important as spelling out what you will do. For example, will you include FSBOs in the property search?

✓ CONSENT TO SHOW PROPERTIES TO OTHER BUYERS

State regulations may affect this, but generally, such a provision, if applicable, allows both you and other agents in your company to show the same property to other buyers.