REALTY 220

A Second to None Real Estate Co.

Buying Procedure and Steps

1. Select an Agent
2. Get preapproved – does not mean you get a lender, just means you have a letter to submit with your offer later
    - *When submitting a purchase, always make sure that the lender provides a property-specific letter for the exact price of the home so that the sellers do not know how much your client can really afford.*
3. Screen properties on MLS via updates that agent will send you.
4. Work with agent to see units. When a unit is selected, make an offer. If offer is not accepted, repeat step 3 and step 4.
5. If offer accepted, submit earnest deposit in the amount of 3% in 1 business days to escrow company
6. Within 1 to 17 days, depending on contract, apply for a loan arranged for home inspection, view HOA documents, arrange for inspection, therefore completing due diligence. If due diligence fails, go back to step 3 and 4.
7. After due diligence, any cancellation will mean loss of deposit.
8. As per days stated for closing, typically 14 to 60 days, work with loan underwriter to get the loan approved.
9. Conduct a final walk-through inspection when asked us about the clothes. Example: about five days before.
10. Sign loan documents, remit final down payment, collect keys.

Frequently Asked Questions

What does the buying agent do? Why do we need representation?

The agent is here to help you with a complicated process that includes:

Preparing the initial offer along with proof of funds and a preapproval letter. In this market it is not uncommon to go through three or four counter before getting to the final deal.

Once the offer is accepted the agent would:

- Recommend great inspectors for the home (general, sewer, chimney, roof)
- Coordinate timing for all inspections
- Negotiate the escrow company fees on your behalf
- Negotiate the repair request

- Review your title and get any unresolved issues answered prior to contingences being released
- Negotiate with your lender to give you a promissory note before you release your loan contingency
- Make sure the seller has given you all disclosures and that you understand the potential issues with the home

Please note that the buying agent service is **FREE**.

I am a 1st time home buyer, what should I do?

Once you've settled on a couple of preferred neighborhoods of for your home search, it's time to pick out a few homes to view. Having a house "wish list" keeps you focused on which features are most important to you.

When narrowing down your home search consider the following:

- Know what types of home you want to buy
- Determine what age and condition of the house you want to buy
- Consider resale potential
- Use a features wish list to keep focus
- Use a home search comparison chart to keep organized
- Act decisively when you find the right home

What types of home are out there?

There are several forms of home ownership: single-family, multiple-family, condominiums, and co-ops.

Single-family homes: One home per lot

Multiple-family homes: Some buyers, particularly first timers, start with multiple-family dwellings, so they'll have rental income to help with their costs. Many mortgage plans, including VA and FHA loans, can be used for buildings with up to four units. If the buyer intends to occupy one of them.

Condominiums: With a condo, you own "from the plaster in". You also own a certain percentage of the "common elements" – staircases, sidewalks, roofs, etc. Monthly charges pay your share of taxes and insurance on those elements, as well as repairs and maintenance. A homeowner's association governs the development in which you reside. It handles disputes, maintains conformity, and establishes rules.

Co-ops: In some cities, cooperative apartments are common. With co-ops, you purchase shares in a corporation that owns the whole building, and you receive a lease to your own unit. A board of directors, comprised of owners and elected by owners, supervisees the building management. Monthly charges include your share of an overall mortgage on the building.

Should I buy new?

Weigh your needs, budget and personal tastes in deciding whether you want to buy a newly constructed home, an older home or a “fixer upper” that requires some work. New homes can often be a great purchase but are best when purchased at the beginning of the building phase when cost is typically lower, particularly since economic factors can increase the cost of labor and goods over time.

Should I worry about resale?

Resale is key.

One bedroom condos are more difficult to resell than two-bedroom condos.
Two-bedroom/one-bath single houses generally have less appeal than houses with three or more bedrooms, and therefore have less appreciation potential.
Homes with “curb appeal” are easiest to resell.

The most expensive house on the street, or ones with anything unusual or unique are not suited for resale. The best investment potential is traditionally found in a less expensive, more moderately sized home.

Use the aforementioned “wish list” to keep your search focused. Make this list to clarify which features are most and least important to you when looking for a home. Using this list will keep your hose hunt focused and effective.

Should we take our time?

Before you begin the home buying process, plan to act promptly when you find the right the house. Every REALTOR® has stores to tell about a couple who looked far and wide for their dream home, only to miss out on it due to their lack of urgency. It is therefore critical that you act strategically in concert with current market conditions.

Should we list our property ourselves or have an agent help us sell it?

Obviously, the bottom line is cost. Although you have some upfront commission cost savings if you try to sell your property yourself, you may not be getting the best price through maximum exposure. Agents are trained to market your property better on the MLS than anyone in the industry. They know how to negotiate and administer the appropriate contracts to keep you protected during the course of conveyance.

What is the selling process?

First engage an agent so that he or she can advise on pricing and strategy. Choosing the right escrow company is greatly important as well. Here at Realty 220, we affiliate ourselves with a top-notch title and escrow company that understands each and every nuance of the process. This allows for a smooth and seamless transaction, allowing you – the seller – to rest easy.

What is the escrow process?

New homebuyers may be confused by the concept of escrow in part because the term can refer to (at least) two different elements of a real estate transaction.

Typically, an escrow account refers to funds held by a neutral party to be distributed when certain conditions are met. Involving a third party means that the person in charge of the money has nothing to lose if the transaction goes one way or another, and thus insures everything is handled fairly.

However, it adds an extra layer of complexity to a real estate transaction, which may well leave first-time homebuyers a little lost. If you're not sure how that comes into play in your home hunt, that's okay; we'll break down exactly what escrow is and what it means for your home purchase.

Putting earnest money in a escrow account when buying a home

The firs time you're likely to run into the concept of escrow is when you make an offer on a home. You'll be asked to put down a certain amount of earnest money (think of it as a deposit) to tell the seller you're serious about buying.

This money is typically held in an escrow account by the title company or real estate broker, although who holds it varies depending on state law. The money remains in escrow while the purchase is negotiated to completion and closes when certain conditions have been met. Additionally, the earnest money can also go towards the down payment or other closing costs.

The conditions involved in escrow can vary depending on what both the seller and buyer want. These conditions can be as simple as closing when the title is transferred to the buyer, but may also include things lie:

- The house passing as inspection
- The seller making specified repairs
- The seller being able to stay in the house for a certain period of time (perhaps after closing)

When the conditions are met, your escrow closes. You should expect o have a specific appointment with your escrow officer where both the buyer and seller sign paperwork on their own terms.

At this point, the title is transferred to the buyer and the sale price of the home is transferred to the seller. If the conditions are not met, and the deal falls through, the money goes back to the buyer – usually minus a small cancellation fee.

Funding an escrow account with your mortgage payments

Once the buyer and seller have come to an agreement on the purchase of the home, you'll probably hear your mortgage lender talking about escrow – which is similar but different form the escrow account you opened while negotiating the purchase.

In this case, your make escrow payment as part of your mortgage payment (though you may need to put a large initial payment towards escrow immediately after your purchase). This extra money goes into an escrow account in order to pay property taxes and homeowner's insurance. This kind of escrow is often required by your financial institution to be sure the property they're lending you money for is taken care of.

Having escrow bundled into your mortgage makes it easy to budget for taxes and insurance because you're paying a bit every month. How much you pay depends on the cost of taxes and insurance, and it can vary from month to month, and also year-to-year, as costs go up or down. However, your mortgage payment might fluctuate over time as a result of these external expense adjustments – especially if your costs rise unexpectedly (for example, if your home appraisal has gone up significantly).

While escrow definitely makes it more convenient to pay for taxes and insurance, it's not always the smartest financial move. Money you've put in escrow is out of your each and doesn't earn any interest. Your lender will probably maintain a cushion of extra cash to ensure there's always enough to meet expenses, so you could certainly be doing more with your money.

If you'd rather opt out of an escrow account, you'll have to negotiate it with your lender. You may be required to put down a larger down payment or meet other conditions. Most lenders will want at least 20% down and will additionally charge a 0.25% loan-level price adjustment to waive escrows.