

# **What to expect when buying a home**

## **BUYER PROCESS & FAQ's**

### ***Phase 1 – Getting Ready to Buy***

***Getting ready to buy your home can give you a mix of emotions! At this point in the process you may have a number of questions. Whether this is your first home or your 15<sup>th</sup>, it never hurts to review the process.***

- Connect with a lender - if needed.
- If will be getting a mortgage, get pre-approved & determine how much your closing costs and pre-paid expenses will be.
  - o Lender will have to pull your credit
  - o Turn in all Bank statements, tax returns, pay stubs, etc requested by lender
  - o Have your Down payment and closing costs liquid
- Choose a Realtor to be your home buying support and resource through the process.
- Know your needs and wants, narrow down wants vs needs.
- Get set up on automated home search.
- Go over agency and smart buyer disclosures.
- Set up group text for house showing appointments.
- Go over how strong the market is to know how competitive you will need to be.
- Be proactive and let Shawna or Braydon know as soon as you see a home you like.

### ***Phase 2 – House Shopping***

***When house hunting, be honest with your feedback to help us find you the perfect home! Also be aware that some of our search filters are not able to isolate specific requests.***

#### **YOUR REALTORS TASKS**

- Be available to show you homes and answer questions.
- Continue to update your home search per your feedback.
- Write up offers, provide advice and create estimated value reports on homes you like.
- Diligently work to secure a contract for you.

#### **YOUR NEXT TASKS**

- Look at the email feed to find homes you're interested in.
- Be proactive and let us know as soon as you see a home you like.
- Remember your Realtor is your main source for showings and home information.
- View the homes you like as soon as your schedule permits or do a video call.
- Make an offer when ready to commit to a home.

### ***Phase 3 – Mutual Acceptance***

***Congratulations on getting your offer accepted! It's okay to celebrate this. However, I'd recommend you do not mentally move into the new home until you have the keys. That way, if something major comes up unexpectedly on the inspection, you won't be heart broken.***

#### **OUR TEAM'S TASKS**

- Deliver the contract to the closing attorney and your lender.
- Schedule the inspection, chosen by buyer and any additional ones as needed.
- Negotiate repairs and any other changes needed to the contract.
- Help you stay within deadlines and time frames in the contract.

#### **YOUR NEXT TASKS**

- Deliver Earnest Money within 2 days of the mutual acceptance.
- Contact your lender to make sure you are set to lock in your loan terms.
- Provide your lender with any additional information they may need.
- Contact your insurance company to tell them you are buying a house.
- Attend the inspection if at all possible.
- Review the inspection report and decide what repairs are deal breakers.
- Be ready to sign any amendments or forms needed to move forward to closing day.

### ***Phase 4 – Post Inspection***

***We've reached a major milestone towards the successful closing of your new home! At this point, the nature of the process changes pretty substantially from being on the shoulders of the Realtor to the shoulders of the Lender. All of the milestones between here & closing are Lending or Escrow To-Do's. We shift in our role from being the main player to reporting and helping push the deal through to closing. Closing is the day you get the keys and the house is YOURS!!***

#### **OUR TEAM'S TASKS**

- Updating the lender & making sure the appraisal gets ordered.
- Confirm lending has all needed documents & make sure they get approved from underwriting.
- Work with Lending to make sure docs get sent to the attorney in a timely matter.
- Schedule a time for your final walk through and closing.
- Be present at your closing and provide support and comfort on the big day!

#### **YOUR FINAL TASKS**

- Confirm lending has all your updated documents like paystubs, etc.
- Start packing and contact your moving company, if applicable.
- Schedule the transfer of your utilities to start on the day of closing.
- Do a final walk through of the home the day before or the day of closing.
- Either wire money for your down payment & closing costs or get a cashier's check.
- Bring a photo ID & reading glasses (If needed) to your closing appointment.
- Review the Final Settlement Statement to be sure all numbers look correct.

## Buyer -FAQ's

*Q: Does it cost anything to work with a realtor to help me buy?*

99.9% of the time, the answer is no! The seller pays all of our costs.

*Q: Will you and your team be able to show me any home—not just your company's listings?*

Absolutely! When we work with a buyer, we are your personal shopper and have access to EVERY home listed for sale!

*Q: How much cash do I need to buy a home?*

This depends on what kind loan program you are getting. For a VA loan, you will not need a down payment. For an FHA, you will need at least 3.5% of the purchase price. For a conventional, the down payment depends on your lender—figure at least 5%.

In addition to your down payment, you will need money for the following items —a home inspection- approximately \$400, a termite inspection- usually \$75. Most lenders will require an appraisal deposit up front of about \$500. You will also need generally 1% of your purchase price as an earnest money deposit. Finally, depending on your cash position, you may want to pay your own lender closing costs (rather than financing them into the loan) which is generally 3%.

*Q: Why is important to get pre approved for a loan before actively looking for a home?*

Before shopping for anything, it's a good idea to know how much you can afford. If you estimated low, you are generally having to compromise. If you estimate high, then you are not going to like the homes that are actually in your price range.

Additionally, knowing what kind of loan you qualify for helps us narrow the search as to what kind of homes you can qualify to buy.

*Q: We are thinking about buying furniture as well as looking for a home...what are your thoughts?*

Do not buy/finance furniture (or anything over \$300) unless your mortgage lender first approves it. We have seen numerous clients go out and buy furniture only to find out it changes their debt to income ratio so now they can't qualify for a mortgage. Wait until after the house closes to buy your furniture. As a rule, do not buy anything on credit without talking to your lender first. It is a better practice to be able to buy furniture for your home, and not a home for your furniture!

*Q: Can I make any offer?*

Yes. When you make a seller an offer, that seller only has 3 possible responses:

1. Say "Yes."
2. Say "No."
3. Counter your offer with a change in some of the terms you sent.

Our goal when we make an offer is to get an acceptance, this market is very tough so you should put your best offer out on the table.

*Q: How do I determine what a competitive offer would be?*

Keep in mind the \$1000 rule, which says you don't want to lose out to another offer that's only \$1000 more than yours.

*Q: If I'd like to ask for closing cost as part of my offer price how do I do that?*

I highly recommend you don't ask for closing costs. In this market, asking for closing costs is like being contingent on the sale of another property. In a multiple offer situation, your offer will go to the bottom of those considered.

*Q: Other than price, what other things do we negotiate in an offer?*

There are 5 major elements to an offer.

1. Price.
2. Dates (i.e. when do we close—typically about 30-45 days.)
3. Inclusions/Exclusions (What appliances and personal property stay or go.)
4. Financing Terms—What type of loan (FHA, VA or Conventional), what kind of down payment, etc.
5. Contingencies (i.e. Inspection, Ability to get financing, Appraisal, etc.)

*Q: In order to make an offer, what are the key things you need from me to draft the paperwork?*

--The address/MLS # of the property.

--If getting a mortgage, the contact info of the mortgage lender you've chosen (if you haven't given it already.)

--How much you'd like to offer.

--If you'd like closing costs financed into the offer (generally around 2-3%.)

--What appliances/furnishings at the home you'd like to stay (i.e. washer, dryer, etc.)

--There are certain sellers (HUD, Fannie Mae, etc) that ask other info including your full social security number, you date of birth, your full middle name, etc. We only gather that info as needed in order to keep your information as secure as possible.

*Q: Once we make an offer, how long do they have to respond?*

Generally we set an expiration date for the offer, however the seller may ignore this if the home has a lot of offers and interest. Typically, we get a response back with in 1-2 days. If it's taking longer than that, then the seller/listing agent is not likely to respond with anything in writing and we would take that as a rejected offer.

*Q-How do I make a homeowners insurance application and who do I call?*

Often times, people will work with the same company that insures their car in order to get a discount for multiple policies.

If that is not your situation, there are many good companies that insure homes. To make an application, you simply call them and tell them you are buying a home. They'll ask you for the address and often have other questions you may or may not know the answer to (i.e. how far is the nearest fire hydrant). If you don't know the answer, simply write them down and bring those questions with you to the home inspection.

*Q- If we don't like the inspection, can we walk away?*

Yes. You have 4 options. Take the home as is, walk away and get your earnest money back, schedule additional inspections (if called for by inspector) or negotiate and ask for a dollar credit or specific repairs.

*Q- Now that the seller accepted my offer, I'm starting to have second thoughts. Any wisdom on this?*

The question is, have you ever had buyers remorse before? The person you went to the prom with? The college you decided to attend? The car you decided to buy? For some people, buyers remorse has shown itself before so you may welcome it like an old friend.

For others, it's the first time you've ever experienced this feeling. In either case, it's good to be a little nervous. That's your body's way of being extra aware. Bottom line, we can take our time because with the inspection contingency, you have an out and don't have to buy this home.

*Q- If we ask the seller to make repairs, can they walk away from the contract?*

No. The worst case that can happen is they say no to our request. Most likely, they will meet us in the middle and the best outcome would be they agree to the request and say they'll do everything.

*Q- I live in a rental. When should I give notice to my landlord?*

I understand you want to save money by not paying an extra month's rent. At the same time, until the home is yours, the deal is not for sure. One time in my career, a client gave notice to save on the rent, then the deal fell apart through no fault of hers and when she tried to go back to the landlord, she found out it had already been rented out.

We strongly recommend you don't give notice until the home is yours. If it makes you feel better, your first mortgage payment isn't due for at least 30-55 days from when you close (i.e. You close January 10th, your first mortgage payment is due March 1st) so there shouldn't be an overlap. Plus, you can take your time getting your new home ready and having a relaxed move instead of rushing to get out.

*Q—When should I think about switching over the utilities?*

You are right to be thinking about that now. You'll want to make sure you have contacted the utility companies and request that they schedule to transfer the bill to your name ON the day of closing. It is important to do this early so that they are not cancelled or disconnected. NOTE: Do not have the bills transferred in your name until the property actually closes and the home is in your name. This may require you to call and reschedule the connection day if your closing date is moved. If you forget and the utilities get shut off, it will cost more to connect them and you may not have power or water when you need it.

*Q-We asked for some work to be done before closing. When does it need to be finished? How do we know it has been done?*

The work needs to be done in a workman like manner within 3 days prior to closing. Often, if the seller has had the work professionally done, they will give us copy of the receipts. If they do it themselves, we will be able to re inspect professionally for an additional fee or look at it ourselves.

We will schedule a time for you to walk through the property a few days before closing in order for you to check on this very type of thing!

*Q: I remember you saying something about a re-inspection. How does that work?*

We strongly recommend you walk through your home before the closing for a few reasons:

- 1) If you asked the seller to make home repairs, this is the time to make sure it was done correctly.
- 2) To make sure that it looks like the seller will be moved out in time.
- 3) To take a closer look around now that the home is nearly empty to make sure there were no defects with the home that may have been hidden by the seller's stuff.
- 4) To make sure everything that should stay (all the appliances negotiated, light fixtures, etc) are still there and working.

*Q: How does escrow/closing day signing work?*

A closing time will be scheduled for you to come in and sign papers at the attorneys office that handles all the property title work. It should take about 1 hour and you will have to be physically present to sign. If you have any logistical issues with being physically available, please let us know ASAP. In this case, we can request a limited Power Of Attorney for the signing of the papers.

You'll want to make sure you bring your ID, and your reading glasses, if necessary. There is a lot of loan paperwork you'll be signing so if you have any specific questions, your lender will have the best answers for you.

*Q- When do we get keys?*

Unless the seller needs extra time to move out, you will get the keys at the closing table. Occasionally we do a rent back for the seller or early occupancy for the buyer. These are not the norm and if that happens, you will have all the details about dates provided well in advance.

*Q- We got a home warranty with our home...how does it work?*

Before you have any work done on your home that you think may be covered, you need to call the warranty company FIRST. They will send out a technician to see if the damage is covered and charge a service call of \$50-100 depending on the company you choose.

If the work is covered, then there is no extra charge. If the work is not covered, then you are out the service fee. If you forget to have them come out first and end up just getting the work done, you will generally not be reimbursed.

Finally, if you have not yet ordered a home warranty, you need to before you close on your home so if you'd like to, let us know right away.

*Q: How do we change our address?*

You'll want to connect with the USPS to redirect your mail. Their website is [www.usps.com](http://www.usps.com)

Go here to manage your mail and change your address. If you Google "change my address" you may get a third party that charges you \$19 or more for this service. Don't get scammed! USPS only charges \$1 to change your address. This process can take up to 14 days to become fully functional.