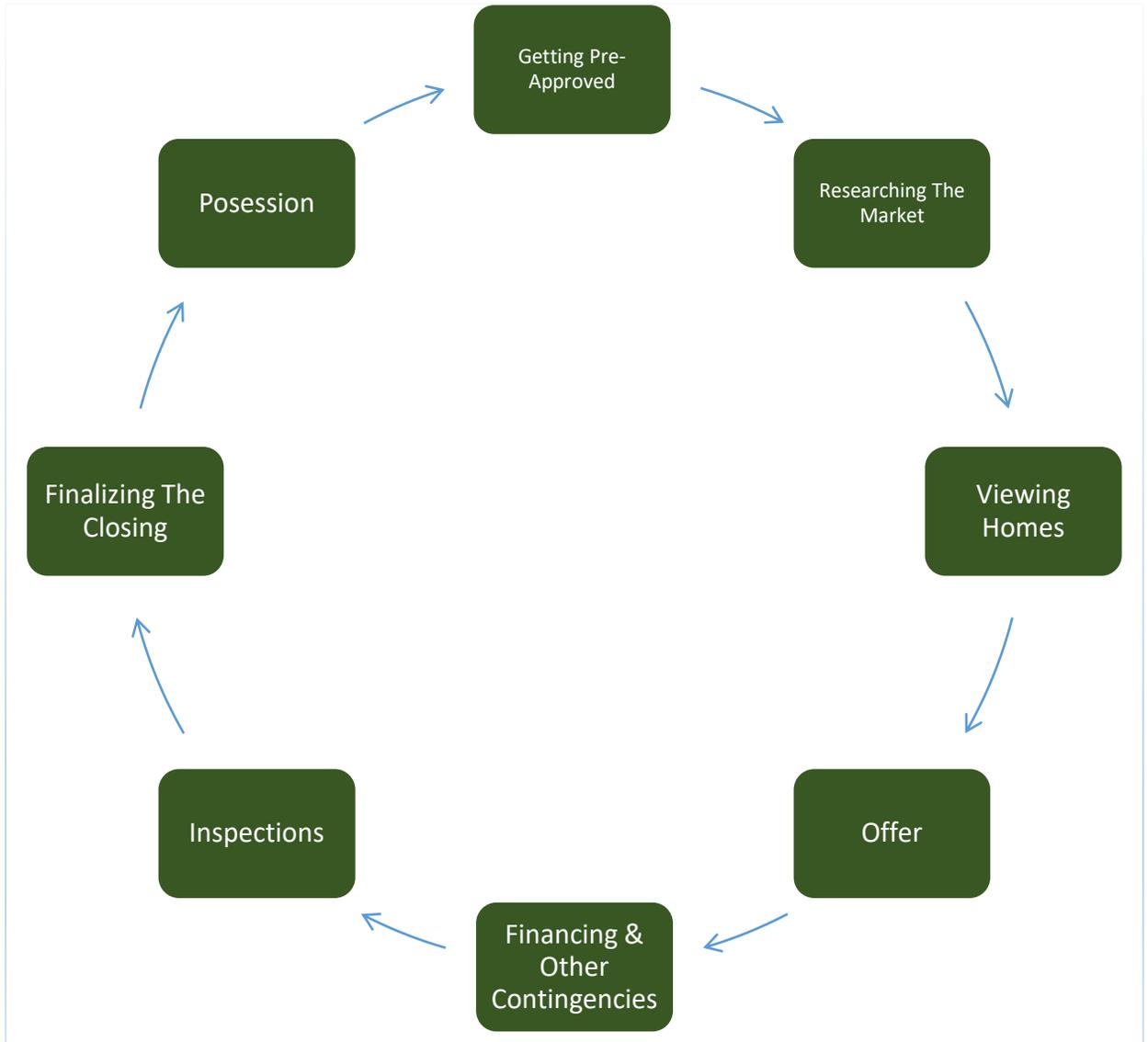


Ready To Buy A Home?

Redefining Service with Jennifer Venable



Sequence Of Events



Writing An Offer

Once you find a home that fulfills your wants and needs I do a comparative market analysis (CMA) on the home. This is a report I prepare to evaluate how the house you want to purchase compares in price and characteristics to nearby similar properties that have recently sold or are pending still.

When submitting an offer don't think you need to do all your homework upfront and hold off writing an offer to do so, as you could end up losing the house to another buyer. This is what inspection timelines are for.

Your formal offer will be documented in writing on a purchase and sales contract.

Primary Points of an offer:

- Sales Price
- Earnest Money Amount
- Seller Paid Concessions: Do you need closing costs paid? Any concession you ask for is that much less you're offering the seller.
- Contingencies: A condition specific to the offer. A common example is a sale being contingent on approval of inspections.
- Personal Property: Typical items asked for are the fridge, washer and dryer or tool shed's. Keep in mind though these are not free items thrown in with the house and sellers do put value on these when considering your offer.
- Days requested for inspections
- Closing Date



Writing An Offer Continued..

Upfront items needed to write an offer are an Earnest Money check, and Pre-Approval Letter.

Earnest Money – A small deposit, usually about 1% of the sales price that shows good faith that you are serious about purchasing the property. This money usually will end up going towards your down payment or closing costs therefore reducing the amount of money you have to bring in at closing.

Once the offer is written it is then presented to the seller by the listing agent within a set timeframe, usually within the expiration date we wrote on the offer.

The Seller can accept, reject or counter the sales offer.

The offer can be countered back and forth several times until the Seller and Buyer come to mutual acceptance or either the seller or buyer terminate the offer. While you are countering the seller can continue to review other offers so think twice if what you are countering is a big deal to you.

Once the offer is mutually accepted by the Seller and Buyer they must perform their due diligence and meet deadlines of the transaction according to the sales agreement.

Buyers must submit all accepted paperwork to the lender within 3 business days to obtain a loan if they have not done so previously. At this point the lender will lock in your interest rate.



Mutual Agreement

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Processor's Review

The mortgage professional packages all pertinent information and gather's missing or additional information that may be needed and sends it to the lending underwriter.

Underwriter's Review

Based on the information put together by both the loan executive and the processor, the underwriter will review and issue a list of conditions which may include additional information needed or further explanations. It's very important to get the conditions turned in quickly as the underwriter may have several files on their desk and this process can take a few hours to days each time. It's important to know this process can occur a few times. Once you get the conditions the underwriter will review them and there might be further conditions needed from the condition you turned in or later after the appraisal is back or even after you have signed loan documents conditions might need to be met to fund the loan.

Escrow/Title

Upon mutual acceptance Escrow and Title are opened typically by the listing agent and the signed sales agreement is sent to the title company. **As part of your closing costs** you will see a charge for half the owner's title policy, and title insurance and escrow fees. The Title Company secures the title of the home you are buying against liens as well as pays off anyone owed money, coordinates and prepares all documents and signings with the Seller, Buyer, and Lender and is responsible for recording the deed with the county which means putting your name into ownership of the home.



Title/Escrow

What is a Title Search?

A title search is a detailed examination of all available public records on a property to verify the seller's right to transfer ownership, and to uncover and potential challenges you might face. A title search should reveal such things as: unpaid taxes, unsatisfied mortgages, judgments against the seller, and restrictions limiting the use of the land if any. However, even the most diligent search may fail to reveal some hidden hazards--that's where title insurance comes in.

Title Insurance

Homeowner's insurance protects your investment against physical hazards like fire and theft, but it doesn't cover your most precious possession: the security of your title to the property. Title insurance protects against the possibility of future loss, if your legal rights to your property be challenged. There are two types of title insurance: A lender's policy and an owner's policy. The lender's policy protects the lender's interest in the property for the amount of the mortgage loan. An owner's policy protects the homebuyer for the full property value. This is included in your closing costs and something that is required unless you purchase cash.

How Long Does Title Insurance Coverage Last?

A lender's policy lasts until the mortgage is paid in full. An owner's policy remains in force as long as you or your heirs have an interest in the property.

Preliminary Title Report

Once the Escrow Account is opened and the title search is completed, the Title Company will send to the Buyer, seller and Realtors a copy of the Preliminary title report, CC&R's (Covenants, Conditions, and Restrictions) and copy of current deed. The Preliminary Title Report shows if there are any liens (seller mortgages on the home), easements and other pertinent information about the property.

The buyer has 5 business days to accept or reject the preliminary title report and can terminate the sales agreement due to unsatisfactory items found on the Title Report.

Inspections

- Typically an inspection period is 10 business days.

I will be able to help you find a professional qualified and licensed home inspector.

An inspection runs from \$350 to \$500 + and is based on the square footage of the home you are purchasing and the inspection company you choose. The inspection fee is usually paid directly to the inspector at the time of service.

- It's important to note that additional inspections should be done also depending on the location and age of the home. These can include sewer scopes, roof inspections, mold, oil tank locates, radon tests and so on. These are all out of pocket costs the buyer pays for at the time of service.

Sometimes an inspection might lead to the need for another inspection needing to be performed at the buyer's cost.

- I will help you determine which items to request on the inspection report. I will guide you carefully through this stage as this process reopens the negotiations affecting price and other terms. The repairs that you feel require attention, along with how they should be handled, will be stated in an addendum that I formulate.

Most often, you will ask the seller to either provide a credit towards your closing cost equal to the expense necessary to correct the repair, lower the sales price an appropriate amount, or simply to make the repairs. Usually I will consult and obtain bids from licensed and bonded contractors to accompany any requests.

- If a repair addendum is submitted to the seller, the seller can agree to the requests, counter back with an alternate solution or reject them entirely. You can continue to counter back and forth until you have reached an agreement by 5pm the last day of the inspection period.

If repairs are agreed upon, I will request receipts for records and you can also have the home inspector come back out to re-inspect the completed work the seller had done for an additional fee of \$150-200 depending on the inspector you use. I highly recommend a re-inspection after repairs are done if this applies as often I see items missed or not corrected the way we requested.

- The contingency of the inspection is removed once both parties have arrived at an agreement regarding the findings in the inspection or a termination is delivered to the listing agent by 5 pm on the last day of the inspection period.



The Process

Home Warranty:

Some seller's provide a Home Warranty/Home Protection Plan for the buyer as part of the listing or a buyer can ask the seller to pay for one in the offer or purchase the coverage yourself. Certain items are covered for a one year period like:

Heating systems, interior plumbing, built in appliances.

Costs vary between \$360-500.00 depending on the coverage options and company you choose. When you have an older home or older mechanics in a home, such as an old water heater or furnace, a home warranty is a great idea to protect you from unexpected expenses because if the mechanics are still working but old a seller won't replace it.



Seller Disclosure

During the home inspection period you will receive from the seller's, a Seller Disclosure. This does not take the place of a home inspection. This is a several page form that the seller filled out disclosing any problems with the house that they are aware of and if they have been fixed and how. This disclosure is exempt from new construction and bank owned/court appointed sellers. The seller does not have to fill this out and provide to you however if they don't you have until the day of closing to terminate the transaction for non disclosure.

You have 5 business days from receipt of the disclosures to accept or terminate the transaction due to items found on the disclosure.

The Process Continued

Appraisal

Once the negotiations of the inspection are complete and mutually agreed to the Lender will order an Appraisal. The house must appraise for the sales price for lender to approve the loan.

If the house doesn't appraise the buyer and the seller can renegotiate price or the buyer can bring in the difference as an additional amount of money or the seller can reduce the price to cover the difference.

If the seller is not willing to do so or you don't have the extra money to bring in the difference you can terminate and receive your full earnest money deposit back.



Home owners insurance

The lender will require that a homeowner's insurance policy (also referred to as hazard insurance) is in place before they will fund the loan. This policy protects the property in the event of fire, theft or other damage. Often buyers will use their current car insurance company for a multi policy discount. You will need to contact your insurance agent and answer a few questions regarding the transaction and property. Flood insurance will also be required if the property is located in a flood zone. This is similar to the same process used to obtain a quote for car insurance. Your loan officer will contact the insurance agent and obtains the documentation known as the insurance binder. This verifies for the lender that you have sufficient coverage, as loan documents will not be issued without this proof.

Utilities

One week to several days prior to closing on the property the Buyer must contact all utilities and transfer utilities of the home in their name starting the date of closing.

The Process Continued

When you purchase just like a credit card you typically won't have a payment due for at least 30 days.

Below is a guideline of typical 1st payment due dates and how many months impounds are collected based on your closing date.

<u>Closing Month</u>	<u>1st Payment Due</u>	<u>No. of Months Collected</u>
November	January	5
December	February	6
January	March	7
February	April	2
March	May	3
April	June	4
May	July	5
June	August	6
July	September	7
August	October	8
September	November	9
October	December	4

The Process Continued

Signing

You will receive a call from your loan officer, title or I, once your loan documents arrive and are worked up by the title company. This should be done days before your closing date.

This is when you will be told the amount of money to bring to closing if any. Both the buyer and seller make appointments to sign paperwork at the title company. You sign at different times, you do not sign with the seller.

If the title company is not close to where you live we can have a title company closer to you sign you.

I will be at this appointment with you. Title will go over your HUD settlement statement which breaks down all your charges and debits for your purchase.

Funding/Recording/Closing

When a title company has received the check for the amount of the loan for your new home from your lender, your lender authorizes the title company to release to record. Once they have released it can take up until 5pm to record the loan with the county. Most offers stipulate you will not receive possession or the keys to the home until 5pm the day of closing. If the home is vacant or you are given permission to take possession upon recording which could be as early as 10 am then this is an exception that can occur. I will provide you keys to your new home once you have closed.

