



We will oversee the details, and support you every step of the way.

Jan

Buying a Home 101: The Process

The following is the BUYING PROCESS, presented in a step-by-step format and for most transactions, in the order things occur.

CHOOSE A BUYER BROKER: Having a Broker work for you assures that your interests will be professionally and skillfully represented throughout the Buying Process. When Jan works with a buyer she handles things so the Buyer Broker fees are paid by the seller. That means it costs you nothing to have Jan's expert representation. In fact, most agree that they actually save money working with an excellent and experienced Broker.

OBTAIN LOAN APPROVAL: It is important to obtain an approval for the mortgage on your new home before you even begin to look. Once approved, you are as strong as an all cash buyer. You will have the ability to negotiate and buy the house of your choice even if it's the first one you see. Jan can refer you to reliable lenders. (Beware of loan officers making promises of low interest rates and terms just to get your business and then find at settlement that you are not getting what you were promised.)

BECOME FAMILIAR WITH THE SALES CONTRACT FORMS: A local Real Estate Contract may contain more than thirty pages. During the excitement of making an offer, reading the documents can be overwhelming. It is better to read them ahead of time. Jan can provide you with sample copies of all the necessary documents.

SELECT THE RIGHT PROPERTY: Formulate your list of needs and desires in a new home will help you further clarify what is most valuable to you so if the time comes where you must make some compromises you will know exactly what your **MUSTS** are. Finding the right house is often the easy part of the process and many certainly find it the most fun. Today most do all the searching for the house on the Internet. Through Historic Coast Realty's website, HistoricCoastRealty.com, you will find all the latest local MLS listings. We will gladly show you everything available in your price range and in the locations you want. We never rush you. We understand the importance of choosing the right home in the right location. After all, it is your home you are buying

MAKE THE OFFER TO PURCHASE: Once you select the "right" property, we will prepare an "Offer-to-Purchase." It is good practice for all offers and all terms of a Real Estate transaction to be in **WRITING**.

RATIFICATION: This is when all parties, both Buyer and Seller, to the transaction have agreed to and signed as acceptance, all terms of the "Offer to Purchase." Once ratified the Offer becomes a contract. The date and time the last party signs the final terms is called the date and time of ratification or the **Effective Date**. This is the date and time when the clock starts ticking on any terms in the contract measured in hours, days, weeks or months.

CONTINGENCIES: Contingencies are terms written into the contract, which allow either the Buyer or Seller to check on or do certain things within a particular time frame. Sometimes, contingencies are written so that the contract will become null and void if one of the parties so chooses. Home sale contracts are often contingent upon one or more of the following:

A satisfactory home inspection or determining if the property has lead paint or radon.

Financing or obtaining a mortgage.

Third Party Approval. This is common with a Short Sale, where the seller's mortgage company must agree to take less than mortgage amount due to the seller owing more than the house is worth in today's market, and sometimes a party to the contract wants to consult an attorney or a family member or the local zoning office, etc.

The Seller finding the house of their choice.

The Buyers selling their current home.

PRE-SETTLEMENT or POST-SETTLEMENT OCCUPANCY AGREEMENTS: To accommodate special needs of the Buyer or Seller, occasionally the parties will agree, in writing, that either the Buyer may move into the property prior to settlement or the Seller will remain in the property for a set period of time after settlement. This is common since it is difficult to settle and move on the same day or if a new property's completion date is delayed. Flexibility with occupancy dates can help at these times. Jan can explain the pros and cons of these agreements in further detail.

DEPOSIT CHECK: Along with an offer to purchase, an earnest money deposit check is submitted by the Buyer. The check is usually made payable to the Selling Broker or the Settlement Company. The amount of this deposit is governed by local custom, usually up to five percent of the offering price. A larger deposit is considered a stronger offer. However, the actual amount of the deposit can be any amount agreed to by the Parties to the Contract. At settlement the deposit becomes part of the Buyer's closing costs and down payment. Usually, if the contract becomes null and void the deposit is returned to the buyer. However, it is important that this is clearly expressed in the written contract. As your Buyer Broker, Jan always represents your best interest.

DOWN PAYMENT: If you are obtaining a mortgage to buy your home, the lender may require you to pay some of your own money as a down payment. Down payments are typically a percentage, such as 3%, 5%, 10% or 20%, of the value of the property as determined by the lender's appraisal. If the down payment is less than 20% some lenders require you to buy Mortgage Protection Insurance to protect the lender in case you default on the loan. There are programs today that require a very low down payment. You should check with more than one lender.

CLOSING COSTS: Closing costs include fees for the settlement attorney, title work, title insurance, transfer taxes, stamps and administrative fees and lender fees. The closing costs can be higher if you choose to buy down the interest rate of your mortgage by paying discount points. It is sometimes possible to write a contract with the Seller paying all the closing costs. There are also loans available that include the closing costs, or at least part of the closing costs, in the mortgage on the property.

WARRANTY: A Home Warranty is often purchased by either the Buyer or the Seller to cover the appliances and major systems in the property for one year after settlement. A warranty costs around \$400, give or take. Who pays is negotiated with the contract terms or at the removal of the Inspection Contingency. Otherwise, the Buyer must purchase the warranty, if desired.

HOME INSPECTIONS: The Buyer chooses the home inspectors. Jan has list of inspectors that her former clients have used and liked. All home inspections must be completed within the time frames of the contract. In a Sellers' market or when buying a Short Sale or a Bank owned property, it is common for the Buyer to conduct inspections prior to negotiating contract terms. In this case, if you don't buy the property, you will have spent the money. However, it is a risk you may have to take in order to buy the house you really want. You can inspect the property for anything and everything. Commonly, there is an inspection of the property's condition and a termite inspection. Some people also check for radon, lead paint or lead in the water, electromagnetic fields, etc.

SELECT SETTLEMENT ATTORNEY/TITLE COMPANY: The settlement attorney or title company is needed to settle the transaction. They will represent the terms of the written contract. They do a title search to be sure a clear title can be conveyed. They take care of the survey, draw up the deed, collect and distribute the funds. Jan has names of reliable settlement attorneys.

OBTAIN HAZARD INSURANCE: Hazard Insurance on the Property needs to be ordered by the Buyer as soon as the contract is ratified. In recent months, insurance companies have become less motivated to provide insurance on some homes. You cannot go to settlement without hazard insurance.

ARRANGE TERMITE INSPECTION: Typically, the Buyer orders the termite inspection of the Property and the Seller exterminates termites if they are found. But it is the contract that states who pays for the inspection, the extermination and for repair of any termite damage. Remember, every house either has, has had, or will have termites.

SELECT A MOVING COMPANY: Arrange for a moving truck: Jan can refer you to local moving companies. Keep in mind, if your settlement is during the last week of the month; make arrangements with the moving company early because this is their busiest time.

CONTACT UTILITY COMPANIES: The Buyer owns the house on the day of Settlement and is responsible for the utility bills as of that day even if settlement occurs at 7 PM or 11 PM. Both the Buyer and the Seller need to call the utility company a few days prior to the settlement day. Do not have the water, gas or electricity turned off. Just be sure it is in the correct name as of the day of settlement. The water company will require the name and address of the settlement company since they will be the ones paying the final water bill. The water company also requires a final water meter reading which they will either take or instruct you to give them on the day of settlement.

THE FINAL WALK-THROUGH/PRE-SETTLEMENT INSPECTION: In most real estate sales contracts the Buyer is entitled to a final walk-through of the property a day or two prior to settlement to ascertain that the property is still in substantially the same condition as it was at the date of contract ratification and/or to see if items requiring repair have been repaired. Jan will arrange for and accompany you at the "final walk-through."

WHAT TO TAKE TO SETTLEMENT—

A CERTIFIED CHECK FOR THE BALANCE OF THE DOWN PAYMENT AND CLOSING COSTS.

You can call the settlement office a few hours prior to settlement to get the amount. However, rarely is the amount exact. It is usually an estimate. So also take . . .

Your checkbook: Take it just in case your certified check is a little short of what you actually need. If your certified check is over the needed amount, the overage is refunded to you at settlement.

Your Drivers License: The settlement company is required to prove you are who you say you are.

CLOSING OR SETTLEMENT: You Close or Settle the deal. Get the keys. It is sometimes called CLOSING OF ESCROW. It is the time at which the Buyer and the Seller of the property settle-up all the terms of the contract, the deal is closed. The Buyer pays the money and signs the mortgage papers and the Seller hands over the keys. Closing is usually set within 30-60 days from the ratification date of the contract. However, it can be any date that is agreed to by all parties so long as there is enough time to do the title work and obtain the mortgage. Closing usually takes about 45 minutes to an hour but can take as long as three hours should unforeseen issues develop. Closing is a happy time and a time to celebrate.

AT SETTLEMENT YOU WILL SEE THE FOLLOWING—

The SETTLEMENT STATEMENT: This form details all the charges and credits to the Buyer and Seller.

THE NOTE: The note is your agreement to repay the borrowed funds to your lender. This document is a standard form and cannot be altered. It details terms and conditions of your mortgage loan and the manner and form of repayment. It is too long to read at settlement so ask the settlement attorney to send you a blank copy a few days prior to settlement.

MORTGAGE: A mortgage is the conveyance of an interest in a property as security for the repayment of the money borrowed to buy the property.

THE DEED OF TRUST: Some jurisdictions use this document as the standardized security instrument filed at the courthouse to establish the lender's lien on the Property for the original principal amount of the loan. The deed of trust secures the home as collateral for repayment of the loan.

THE MOVE: BEST OF LUCK, LOVE & JOY IN YOUR NEW HOME!

REFERRALS FOR HISTORIC COAST REALTY: Don't forget, our Real Estate Business is a referral business! The best way to say thank you to us is to tell all your friends and family about our services. We can help them locally or refer them around the world to other professionals that have Jan's same high standards.