

The Buying Process...



START

14
Simple Steps



...for our Clients



Loan Financing Process.

Step 1: Pre-Approval

Prior to looking at homes, it's in your best interest to get "Pre-Approved." I will recommend a qualified loan officer who I feel will take great care of your interests. You will be asked to provide financial and asset verification terms and options when it comes to financing.



Step 2: Finance Options

Ways to finance are to pay cash or use one of a variety of different loans which include Conventional, FHA, VA, USDA, 203k, and more. Your loan officer will help you determine your best fit. If paying cash, a letter with proof of funds will be required.

Step 3: Closing Costs

You will have loan costs associated with your loan. These are called "Closing Costs." they include loan fees, title and recording fees, taxes, and possibly some other expenses. We can discuss asking the seller to pay for a portion of these fees. Your loan officer will help guide us as to what's best for you.



Step 4: Appraisal

If you are obtaining a loan from the bank to purchase the property, the home must be appraised by a certified appraiser. The appraisal will provide the bank with an independent opinion of the value of the home.

The Process of Viewing Homes.

Step 1

- If you see a home you would like to view - notify me ASAP!
- I will verify with the listing agent to see if that home is still available.
- Please know that some homes require a 24-hour notice before showings.

Step 3

- Be on time. Be respectful. We will only have a specific window of time to tour the home.
- We may encounter other agents and buyers when looking at homes. In some instances, we will be in the house at the same time with them, in other cases, we will have to wait for them to vacate the home before we can enter.

Step 2

- Once you provide your desired day and time I will schedule a tour of the home.

Step 4

- As we walk through the home, I have experience identifying not only the advantageous structural and aesthetic features of a home, but also identifying potential issues that may merit further assessment by a licensed inspector or contractor - so I can point those out to you.



Other Ways to View Homes.

Open Houses

These happen on weekends and are open to the public. If you want to visit an open house, let me know in advance and I can let the hosting agent know to expect you. Or, you can let the hosting agent know that I represent you as your buyer's agent.



New Construction

If you have an interest in new construction, we will want to discuss the best builders for your area and price range. Then, I can schedule a meeting for all of us with the builder to learn more about that process.



For Sale by Owners (FSBO)

If you see one that interests you let me know. I will reach out to the seller and set up a showing. The owners may be in the home when we tour.



Making an Offer...

Getting Ready.

1. We will first review all recent comparable Active, Contingent, Pending, and Sold Homes.
2. We will then determine the "Fair Market Value."
3. After discussing the market value, we will then begin the process of writing an offer.

Writing the Offer.

1. We will review the county information to verify the parcel matches the property listed.
2. Next we determine what you want to stay in the home such as a washer/dryer, kitchen appliances, air conditioners, fireplace equipment, water softeners, window treatments, and much more.
3. Price will be a big discussion. Depending on the status of the home, our initial offer will have many different options to discuss.
4. We will discuss escalation clauses, appraisal gaps, inspection waivers, and more.
5. Deposit money may be required. This is a good faith deposit demonstrating you intend to purchase the property.
6. Financing will be decided. Your loan officer will inform us what type of financing and how we should structure it into the offer.
7. We will discuss if you want to ask for seller concessions to help you pay for some of the closing costs that will be required at closing.
8. The specific closing day and day of possession will be decided at this point.
We will have to consider all the contributing factors to negotiate the best outcome.
9. We will ask the seller for a specific timeline to perform your inspections.
Note: In this competitive market, many buyers are waiving their inspections, or placing a limit on what they will ask the seller to do as a result of the inspection. These are risky moves but may be necessary if we want to win the house in a multiple-bid offer situation. We will further discuss the pros and cons of this decision.
10. Appraisals are a little more complicated in our current market. We will most likely decide to do one of the following: perform the appraisal like normal, and waive the appraisal gap.

...on your *Home!*

11. Home warranties can be a very useful item when purchasing a home. You can ask the seller to pay for a home warranty or you can purchase one yourself. We will discuss the different options when we are writing a contract.
12. Seller Disclosures are documents that the seller fills out disclosing any defects they know are happening or have happened in the home. Some sellers are exempt from completing these forms. We will review these when we are writing the offer.
13. We have a choice of Title Company. All title companies do the same legal requirements, but not all provide the same service. I will discuss title company options when writing the offer and you will make the decision prior to submitting the offer.
14. There will always be “Out of the Box” items we will need to discuss when writing an offer because no house is exactly the same. The purchase agreement we are putting together is a legal and binding contract. I am very skilled and proficient in writing offers, but it will still require thoughtfulness and patience when discussing all these options and more. One out-of-the-box item is an escalation clause. This is a section in a real estate contract that states that a prospective buyer is willing to raise their offer on a home should the seller receive a higher competing offer. The clause will state how much more the buyer is willing to pay than the highest offer and their spending limit.
15. Once you have decided all of your terms I will fill out the purchase agreement and any other necessary paperwork. You can either sign the documents electronically through a service called Dotloop or you can sign them in person.
16. When you have completed signing all the documents I will forward your completed offer to the listing agent to review. When I submit this I will give the agent a deadline to respond. In some cases, deadlines may be flexible.



The Purchase Process.

Once we submit your offer to the listing agent, the negotiations have begun. This will most likely be one of the more crucial parts of the whole process. Both parties are working to obtain their most favorable outcome and my goal is to make sure we find a way to obtain that outcome in your favor.

Step 1

Depending on the situation, we may consider changing the terms of the offer. We may raise the price, ask the seller to pay your fees, add an escalation clause, waive an inspection, insert an appraisal gap addendum, give the seller more possession, or any multitude of combined items to make your offer acceptable to the seller.

Step 2

Throughout the process, my job is to be your trusted advisor. While my goal is to help you get the home, it's also my duty to inform you of my views on the decisions, you are making.

As much as you want a home, it doesn't always mean you should do more than you really want to get it. It's my job to keep a level head and leave the emotion out of it.

Step 3

Once we have agreed to terms with the seller verbally we will make any necessary changes to the contract and sign the final version. It's important to understand that an offer is not considered fully executed until both parties have signed the contract.

Step 4

After the agreement has been fully executed we will send a copy to your loan officer. It's their job to get the documents ready to be reviewed by an underwriter and order an appraisal.

Step 5

We will then discuss inspection company options. There are many different companies, and all of them do things differently. I will help you to understand the differences so that you can make your best decision.

Step 6

Once you have hired an inspection company, they will arrange a time to meet you at the home to perform the inspection. They will also notify and receive permission from the seller.

Step 7

Once the inspection is complete, we will review the report. An inspector's job is to find every concern they can with the home.

This does not mean that we can expect a seller to repair or replace every item the inspector found wrong. If you decide to ask the seller to do anything from the inspection, I will prepare an inspection addendum to execute and send to the seller's agent.

Once received, the seller has what is called, the "Remediation Period" to negotiate a resolution.

Step 9

The bank will hire an appraiser to determine an independent opinion of the value of the home. If the value of the appraisal were to come in lower than the purchase price, we will need to discuss our options.

You may choose to:

- Move forward and simply pay the difference between the appraisal and the agreed purchase price
- Negotiate new terms or price
- Ask for an appraisal to review to see if the appraiser made any mistakes that may change the value of the appraisal
- Decide that you no longer want to purchase the home

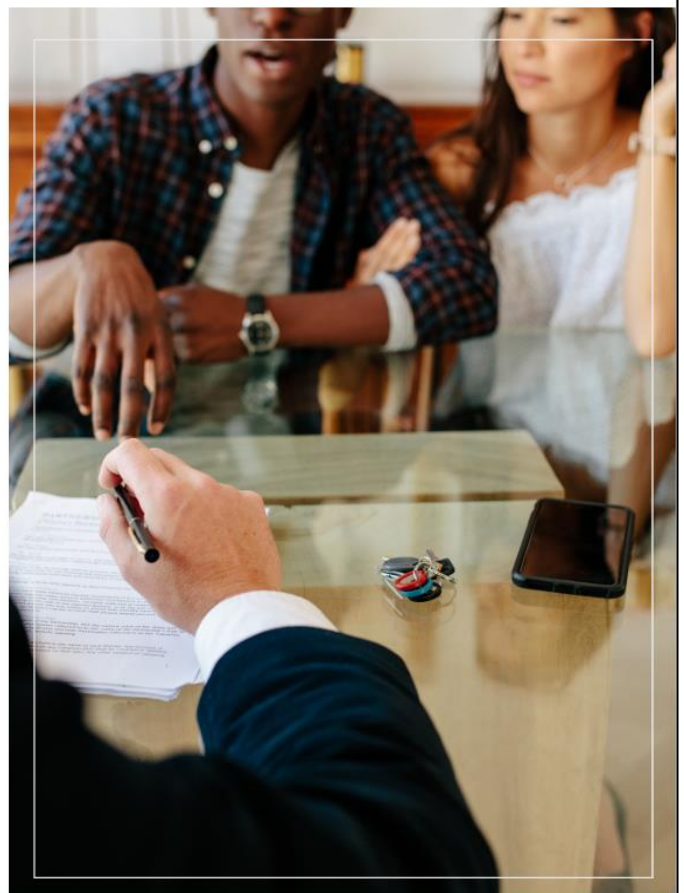


Step 8

In many instances, we may be satisfied with the inspection results, and in that instance, we will simply notify the seller that we are removing the inspection contingency.

Step 10

At this point, we are simply waiting on the bank to complete all its tasks so it can give us the "Clear to Close."



Closing Day!

1. | Set Up the Final Walk-Through.

We will take one more look at the home to make sure everything is still in working order and any repairs you requested were completed to your satisfaction.

2. | The Title Company will call you to set up the Closing Day and Time.

3. | Time to Close!

- You will need to bring your ID or verification materials the Title Company required.
 - If you are receiving possession at closing, be sure to call all utilities and put them in your name. I will provide you with a list and their contact info.
 - The Title Company will assist you with wiring instructions.
- You will need to pass the instructions on to your personal bank to make sure your money is wired in advance of the day of closing.
- Closing will typically take 30-60 minutes.



Representation & Compensation.



Consumer Guide

A Consumer Guide to Agency Relationships is a form that is mandated by the state. This describes different ways in which you may have a relationship with Four Seasons Sotheby's International Realty and me as your agent. I can represent you as a "Buyer's Agent," a "Seller's Agent" or a "Dual-Agent." In the case of being a dual agent, I must remain neutral between the buyer and the seller. This form is to provide you with information but does not create a binding agreement of representation.



Agency Disclosure

This form, also mandated by the state, creates an agency relationship between you and me. When we write an offer on a home, we will need to fill this out and designate me as your buyer's agent. The seller and their agent will also be required to sign this form.



Exclusive Buyer Agency Agreement

The Exclusive Buyer Agency Agreement is a binding contract that specifies our relationship including my obligations to you, payment, and time frames. This form creates an agency agreement between you and I prior to us writing an offer.



How Do I Get Paid

The policy that we follow locally as REALTORS® is called Cooperation and Compensation. When you purchase your house, the sellers have agreed in the listing contract to pay part of their proceeds to the REALTORS® fees. From that money, the sellers pay their REALTOR®, and that REALTOR® pays me as your buyer's agent. Sometimes, depending on the fee being offered by the seller, we may need to discuss options for my payment.

Glossary of Key Real Estate Terms.

Adjustable-Rate Mortgage (ARM): A mortgage that permits the lender to adjust the interest rate periodically on the basis of changes in a specified index.

Agency: Any relationship in which one party (agent) acts for or represents another under the authority of the latter.

Agent: A party who is authorized to act in the best interests of a principal/client, and is obligated to place the principal's interests before the interests of any other parties, including the agent's own interests regardless of whether the agency relationship is with the seller of the property or the buyer.

Appraisal: A written analysis of the estimated value of a property prepared by a qualified appraiser.

Buyer's Agent (or Buyer Broker): Represents the consumer who is purchasing property in a real estate transaction, not the seller. A buyer's representative works for, and owes fiduciary responsibilities (see fiduciary duties) to the real estate buyer and has the buyer's best interests in mind throughout the entire real estate transaction.

Buyer Broker Agreement: An agreement that specifies the duties and the scope of services a buyer's representative agrees to provide to the buyer as well as specifying the buyer's responsibilities.

Closing: A meeting at which a sale of the property is finalized by the buyer signing the mortgage documents and paying closing costs, and the seller's transfer of the deed to the property. Typically held at the attorney's office for the buyer.

Closing Costs: The fees, costs, and taxes associated with the purchasing of a home, the borrowing of money, and the preparation of necessary paperwork to finalize the sale. The total amount of closing costs will vary depending on location, property type, price, and the complexity of the transaction. It is extremely important that the buyer work closely with his/her buyer's representative, lender, and attorney in the early stages of the home buying process to determine what these costs could be since closing costs can easily represent thousands of dollars. There are five categories of closing costs: (1) discount(s) points to buying down the mortgage; (2) the costs of originating the mortgage; (3) taxes and other local fees; (4) the cost of documentation; (5) legal fees and insurance.

Commission: The fee charged by a broker or agent for providing services related to a real estate transaction such as marketing the property, bringing the parties together, and negotiating a purchase contract.

Comparative Market Analysis (CMA): An analysis provided by a real estate professional that surveys properties in a given area or of a certain type for the purpose of determining the relative value of a given property.

Confidentiality: The fiduciary duty that prohibits the agent from communicating personal information about the client that was given to or acquired by the agent within the scope of employment as an agent to the client. Personal information must be kept confidential unless the client releases the agent from this duty. However, the material facts and defects of a property are not confidential.

Deed: The legal document conveying title to a property.

Glossary of Key Real Estate Terms.

Earnest Money Deposit: A deposit made by the potential home buyer to show that he or she is serious about buying the house.

Equity: A homeowner's financial interest in a property.

Escrow: A deposit of value, money, or documents with a third party to be delivered upon the fulfillment of a condition. For example, the earnest money deposit is put into escrow, held by the broker, bank, or other party, until delivered to the seller when the transaction is closed. Typically held by the Listing Agency acting as Escrow Agent.

Fair Housing Laws: Local, state, and federal fair housing laws that prevent discrimination against any individual or group of individuals based upon race, color, religion, sex, handicap, national origin, or familial status, as well as other groups protected by various local and state fair housing laws.

For Sale By Owner (FSBO): A property for sale that is not listed by a real estate professional. The Seller is unrepresented.

Fiduciary Duties: The term fiduciary is defined as relating to or involving confidence of trust. Fiduciary duties are determined by state law and generally include: confidentiality, undivided loyalty, obedience, reasonable care and diligence, full disclosure, and accounting. Regardless of whether the duties owed in a particular state are traditional, common law fiduciary duties, or are statutorily defined, they are owed to any principal/client.

Full Disclosure: The fiduciary duty that requires the agent to disclose affirmatively and honestly all information the agent knows concerning the transaction (and property) which might affect the decisions a client or customer makes.

Good-Faith Estimate: An estimate of closing costs associated with the purchase of your home provided by a lender.

Home Inspection: A thorough inspection that evaluates the structural and mechanical condition of a property.

Home Warranty: A guarantee for mechanical systems and appliances, but not the structure, against repairs not covered by homeowner's insurance; coverage is for a specific period of time.

Inspections: Through a review of the general building, radon air, and water testing, general water testing, and sewage disposal. Other inspections could include lead paint, hazardous waste, or any other areas of concern a buyer may have on a specific property.

LTV (Loan to Value): The ratio of the amount of a mortgage loan to the appraised value or sales price of the property mortgage, whichever is lower.

Lock-In: A written agreement in which the lender guarantees a specified interest rate if a mortgage goes to closing within a set period of time.

Mortgage: A loan to finance the purchase of real estate, usually with specified payment periods and interest rates. Generally, the mortgage document pledges the mortgaged property to the lender as security for the loan.

Glossary of Key Real Estate Terms.

Mortgage Insurance: A policy that insures the lender against loss caused by a mortgagor's default on a mortgage.

Multiple Listing Services (MLS): A database of all properties for sale listed by members of a specified MLS.

PMI: Private Mortgage Insurance is coverage provided by a private mortgage insurance company to protect lenders against loss if a borrower defaults. Coverage is usually required for a loan with a loan-to-value (LTV) percentage in excess of 80 percent.

Points: A point is one percent of the amount of the mortgage. At closing, Lenders sometimes charge borrowers a percentage of the loan amount equal to the number of points to cover the lender's cost. Sometimes borrowers pay higher points in exchange for a lower interest rate.

Pre-Approval: A written commitment issued by a lender after a comprehensive analysis of the creditworthiness of the applicant including verification of income, resources, and credit score. A pre-approval makes you a more attractive candidate to the seller when making an offer.

Pre-Qualification: This is an estimation of what a purchaser can afford. This is commonly what a lender provides.

Purchase Contract: The purchase contract is the legally binding document that sets forth the terms of the sale, establishes the rights and obligations of the parties involved, specifies the actions to be taken in order to close the sale, and establishes the time frames for those steps to be completed.

Real Estate Agent: A person licensed by a state to negotiate and transact the sale of real estate on behalf of a property owner/seller or buyer.

REALTOR®: Identifies a real estate agent who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.


Seller Property Information Report (SPIR): A report completed by the Seller, based on the Seller's knowledge of the property condition. This report does not replace the need for a property inspection by a professional.

Settlement Statement: A document prepared by an attorney, or lender detailing the complete breakdown of the costs and disbursements in a real estate transaction.

Taxes and Other Local Fees: A closing cost that will vary according to the requirements of local governments. Commonly the property taxes will be pro-rated according to when the buyer will officially become the owner of the property. There can also be homeowner's association dues and property transfer taxes.

Title Search: A check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.

Underwriting: The process for evaluating a loan application to determine the risk involved for the lender.



Thank you
for the opportunity
to accomplish
your homeownership
goals together!

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