

# Home Buyers Guide

The steps to a successful home purchase



A person is writing in a notebook with a pencil. A laptop is visible in the background. The scene is dimly lit, suggesting an office or study environment.

# INTRODUCTION

**Buying a home can be one of the most exciting adventures in your life.**

**It can also be one of the most overwhelming if you try to do it alone.**

When you are looking at and negotiating on properties listed for sale, the Seller will have a real estate agent working for them. You should also have an experienced REALTOR® working for you, guiding you and looking out for your best interests. The best part is that when you hire a REALTOR® as a buyer, it's generally at no cost to you. In most circumstances, the Buyer's agent is paid by the Seller from the proceeds of the sale.

# Pathway to Homeownership

## Strategy

- Find a REALTOR® you can trust
- Strategic home buyer consultation
- Set up tailored home search



## Showings

- View your favorites
- Find your home



## Protect Your Transaction

- Offer accepted
- Earnest money/due diligence
- Review condo docs (if applicable)
- Inspections



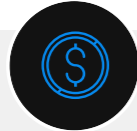
## Your New Home

- Close on your home
- Get your keys
- Deed recorded



## Financing

- Obtain pre-approval letter
- Mortgage application



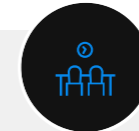
## Offer & Negotiations

- Market analysis
- Write your offer
- Negotiations & counter offers



## Pre-Closing

- Appraisal
- Final underwriting
- Title work
- Insurance
- Utilities in your name
- Final walk-through





# Benefits of Buyers Agency

Services/Duties Provided	Seller Agent	Dual Agent	Buyer Agent
Represents both the buyer and seller Equally		X	
Represents the best interests of the seller	X		
Represents the best interests of the buyer			X
Advise and/or Disclose to buyer ALL MATTERS (even pointing out reasons not to buy)			X
Keep buyer's information confidential including financial capabilities, thoughts, and willingness to pay more			X
Negotiate price, terms, repairs, occupancy dates, & buyer costs & credits in BUYER'S favor			X
Owe fiduciary duties to the buyer			X

NOTE: Buyer's agent commission is paid at closing, and, in most circumstances, from the seller's proceeds once we find you the right home.



# YOUR TAILORED SEARCH

1

## Motivation/Timing

Are you flexible with the timing or are you looking to close before a certain date?

2

## Pricing

What is your price range? Do you have a Pre-Approval Letter (PAL) from a lender?

3

## Location

Which communities do you prefer, or are you open to many locations?

4

## Home Type

Are you looking for single fam, or condo? Are you considering building a new home?

5

## Home, Garage, and Lot Size

How many bedrooms, bathrooms, etc? Min. car capacity? Is yard size important?

6

## Other search options

What style of homes do you like? What additional features do you prefer?



# Financing

Key factors to consider on how much you can afford

- The Down Payment
- The Interest Rate
- Your debt-to-income ratio
- Buyer's closing costs

Loan Type	Down Payment Minimum	Details
Conventional	3-5%	A fixed-rate, the term is either 15, 20, or 30 years.
FHA	3.5%	Usually requires less money down, but has tighter guidelines.
VA	0%	A special type of loan for military buyers that allows them to put very little down.
USDA	0%	A government insured loan program for low-mid income buyers in rural communities.
Jumbo Mortgage	Typically 20%	Mortgage amount exceeds the limits set by FNMA & FDMC. Usually slightly higher interest rate.
Adjustable Rate Mortgage (ARM)	Typically 5%	A mortgage where the rate changes based on a financial index.



# Financing Continued...

## A Pre-Approval Letter Adds Strength to Your Offer (PAL)

Once you have been successfully pre-approved for a mortgage, you will appear to be a stronger buyer to sellers. When we submit an offer, we will include your written pre-approval letter. This demonstrates to the seller that you are indeed a serious and qualified buyer.

## Closing Costs

When you close on your new home you will be required to pay fees for the loan processing, insurance, taxes, and other closing costs. These fees must be paid in full at closing. There is a way to include them in your financing through a seller's contribution or seller paid closing costs. It is a good idea to determine with your lender if this is necessary when getting pre-approved.

### Examples of Closing Costs

- Prepaid Insurance
- Prepaid Taxes

- Mortgage Origination Fees
- Appraisal Fee

- Title Fees
- Recording and Transfer Fees

$$\text{\$250,000} - \text{\$50,000} = \text{\$200,000}$$

Your Offer  
(Total purchase price amount)

Seller's Contributions  
(Total amount of closing cost you ask the seller to pay for you)

Net Offer  
(Amount the seller is receiving, viewed as your actual offer)



# Searching

## REALTOR®/MLS Listing

The most up-to-date home information resource. The MLS is an extensive database that contains information on all listed homes in the area.



## LCHR Online Home Search

Our search site is linked directly to the MLS and pulls new information from the MLS as soon as it is available.



## LCHR Home Search App

Our mobile app has the same information as our website. Just search for the Etta App in the App Store or Google Play



- YOU tell us exactly what you are looking for and we enter YOUR criteria into our property search program.
- YOU tell us what YOU are interested in and we look at and investigate the properties that YOU choose.
- YOU receive PRIORITY notification when new properties meeting your criteria are listed by any and every company.
- If you find a For Sale By Owner (FSBO) or off-market property, let us know first and we will assist you in scheduling showings and ensure you remain represented throughout.



# SHOWINGS



## We Put YOU In Control

Get access to the properties you want to see without any sales pressure. Just let us know what property or properties you would like to see and a time that works for you.



## Take Good Notes

We will supply you with a folder and a data sheet on each home. If you are viewing many homes in a short period of time, take descriptive notes on what you like and/or dislike about each home. Let us know if you have any questions about any properties.



## When Approached by Other REALTORS®

They will appreciate you letting them know you are working with us.



## Tips for Showings

Eat prior to your home tour. Wear comfortable shoes that can easily slip on and off. Be mindful of the time since many families are making plans to accommodate our visits.





# Writing an Offer

Once we find a home you would like to purchase, you need to determine what to offer for the home, review seller's disclosures, and any applicable HOA/Condo documents. All the accepted terms of the contract will be carried through the life of the contract. The signed, accepted offer to purchase (with all addenda & counter offers) is a **LEGALLY BINDING CONTRACT.**

## Offer Terms

- Purchase Price
- Earnest Money
- Included and Excluded Items
- Binding Acceptance
- Closing Deadline
- Closing Prorations
- Financing Contingency
- Appraisal Contingency
- Closing of Buyer's Property Contingency
- Inspection Contingency
- Other Due Diligence Contingencies
- Home Warranty
- Seller's Contribution

**After considering all the terms of your offer...  
The seller may accept, counter, or reject your offer to purchase.**



# How to Make Your Offer Stand Out

Here are some things to remember when you write your offer to purchase to get it accepted. In multiple offer situations, the price of the home can often go over the list price. The more offers there are on a home, the higher the price could be bid up. Be realistic: it all comes down to market value and comparable sales.

## Position of Strength

- Pre-Approval Letter (PAL) submitted with offer
- Shorter due diligence period
- Cash offer
- Comparable sales to support offer
- Walk away leverage

## Multiple Offer Strategy

- "Dear Seller" letter/video
- As-Is condition
- Offer more earnest money
- Seller preferred closing date
- Possible seller occupancy after closing



# Working Towards an **Accepted Offer**

## Your Offer

LCHR will present your offer to the Listing Agent. The seller will then do one of the following:

**Seller Accepts  
Your Offer**

**Seller Counters  
Your Offer**

**Seller Rejects Your  
Offer**

The most common response is a counter offer. This is where our experience and skills in negotiating become powerful in representing your best interests.



When your offer is countered, we will work together to review it. We keep your goals in mind and ensure that we negotiate the best possible price and terms on your behalf.

# Protect Your Transaction



## Earnest Money

Details regarding your earnest money will be in your Offer to Purchase. This is the initial deposit that goes toward your down payment at closing.



## Due Diligence - Evaluations and Inspections

This is the time period provided to you as the Buyer to learn, review, inspect, and decide if acceptable. We highly recommend scheduling a licensed professional home inspector to conduct a thorough inspection of the home. Additional evaluations could include: radon test, septic system, well inspection, well water test, survey, or others.



## Resolve Condition Objections

Review inspection and evaluation reports and Identify if any defects are present. Depending on contract details, you may negotiate for the defects to be resolved through repair or a price reduction. The seller is not obligated to repair defects, but most sellers will work with the buyer.



## Review Condo Documents (if applicable)

When you are purchasing a condominium you are allowed 5 days once you receive the condominium documents to review and accept.





# Pre-Closing

## Appraisal

The appraisal is ordered by your lender. An appraisal will tell you the value of your new home by comparing recent sales in the area. An appraisal contingency helps protect you from paying more than the home is worth.

## Insurance

Home owners insurance is a way of protecting your asset in case of a catastrophe. Your insurance will have to be in place before your lender will let you close.

## Final Underwriting

This is the lender's way of checking everything over once more and getting approval to close. Once final underwriting is completed you will get a loan commitment.

## Utilities Transferred

Make sure the electricity, gas, water, and sewer are transferred into your name.

## Title Work

The title company will transfer the deed and insures the property to be free and clear of all liens.

## Final Walk-Through

Your chance to see the home one last time before closing to make sure it is the same condition as when you previously saw the home.

# Your New Home



**Close on Your Home**



**Get Your Keys**



**Deed Recorded**