

Home Buyer's Guide



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THE GUIDE FOR BUYING YOUR HOME

Purchase a new home and you step into a new life. The event means building emotional ties to new people and exploring a new area. There is a sense of adventure in finding new restaurants, stores, and service providers.

We understand this and stand ready to help every step of the way in finding your new home. While it can be a very exciting time, purchasing a home can also be stressful and provoke anxiety. As your real estate agent we offer guidance and options for the many decisions to be made, and provide viable solutions to any challenges that may arise. We work closely with you to locate your ideal home and then help navigate through the necessary negotiations and paperwork as smoothly as possible.

We promise to treat you with the same respect that we also expect from others in our personal and business relationships. To obtain absolutely the best results, we operate with the highest standards of excellence, integrity and responsibility.



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In our business it's all
about you...

Exploring your dreams

Understanding your needs

Addressing your concerns and
questions

Arranging your finances

Valuing your time and your life



Welcome

Buying a home can be a wonderful and exciting time when you are receiving professional guidance and go about it using a logical, informed process.

We have prepared this comprehensive Homebuyer's Guide that will help you navigate the process of purchasing your new home from the offer to move-in.

Save time, energy and frustration working with an agent who can assist you in moving through the home buying process from search, to decision, to ownership.

Using a refined, efficient process to research and assemble documentation for homes that meet your criteria, we ensure your time will be spent in the homes that you want to see.

How We Can Help

- Identify your needs
- Find sources of financing
- Obtain accurate information on neighborhoods, schools, and communities
- Select and arrange property showings
- Evaluate properties of interest
- Be knowledgeable about the forms and agreements
- Advise on contract contingencies to protect you
- Negotiate a favorable price and terms of purchase; being prepared with a rationale for everything, thus strengthening your bargaining position
- Monitor the entire purchase process, assisting with issues that arise through closing
- Refer other service providers, such as inspectors, contractors, and exterminators

CHOOSING A REAL ESTATE PROFESSIONAL

When selecting a real estate professional, you want someone who has a thorough understanding and can provide accurate information on neighborhoods, schools, and communities.

You want someone who can anticipate problems before they occur and offer solutions based on previous results.

The right agent will understand the complexities of the ever changing real estate market and be able to communicate to you crucial market data.



Buying a home involves a significant amount of money and can be emotional; it is important you find someone you like and trust. You must have confidence in knowing your real estate agent understands your concerns and objectives.

Only after we fully understand your position, can we then focus on the areas of importance and meet your objectives.

In addition to finding homes that meet your wants and needs, we have the resources to assist you in finance, insurance, and other related service professionals, such as home inspectors, pest control companies and movers.

WHY DO YOU NEED A REALTOR?

A Realtor brings a wealth of knowledge and experience to the business of buying a home. In fact, a licensed real estate professional provides much more than the service of helping you find the home of your dreams. Realtors are not just sales agents. They are expert negotiators, seasoned financial advisors, and superb navigators around the local neighborhood. They are members of the National Association of Realtors (NAR) and must abide by a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor is your best resource when beginning your search for your new home.



The services you receive will vary depending on your agency relationship. It is important you know the agent's ethical and legal responsibilities that exist when working as a buyer's agent and as a seller's agent.

A BUYER'S AGENT

A Buyer's Agent acts solely on behalf of the buyer and owes duties to the buyer, which include the utmost good faith, loyalty, and fidelity. The agent will negotiate on behalf of, and act as an advocate for the buyer. The buyer is legally responsible for the actions of the agent when that agent is acting within the scope of the agency. The agent must disclose to sellers all adverse material facts concerning the buyer's financial ability to perform the terms of the transaction and whether the buyer intends to occupy the property. A separate written buyer's agreement is required which sets forth the duties and obligations of the parties.

A SELLER'S AGENT

A Seller's Agent acts solely on behalf of the seller and owes duties to the seller, which include the utmost good faith, loyalty, and fidelity. The agent will negotiate on behalf of, and act as an advocate for the seller. The seller is legally responsible for the actions of the agent when that agent is acting within the scope of the agency. The agent must disclose to buyers or tenants all adverse material facts about the property known by the broker. A separate written listing agreement is required which sets forth the duties and obligations of the parties.

WHAT IS THE BUYER'S AGENCY AGREEMENT?

Entering into a Buyer's Agency Agreement has countless advantages and no disadvantages. When you sign a Buyer's agency agreement, you are simply agreeing to "hire" a personal representative who, by law, must represent your best interests to the best of his/her ability.

All of this personal service is available at absolutely **NO COST TO YOU!** The Seller's Agent is responsible for paying your Buyer's Agent fee. As your Realtor, you get a professional devoted to protecting your needs to help you make one of the most important investment decisions of your life -- and you don't even have to pay the fee!

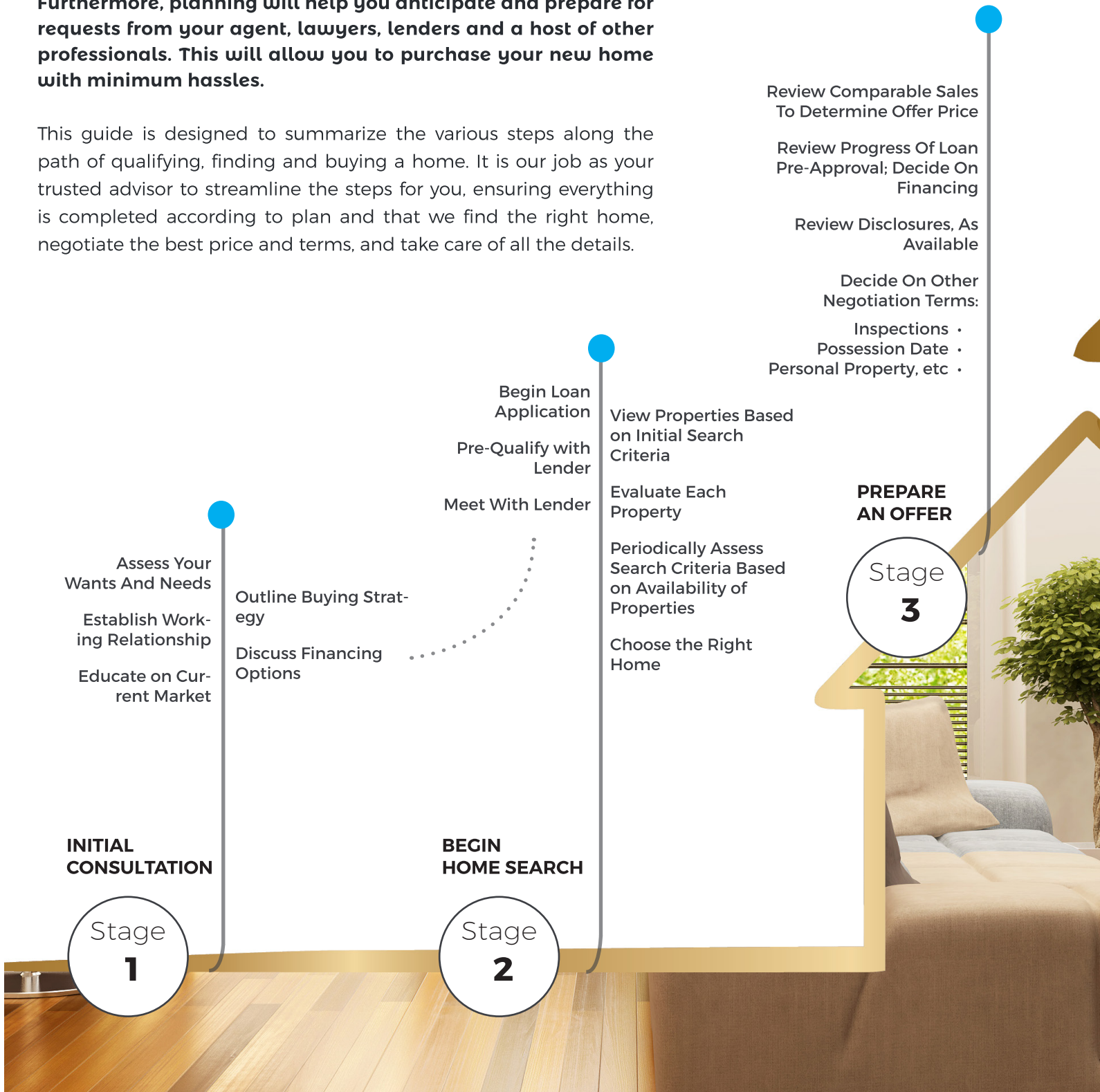


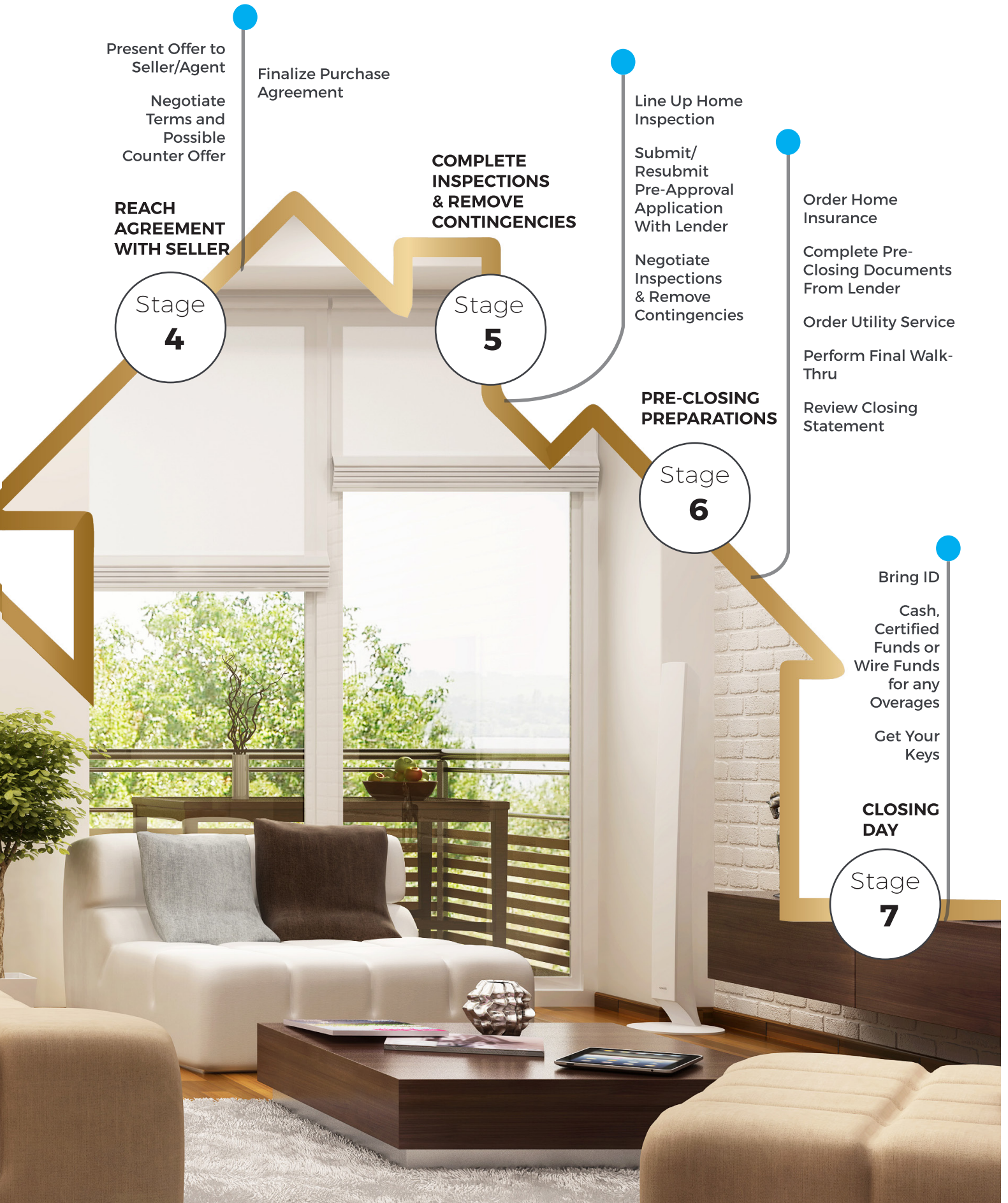
The Home Buying Process

Proper planning will help you focus on what you want and eliminate unnecessary distractions.

Furthermore, planning will help you anticipate and prepare for requests from your agent, lawyers, lenders and a host of other professionals. This will allow you to purchase your new home with minimum hassles.

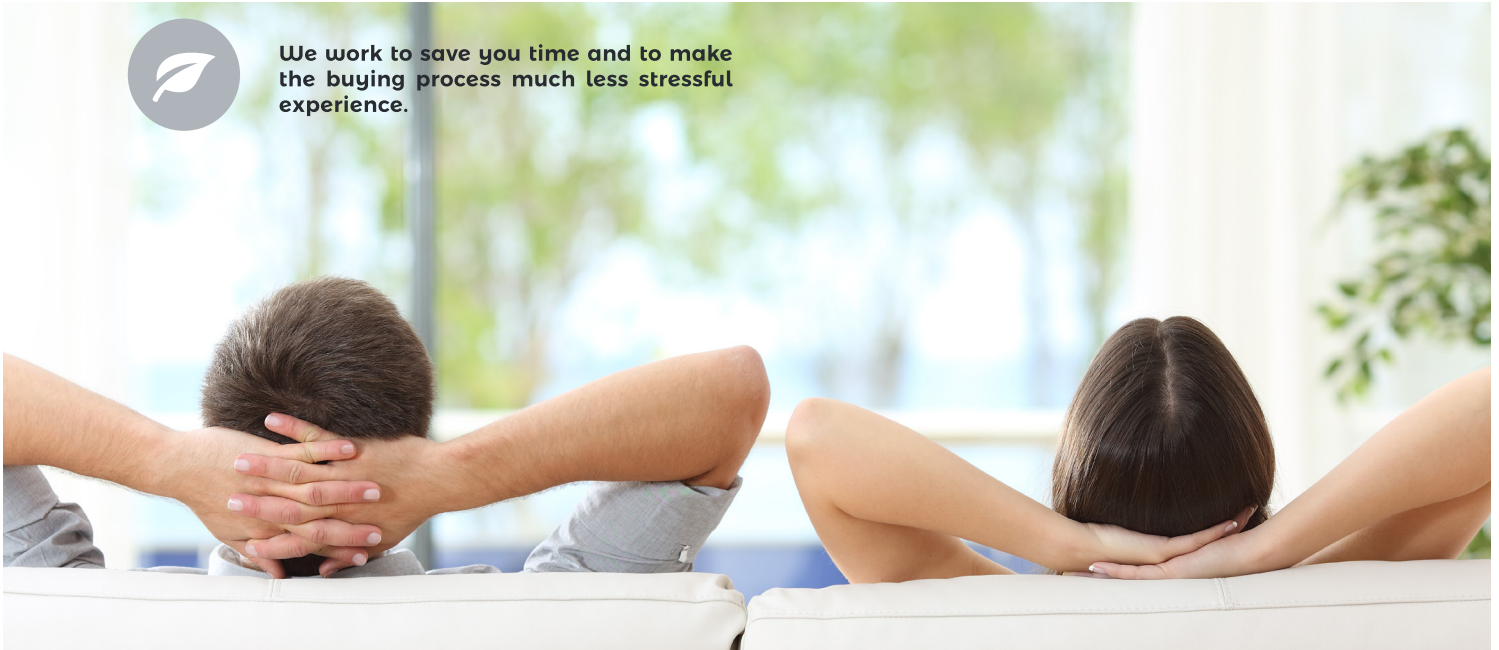
This guide is designed to summarize the various steps along the path of qualifying, finding and buying a home. It is our job as your trusted advisor to streamline the steps for you, ensuring everything is completed according to plan and that we find the right home, negotiate the best price and terms, and take care of all the details.







We work to save you time and to make the buying process much less stressful experience.



READY TO FIND A HOME?

Let us search, filter and send you the best available properties for sale that match your specific housing needs.

WHAT ARE YOU LOOKING FOR IN A HOME?

The process of buying a home can seem overwhelming. There are so many things to consider and sometimes it's hard to know where to start.

To help you stay focused and get the most out of your search process, it's a good idea to start with a list.

Identify your 'must haves' so you know the priorities. Buying a home is an emotional process and sometimes it's easy to fall in love with a particular house feature or style, forgetting about what you originally decided you needed to suit your lifestyle and budget. Your 'must haves' may include things

like number of bedrooms and bathrooms, good natural light, separate play area for the kids and a large, sunny backyard.

Talk to family and friends and learn from their experiences – what do they love about their home, and what would they change? Thinking through what you want first makes it much easier once you start talking to sales people and builders. Your lists can help you to prioritize what you really need, while staying within your budget.

Assess Your Wants and Needs

The included Home Buyer's Needs Analysis will help you establish some important criteria for your new home so you can cut your search time and narrow in on the areas and specific homes that meet your needs and circumstances. Define what you want and need in your new home. Rate the importance of each on a scale of 1 to 5, 1 being unimportant and 5 being very important.

You may want to write some qualifying comments or add more considerations of your own. The more clearly you define your desires, the easier the decisions will be.





LOOKING FOR THAT PERFECT HOME?

Some buyers make the mistake of thinking that if they look around long enough, they will find a home that has every single item on their wish list, and fulfill 100% of their needs and wants.

With the thousands of variables involved with finding a home, including location, style, size, amenities and condition, this is almost always an unrealistic goal.



STAY FLEXIBLE

Buyers who wait for that 'perfect' home often pass up homes that meet 90% or more of their desired features. This generally results in the buyer 'settling' for something less than ideal because they are worn out from the search.

It really is important that once you locate that home that is truly 95% of what you want, you should make an offer. It is unlikely, and truly unrealistic, that you would find 100% of what you want in a home. You may find as you go that you need or want to shift your priorities, price, style or location according to what you are seeing in the current market.

Your Buying Power

Before you set out to find your new home, we recommend you get pre-qualified for a home loan. Besides allowing you to make a confident offer, a pre-qualification can help you determine the maximum amount you are capable to offer.

It's a good idea to contact a lender early in the process to get pre-qualified. This will give you a general idea of the amount of mortgage you qualify for and will save you time because you will know the price of homes you should be viewing. Most reputable lenders will pre-qualify without any fee or further obligation. You will be asked questions about your income

and monthly debt so the lender can work up a "ballpark" figure on the most you will be able to borrow.

Keep in mind that the lender is not guaranteeing you a loan; with additional information and an application for a mortgage, a lender will pre-approve you up to a certain amount.

Advantages of Being Pre-Approved

Having a lender's pre-approval letter in hand before you search for a property can be valuable in several ways.

- Your house-hunting process will be more efficient.
- You will know exactly how much you can spend.
- You will gain negotiating power.
- You can shop with the confidence that you practically have cash in your hands.
- You can close on your dream home quickly.

Obtaining lender approval in advance allows you to select the best loan package without being under pressure. You won't waste time considering homes you cannot afford and you will know in advance exactly what your payments will be when you finally do make an offer.



So What will this Cost?

Homeownership pays in the long run, but there are some upfront costs that you should be aware of. These include:

Closing Costs

Closing costs will vary depending on your loan, time of year, and many other factors. These can sometimes be negotiated to be partially paid by the seller and can also be rolled into a mortgage. Closing costs are paid at closing and are generally about 1.5% of the sales price. Some examples include:

- Attorneys' Fees
- Homeowner's insurance
- Title insurance
- Appraisal Fee
- Overnight Mailing
- Real Estate Tax
- Government Filing Fees
- Prepays
- Escrow Establishment
- Survey Costs
- Loan Application
- Intangibles Tax
- Discount Points
- Interest Proration



Home Inspection

This is typically the first cost you will run into and is very important, as it allows you to request repairs from the seller. The cost is usually based on a home's square footage and typically ranges from \$350-\$500.



Credit Concerns

A big factor in how much you'll pay for a home is your credit score. A high score allows you to qualify for better interest rates and therefore lowers your monthly payments. To improve your credit score, pay off any accounts in collection at least two months prior to applying for your loan and then don't apply for any new credit cards or other loans during this period.

Don't be scared if you don't have the best credit though. There are many special loan programs out there and we'll help you find one just right for you.

Making an Offer

Once you have found the property you want, we will prepare a **Purchase and Sale Agreement** that defines the terms of your offer and deliver it to the seller. Much of the agreement is standard and there are a series of steps we will go over with you, including “counter offers” and other negotiable items.



Price

What you offer on a property depends on a number of factors. A seller with a house that has been on the market for a long time may be willing to accept a lower price. Sellers generally set asking prices so they have room to negotiate. Your offering price opens these negotiations. You should also consider the cost of necessary repairs that will require extra investment on your part. You can use these to justify offering a lower price.

Deposit / Earnest Money

The amount of earnest money accompanying the offer should be clearly stated, plus the amount of money you will be paying at closing and your sources of financing.

Personal Property

Light fixtures, drapery rods, chandeliers, washers, dryers, refrigerators, storm windows and doors, and other items not physically attached should be specified in writing if they're to be included in the purchase of the home.

Financing Contingency

How long after the offer is accepted to arrange financing and the sources of financing and the exact terms for which the buyer is applying.

Closing Date

Your offer to purchase should also include your proposed closing date. This is the date the actual and legal transfer of ownership occurs.

Move-in Date

If you can be flexible on the possession date, the seller will be more apt to choose your offer over others who may be asking for a longer closing period.

FOR YOUR PROTECTION GET A HOME INSPECTION

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that are in need of attention.

In a home inspection, a qualified inspector takes an in-depth, unbiased look at the home to:

- Evaluate the physical condition: structure, construction, and mechanical systems
- Identify items that need to be repaired or replaced
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes



WHAT THE HOME INSPECTION COVERS

A home inspector provides a visual, non-invasive inspection of various structures of a property. They do not drill into walls, move structures, or in any way damage the property to perform tests.

The purpose of the inspection is to determine if the components are in working order at the time of the inspection. A typical home inspection includes a visual inspection and operational check of the following:

- *Exterior siding, doors, windows, decks, drainage, retaining walls, etc.*
- *Interior doors, ceilings, floors, windows, built-in appliances, etc.*
- *Structural Systems*
- *Electrical Systems*
- *Air Conditioning Systems*
- *Heating Systems*
- *Plumbing Systems*
- *Ventilation and Insulation*
- *Roofing*

POTENTIAL RED FLAGS

Water damage: Improperly treated water damage can cause the growth of mold and mildew.

Radon: This odorless gas, found mostly in rocky areas, can cause cancer.

Mold: Toxic mold can cause serious health problems, or even death, especially to infants and those with weak immune systems.

Termites and Carpenter Ants: These insects weaken the structure of a home over time.

Defective Roofing: This can be a costly problem to repair, depending on materials and age of the roof.

Aluminum Wiring: Found in some homes built in the mid 1960's to the early 1970's, this is a potential fire hazard.

Major Foundation Problems: Foundations can leak, erode, or shift. Requires expert consultation.

Missing or Inoperable GFCI: A ground fault circuit interrupter (GFCI) switches off electric power to a circuit when it senses any loss of current. A missing or malfunctioning GFCI can lead to electrocution, electric shock, and electric burns. Luckily, these can be installed by an electrician fairly inexpensively.

Mixed Plumbing: Old and new plumbing components can cause supply issues and may need updating.

Undersized Electrical System: Found mainly in older homes, this can result in a shortage of household circuits and outlets.

Lead-based Paint: Houses built before 1978 should be checked for lead based paint as this can cause lead poisoning, particularly in children and pregnant women.



These red flag items are not always deal-breakers. If these items are found in the property, find out if the issues can be resolved, and at what cost. The expense to repair or replace can sometimes be negotiated between buyer and seller to save a deal.

be an INFORMED BUYER

It is recommended you be present at the inspection; this is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention.

Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home.

SELLER'S PROPERTY DISCLOSURE

As a buyer, when you make an offer on a home, we will request the seller to provide a Property Disclosure Statement; it is a helpful source of information on what the seller knows about the condition of the property.

The document is a multi-page questionnaire the Seller completes normally at the time they list the house with their agent. It covers in great detail the structural and environmental condition of the home.

The seller must state if they have any knowledge of various conditions or occurrences of their home, for example, if there has ever been a plumbing problem. They can answer if they know, but if they don't know, it doesn't mean it never happened before they bought the home. Or if they never lived in the home but were investors or inherited it, they might not know, and they would mark the "don't know" or "no" box.

What's most important is that you review the disclosure statement with your agent and know what action you can take to negotiate or reject the purchase based on disclosures made.

You should not rely on the disclosure for your in-detail information, but do a full and complete home inspection in order to thoroughly examine the home and understand any and all conditions, defects or potential trouble spots that come along with it.



Home Warranty & Insurance

WHAT IS A HOME SERVICE CONTRACT? (a.k.a. Home Warranty)

Home Warranty is a descriptive term and was coined because the home service contract industry evolved by offering sellers a service contract to homebuyers as a form of a "warranty." The term home warranty seemed to fit and has persisted. Many home service contract companies still widely use the term "home warranty" in their name or on their contracts.

ISN'T A HOME SERVICE CONTRACT LIKE INSURANCE?

Actually, a home service contract is nothing like homeowners insurance. Insurance covers you for risk of partial or total loss of your property due to sudden and unpredictable events such as fire, wind, hail, theft, collision or other accidents. Insurance does not cover breakdowns due to normal wear and tear. Service contracts cover breakdowns due to normal wear and tear. The two products complement each other - they do not overlap.

IS A HOME SERVICE CONTRACT A GOOD CHOICE?

The service contract focuses on major, built-in household appliances and home systems; generally covering things like dishwashers, ovens, disposals, wiring and plumbing systems, and most importantly, heating, ventilation and air conditioning systems (HVAC). Many home service contract providers also offer a menu of optional coverages, such as pool pumps, spas and free standing appliances, i.e. refrigerators, washers/dryers, etc. At an average cost of \$350 - \$500 for a 12-month period, having a home service contract is highly recommended.

A HOME SERVICE CONTRACT OFFERS YOU:

- Peace of Mind: Knowing you're protected against unexpected repair or replacement costs.
- Budget Protection: From the high cost of home repair.
- Convenience: Most service contract providers have representatives available toll-free 24 hours a day, 365 days a year.

HOMEOWNERS INSURANCE

Unless you pay cash for your home, one of the requirements that will be made by your lender is proof of a valid homeowners insurance policy, secured before closing. This policy protects both your investment as well as the lenders from unforeseeable events and covers most home casualties, liability and personal property.

OBTAINING INSURANCE

Allow plenty of lead time before closing to find homeowners insurance. Costs and coverage can vary, so obtain at least three quotes from different companies. When evaluating policies to find the one that best suits your needs, consider questions such as:

- What is covered?
- What is not covered?
- How much will the insurance cost?
- Are discounts available for such things as smoke detectors and fire alarms, burglar alarms, non-smoking owners, combined auto and home policies, higher deductibles?
- What is the deductible?
- Is the home in an area prone to hurricanes where wind insurance may be a separate policy?
- Is the home in a flood zone where separate flood insurance is required?

Note: Some personal items such as expensive jewelry or valuable collectibles may not be covered in standard homeowner policies. When getting your quotes, include an inventory of your possessions to see if riders are required to cover these items.



Proper Planning Will Help You Focus and Eliminate Unnecessary Distractions

Homebuyers Checklist

This checklist will remind you of some of the information we have covered within the Buyer's Guide. Just let us know if there's something you feel you need more information about.

Budget. Look at your monthly income and monthly expenses and determine how a house might fit in. How much can you really afford? Don't forget to include taxes and insurance in your projected costs!

Check your Credit. The condition of your credit may influence the financing available to you for purchasing a home, so it's important to understand your creditworthiness early in the process. Get your free annual credit report at www.annualcreditreport.com and check for

errors or unresolved issues. Make sure to correct any mistakes with the credit bureaus.

Collect your Documents. Gather pay stubs, bank account statements, W-2s, tax returns for the last two years, statements from current loans and credit lines, and names and addresses of your landlords for the past two years - lenders are going to want to see these when you're working on financing.

Find lenders and get pre-qualified or pre-approved. We will happily make some lender suggestions based on those whom have represented our clients well in the past. You may also speak with your local bank or credit union.

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Start your Search. We will help you find neighborhoods and homes that fit your needs and your budget. We'll then help narrow down the options by comparing those houses, prices, features, neighborhoods, and demographics.

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Make the Offer. You've found the perfect home and now it's time to work with your agent to submit an offer! Your submission will include the terms of the offer and a good faith deposit. Keep in mind that the Seller looks for the best offer, not just the highest price.

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Do an Inspection. You should always be aware of both the good and the bad before you buy a house, so it's critical that you have a professional inspection done.

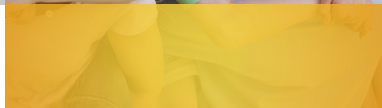
Confirm Financing. Now that you know the house price and terms of the sale, go back to your lender to get your financing approved.

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Prepare to Close. In preparation for closing, your lender may ask you for more information on your finances and the property - you'll also need to organize your down payment, prepare to pay for any closing costs, get a property insurance policy, title insurance, and a host of other things. Ask lots of questions and be sure you understand everything you sign or agree to.

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Schedule Closing. We will work with you and your lender to schedule a convenient closing date, time, and location. At the closing, you'll sign deed and mortgage documents, among other things, and at the end you'll be handed the key to your new home!





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