

STEP 1

Consult Your Realtor®

Buyer Agent Representation

Most home Buyers choose to have a Realtor® represent their interest in the home buying process. While there are no disadvantages to choosing a buyer's representative there are innumerable benefits. The fee paid to the Buyer's agent is determined by the fee offered through MLS and is paid by the Seller to the Seller's agent (through his or her real estate company) and then distributed to the Buyer's agent (through his or her real estate company.)

Whether or not you choose to have Buyer representation, this commission has already been determined in the listing agreement and is still due to the Seller's agent/company. A transaction without a Buyer's agent will save neither the Buyer nor the Seller any money and it also results in under-representation or no representation for the Buyer.

My clients choose me as their Buyer representative because:

1. With over 30 years of experience in all different market conditions they want the benefit of my advice and judgment throughout the transaction.
2. I have a solid knowledge of the real estate market, trends and local neighborhoods.
3. I am a strong negotiator.
4. I am always accessible and communicate as timely as possible in their preferred method of communication- text, e-mail or by phone.
5. I am able to anticipate pitfalls and have exceptional problem –solving abilities.
6. They want their own advocate representing their interests and not the interests of the Sellers.
7. They know they can trust me to keep their personal business confidential.
8. They want advice on pricing, writing the offer, negotiation, repairs and contingencies.
9. They want to get the home they want at the best possible price under the best possible terms.

STEP 2

Arrange Your Financing

Loan Approval Letter

The most competitive letter is the loan approval letter. Your loan is approved in advance- all verifications and contingencies are removed except for the appraisal, inspection and Purchase & Sales agreement. This shows the Seller you are a serious Buyer who is ready to act. All you need to do is find your home and write the offer.

Sometimes what you qualify for and what you are comfortable paying each month may be different. This is something to discuss with me and with your lender. I will respect those boundaries.

My personal recommendation for financing :

Joe Demarco/ Fairway Mortgage
508-444-8640
joe.demarco@fairwaymc.com

Your lender should be selected based on their track record of delivering the loan in a timely manner and for the price quoted. Don't select a lender on the basis of rate alone. Lenders who offer low rates often base them on additional points and fees. Service is almost as important as a good rate.

Pre-Approval vs/ Pre-Qualification

Pre-Approval means that you have submitted a preliminary application with documentation and it has been approved by the lender's automated underwriting system.

Pre-Qualification means that you have had a conversation with the lender but nothing has been verified and no commitment has been made by the lender.

Requirements for Pre-Approval

- Name, address and phone number of all employers.
- Most recent pay stubs.
- Previous employment if employed with current employer less than 2 years.
- Other income such as alimony, child support, disability, VA benefits, Social Security benefits, rental income.
- Authorization to obtain your credit report.
- Current name, address, account numbers, monthly payments and balances of all current mortgages. If the property is under contract provide a Purchase & Sales Agreement.
- Name, account numbers, payments and balances of all loan and charge accounts

- Self employed- Year to date P&L and personal and business tax returns for the past 2 years.
- Tax returns- past two years

Lender's Pre-Approval Letter

When your loan application and documentation has been reviewed by the loan officer you will be given a preapproval letter. It typically comes with conditions such as acceptable appraisal, home inspection, survey and Title search.

Formal Loan Application

In addition to the items for the pre-approval letter you will also need:

- Purchase & Sales Agreement, MLS property sheet and copy of deposit check.
- W-2 forms for the past two years.
- Checking and Savings account info with 3 months statements.
- Other assets including stocks, bonds, cash value life insurance, retirement accounts.
- If renting- landlord information.

Lender Commitment Letter

Once your application has been approved by underwriting you will be issued a commitment letter. Typically the approval is subject to certain conditions like verification your job status has not changed, verification of your source of deposit etc.

STEP 3

Search for a home

Define what you want and/or need in a home

Let me know what is important to you and why. Knowing the why helps me to present acceptable alternatives when your dream home is not on the market. Make a list of amenities you have to have and you'd like to have. Let me know what your

absolute requirements are and I can save you a lot of time during the search process.

Where to look

I will use a wide range of resources to find your home. They will include, but are not limited to:

- **www.bethrossi.com**
- **MLS Pin system**
- **Newspapers and Publications-** Sometimes new listings appear in the local papers just prior to MLS. I check these regularly for new listings.
- **New Construction-** Not all new construction is listed in MLS. Many builders that I work with invite agent participation. Check with me if you want to visit a new home project. Many require that I accompany you on the first visit.
- **My sphere of influence-** Many times I will know of potential sellers who have homes similar to what you are looking for. Additionally I will contact some prior clients to see if a move is in their plans or if they know of any of their neighbor's plans.
- **Coming Soon-** These are homes that are preparing to go on the market in the near future.
- **For Sale by Owner (FSBO)-** Most people who are marketing their homes will work with agents and pay a fee.

Finding the Right Home

Your criteria may change

As you see more houses you may find that some of the items on your original wish list may no longer be as important and some you hadn't thought of may now take precedence. Let me know so I can adjust my strategy.

My tools to find the right home for you

- **Multiple Listing Service-** I create a custom search for my clients with their specific search criteria. I perform regular searches and let you know of new listings that would meet your needs.
- **Upcoming listings-** I network regularly with my colleagues and attend town tour to learn of any new homes coming on the market.

- **For Sale by Owner properties-** I keep my eye open for “For Sale By Owner” properties and solicit the people on my mailing list to know if there are any in their neighborhood.
- **Preview before Showing-** Whenever possible I will preview properties for you prior to showing it to you to leverage your time and energy. I will let you know if it is something you may want to consider.

Love it or Like it?

How many houses should you see before deciding which one is perfect for you? The answer varies. Some clients want to see as many homes as possible while other are sure about their choice after seeing 2 or 3. A good question to ask is- Would you be disappointed to learn tomorrow that someone bought this home? If the answer is yes, then its time to prepare an offer.

What If We Don't Find Anything?

- **Change criteria-** This will let you look at properties that you may not have originally thought you wanted.
- **Change your price range-** Talk to your lender about changing your financing approach to open up more options.
- **Change the style-** Consider a townhouse or a condo.
- **Change the size-** Maybe you can live without the garage or 1 less bedroom if everything else works.
- **Change the location-** If you can't find what or want where you want it you may be able to trade location. I can let you know where you may find more of your criteria.
- **Be patient-** Hang in there- new listings are constantly coming on the market. Don't give up.

When We Find the Right Home

I will do the following:

- Advise you on the best strategy for your offer
- Determine what the seller is looking for in terms of timing

- Prepare a market analysis to determine a fair and reasonable price
- Help you determine an offer price
- Help you prepare the offer with your best interests in mind
- Negotiate on your behalf
- Schedule and attend the home inspection and resolve any issues that may arise
- Coordinate with the lender to complete the financing
- Coordinate with the attorney for the Purchase & Sales Agreement
- Provide you with a list of things to do before closing
- Follow up to make sure there are no issues with your new home
- Stay involved after the closing in case you have any questions

STEP 4

Prepare the Offer

What should I pay?

Determining property value is not an exact science. Fair market value is defined as what a ready, willing and able Buyer is willing to pay. Sales price is determined by the market- the Seller and the Buyer.

List Price

The price at which the seller lists the property for sale. This is usually based on advice from a real estate professional.

Market Price

The most probable price a property should bring in a reasonable time.

Sale Price

The price a property ultimately sells at.

My Approach

I complete a comprehensive market analysis of the property using comparable listings that have sold within the last six months. I also analyze current market conditions and trends to help you select a target price for the home.

Negotiating Your Offer

It's important that you are positioned in the strongest way possible. This includes being fully approved by a Lender and no house to sell or if you do have a house to sell have the Lender note that the approval is not subject to the sale of your house.

If you are paying cash you may be able to negotiate below list price. However, in the current fast paced real estate market you may want to offer list price or higher to beat out other offers.

It is my goal to advise you about an offer that will suit your needs and give your offer the highest probability of success. This includes offering significant earnest money (usually 5% of the purchase price), closing at a time convenient for the Sellers, having a full approval letter and ability to satisfy the contingencies quickly.

Preparing Your Offer

Your main objective is to purchase the home you want at the most favorable terms possible. I want to make your offer as attractive to the Seller as possible while keeping key items for you. If you give the Sellers what is important to them the Seller will agree to reasonable requests from you. These are the main areas of negotiation in your offer:

- **The offer price-** This is usually what's most important to the Seller. I will help you identify the most appropriate price for your offer.
- **Closing Costs-** Will you be asking the Seller to pay some of your closing costs and prepaid expenses. These can be added to the offer price as part of the negotiation. There are limits so consult with your Lender for the maximum amount you qualify for.
- **Deposits-** Sellers see your deposit amount as your commitment to the transaction. The norm in our area is 5% of the sales price. Low deposits are acceptable but may reduce the desire of the Seller to accept your offer.
- **Closing date-** I will check with the Seller's agent to see when is the best date for them to close.
- **Repairs-** If you want the Seller to repair items in addition to what may come up in the home inspection, those items should be included here. In a competitive real estate market it may make your offer more acceptable to the Seller if you agree to absorb a dollar amount of inspection repairs.
- **Inclusions and Exclusions-** I will make sure your offer includes these items . In addition if an item is listed as "negotiable" I will note if you want those included.
- **Contingencies-** This clause states that the Buyer will perform only if they are able to secure financing and if they are satisfied with the home inspection.

Multiple Offers

Give the seller everything- and more!

If you find yourself in a multiple offer situation and you really want the house your only option may be to give the Seller everything they want and be willing to pay more than the asking price. I can also explain the use of an escalation clause in multiple offer situations.

STEP 5

Getting Your Offer Accepted

Fair initial offers

Fair initial offers create a climate of trust between the parties and usually lead to a mutually satisfactory transaction. The worse thing you can do is deliver an offer that offends a Seller or insults their home. This leads them to not want to work with you. When contemplating an offer ask yourself "If I was the Seller of this property and received this offer, how would I respond?" You may want to alter your offer so it will be better received.

Time Limits

In general I think it's best to keep the time limit short enough that the Sellers can discuss the offer but not so long that they can use it to attract multiple offers. Every situation is different and there are many factors such as current market conditions. We can discuss whether or not putting a time limit on the offer is best for you.

Negotiation Process

Presentation-Offers are presented electronically to the List Agent for presentation.

Personal Letter- Since I will not have the opportunity to sit with the Seller you may consider including a personal letter with the offer.

Possible Outcomes-

Acceptance- Your offer will be signed as presented.

Counter Offer- The Seller will alter your terms in order to accept the offer.

Rejection- The Seller refuses to enter into negotiation with you because they perceive the offer will not result in an agreement.

No Response- The Seller simply chooses not to respond to your offer.

Response to Counter Offers

Your response to the Seller's counter offer should be made as quickly as possible.

Negotiating When There Are Multiple Offers

You may or may not know if there are multiple offers. I can ask but the List Agent is not required to tell me unless instructed by the Seller. The Seller has 2 choices with multiple offers:

Accept or counter to one of the offers.

Counter to none and tell all to come back with their best and final offer.

If You Really Want The House Consider These Strategies

- Increase your offer price.
- Close at the Seller's convenience.
- Remove as many contingencies as possible.
- Increase the dollar amount of inspection issues you will take on yourself
- Increase your earnest money.
- Demonstrating your financing is solid
- Use an escalatory clause- your offer will be a certain amount more than the next highest offer up to a dollar amount.

STEP 6

Conducting Your Inspection

Your sales contract allows between 7-10 days to conduct your inspections. The most common are home and pest, radon and well quality & quantity.

Home & Pest Inspection

Your home inspection is conducted by a licensed home inspector. It should be scheduled as soon as your offer is accepted. Let me know if you know of a home inspector you'd like to use or I can suggest one.

You should be present for the entire home inspection. They usually take two to three hours. The inspector will look for potential problems as well as educate you about the home.

The purpose of the inspection is to look for major structural and mechanical issues that could cause you to renegotiate by either having the Seller give you a credit or asking the Seller to fix the problem. In rare cases it could also void the contract.

If you ask the Seller to fix certain items we would provide them with those pages of the inspection report.

It's important that the inspections are completed within the offer timelines.

Radon

Radon tests are conducted by the home inspector. It takes about 3 days for the results.

The EPA set a safe standard at less than 4.0 picocuries per decaliter. Any readings over 4.0 should be remediated, usually by the Seller.

Well Quality and Quantity Tests

Well Quality- This can be done by the home inspector. A sample of water is taken from the kitchen sink and sent to the lab for testing. The report will compare your water to the EPA guidelines.

Well Quantity- This test is conducted by a well company. They measure the flow rate in gallons per hour.

Both of these tests are optional with conventional loans but are required for VA and FHA loans.

Condo Documents

If you have purchased a condo or townhouse with a Condo Association you have the right to review the legal and financial documents of the community. This includes:

- Current fees and plans to increase them
- Rules and regulations
- Pending lawsuits
- Any major renovations anticipated

Once you are satisfied with your inspection results and have resolved any issues the Purchase & Sales agreement is finalized and the additional earnest money is due.

STEP 7

Submit your loan application

The Lender will order the appraisal.

The Lender will prepare a good faith estimate of your settlement charges.

Important: If you are planning to change lenders from the company that issued your commitment letter please let me know. Changing lenders in the middle of the process could create the possibility of not closing on schedule and putting your deposit in jeopardy. Using an internet-based lender can be problematic and is difficult for me to facilitate. I strongly recommend a local lender.

Homeowners Insurance: This is the time to obtain quotes for your homeowners insurance. It used to take a few minutes but now it can take days and even weeks. Getting started on this process is as important as getting your mortgage. I strongly recommend that you call your current insurance company right away. I will also be happy to recommend some. You will need a binder with proof of coverage for closing.

For Condominium purchasers: The master policy covers the structure of the building on behalf of you and your lender and is paid in the condo fees. However this provides no liability and contents coverage for you- that is a separate policy.

STEP 8

Prepare for Closing

The mortgage company will assign an attorney for the closing.

The attorney represents the mortgage company, not the Buyer or Seller, and follows the instructions of the sales contract.

I will schedule the closing at a time convenient to you. It usually takes place at the attorney's office. It takes about 45 minutes.

Closing Process

You will be required to bring these items to the closing.

- A copy of your homeowner's insurance policy and a paid receipt for one year's coverage. Many lenders require this prior to closing.
- Driver's license
- A bank check for the balance of the down payment and closings costs. The attorney's office will send you a closing disclosure 3 days before closing detailing this amount.

Movers

Keys and garage door openers will be exchanged at closing. Once the time is scheduled you can coordinate with the movers.

Utilities

Contact the utility companies to set up an account in your name as of the day of closing. Depending on the location of your new home I will provide you with the names and contact information of the utility companies.

Walk Through

I will set up a time for the final walk through either the night before or morning of the closing.

STEP 9

The Walk Through

Your Right to a Walk-Through

The Purchase & Sales Agreement allows the Buyer to conduct a final walk-through inspection prior to closing. This inspection is best performed after the Seller has vacated the property. I will attend the walk-through with you. We will arrange this time/date amongst ourselves very close to the date of closing.

The purpose of the walk-through is:

- To be sure that all included appliances, HVAC and plumbing, are in working order. Make sure to test all appliances, and run water from all water sources to check for leaks.
- To ensure that the property is free and clear of debris, broom clean, and in substantially the same condition as date of contract.

STEP 10

The Closing

Attend the Closing

Prior to the Meeting

- Resolve walk-through issues: Any monetary issues arising from your walk-through need to be resolved before the final settlement statement (the HUD 1 form) can be prepared. I will attempt to resolve these prior to settlement but, if not, these must be discussed before anything else takes place.
- Review the HUD-1 settlement statement: Together, we will review the statement to be sure that all charges and credits are the correct amounts and charged to the proper people.

Important Things to Understand about Closing Day

Settlements are typically scheduled every hour so please allow for one hour in order to complete the process. Closings after 2PM may not go on record (and you may not be able to take possession of it) until the FOLLOWING BUSINESS DAY.

Avoid Friday closings when possible- a Friday settlement often leads to a late recording, which cannot take place over the weekend and must then wait until Monday. If you plan to have access to your home over the weekend, schedule an earlier closing to allow for unexpected delays.

The typical closing agenda is as follows:

- Resolve remaining walk-through issues
- Approve HUD 1 statement
- Purchaser selects title insurance coverage
- Seller signs the deed
- Buyer signs loan documents
- Loan application
- Truth in Lending statement
- Note
- Deed of Trust
- Homestead
- Seller's attorney provides the keys to the Buyers