

## Buyer's Guide

### The Agent Represents the Buyer:

When you hire Taylor Realty to represent your interests, our fiduciary duty is exclusively to you. As your exclusive buyer's agent, we will put your interests as a buyer first and foremost and we will provide you with any important information we have that affects your home purchase.

<b>Realtor</b>	<b>Buyer Client</b>
Needs Assessment	<ul style="list-style-type: none"><li>• Pay full attention to the buyers needs</li><li>• Buyer can talk freely</li><li>• Suggest alternative solutions to buyer</li></ul>
Property Selection	<ul style="list-style-type: none"><li>• Find the best property for the buyer</li><li>• "Leave no stone unturned"</li><li>• First opportunity to view new listings</li><li>• All properties are available</li></ul>
Viewing Properties	<ul style="list-style-type: none"><li>• Educate the buyer</li><li>• OK to give advice with the facts</li></ul>
Negotiating the Purchase and Sales Agreement	<ul style="list-style-type: none"><li>• Educate the buyer</li><li>• Negotiate on behalf of the buyer</li><li>• Provide price counseling for the buyers</li><li>• Suggest approved protective clauses for the purchase agreement to protect buyer</li><li>• Suggest financing alternatives that may be in buyer's best interests</li><li>• Continue services to buyer during negotiations and through closing</li><li>• Strengthen buyer's negotiating position</li><li>• Share all information about seller to buyer</li></ul>
Follow Through After the Purchase Agreement	<ul style="list-style-type: none"><li>• Attempt to solve problems to the buyer's satisfaction</li></ul>

## Find the Right Home: Needs, Wants, Desires

### Find What you Want in a Home:

Your REALTOR evaluates your home buying needs in the first meeting to be better prepared and assist you in your home buying search. Taylor Realty agents are proficient in locating the ideal home for their clients, whether it's a resale home in MLS, a For Sale by Owner, Foreclosure, or new construction. In almost every situation our fees are pre-negotiated so that the seller is responsible for their commission, not the buyer.



# Our Home Buying Process



## Hire a REALTOR to Know Your Options

As experienced REALTORS, our job is to advise you on all of your options during the home buying process such as financing, market analysis, etc.

## Begin Loan Approval Process

Meet with a lender and get pre-approved for a loan to save time during home search and improve negotiating position.

## Start Home Search

View homes and select THE ONE. Use our website and our team to help you target your search and match your needs to the right house and area

## Make an Offer

Review market conditions and decide to present an aggressive or competitive offer. As your REALTOR, my team explains and draws up all documentation and ensures terms are in your best interest. The process may go back and forth a few

## Go Under Contract

After both parties sign the final contract, the buyer writes two checks: an "earnest money check" to the Title Company to open escrow and an "option check" to the seller for an option/discovery period.

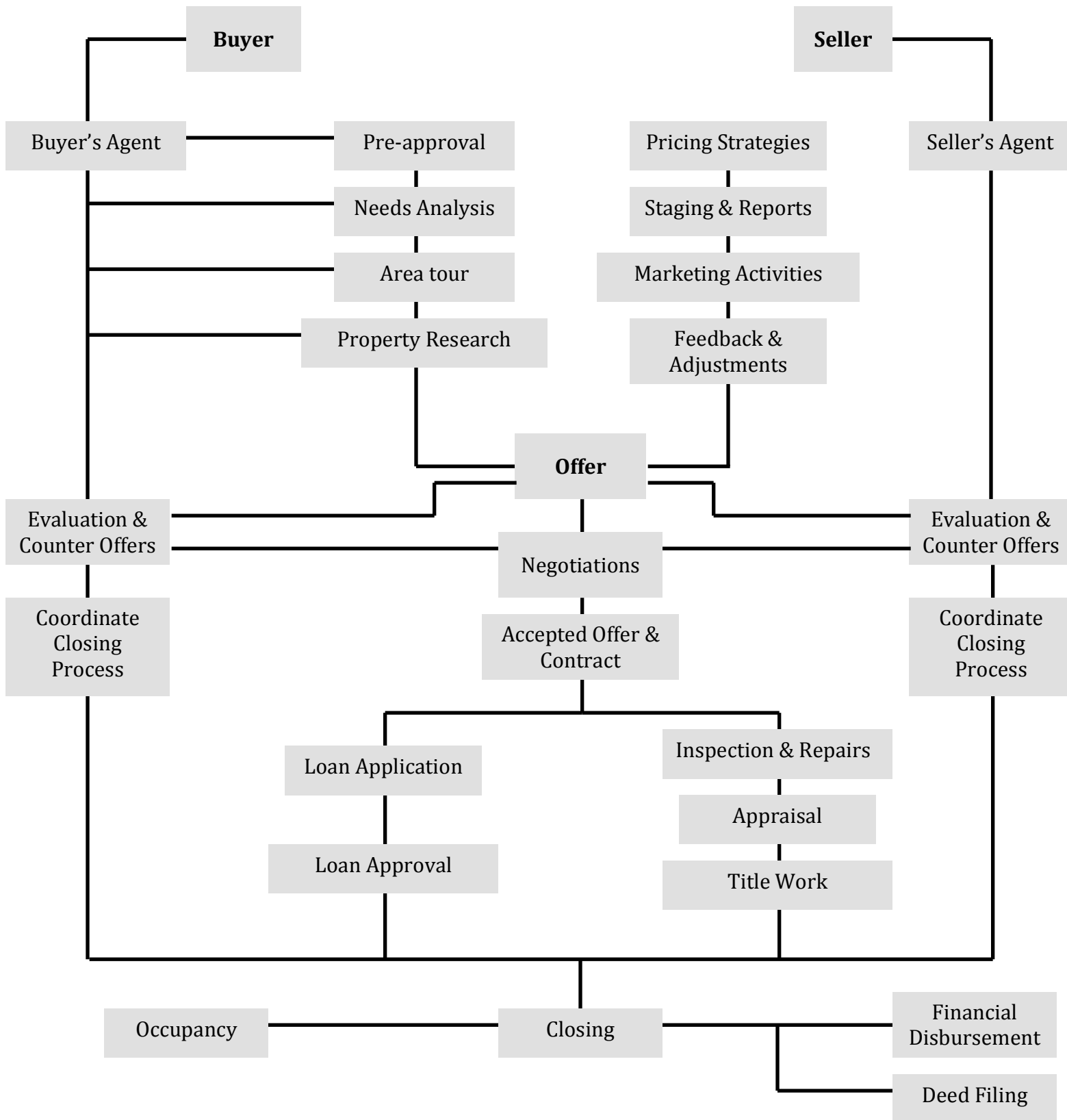
## Schedule Inspections, Repairs, and Insurance

During the negotiation option period (usually 7-14 days), final details are handled and inspections are performed to ensure the property is right you. As your REALTOR, my team helps you negotiate contract details like repairs, choose a home insurance provider, and review Commitment of Title Insurance.

## Go to Closing

The buyer wires or brings a certified check for down payment and photo ID to the closing at the Title Company. Once the lender releases funds to the seller, the buyer becomes the new homeowner.

# Life of a Real Estate Transaction: A step-by-step glance





Unless you are planning to pay with cash, the most important step before beginning your home search is to get pre-qualified by an experienced reputable lender or mortgage broker. Why is this so important?

- It allows you to determine how much your monthly payment will be.
- It helps us to determine what price range to shop within.
- It gives you an estimate of how much money you will need to bring to closing.
- It allows you to select the best loan package without being under pressure.

It helps us to negotiate from a stronger position since sellers will find your offer more attractive knowing that you can secure a mortgage loan. This may help your offer beat the competition in a multiple offer situation.

When you are ready to shop for a loan, you can work directly with a lender or with a mortgage broker representing many individual lenders. Direct lenders are lending their own money, have in-house programs and make the final decision on your application. Mortgage brokers are intermediaries who represent many lenders and loan programs from which to choose. If you have special financing needs or want to shop the market for the best deal an experienced broker may be able to find the best loan for you.

Along with shopping the source, you'll also have to shop the total cost of the loan including the interest rate fees points (each point is one percent of the amount you borrow), prepayment penalties, the loan term, and a host of other items.

You should get pre-approved for a loan before you shop for a house. You are free to shop around for a different lender after you get pre-approved, but having a pre-approval letter is crucial when you are ready to make an offer. Whenever possible, you should choose a lender who works locally. Online lenders and out of state lenders are typically high volume shops that aren't going to take a personal interest in making sure your loan goes smoothly. On the other hand, a local lender who wants to earn your repeated business and your referrals is going to take care of you.

Choose your lender very carefully because you are relying on him to close your loan on time. You could lose your dream home if he makes a mistake.



**Getting pre-qualified** starts with applying for a loan. The loan application process is fairly similar between all lenders:

- Select a lender and meet with the loan originator.
- Furnish the lender with the information requested (most likely paycheck stubs, two years of tax returns, list of debts, list of assets, etc.)
- The lender will then furnish you with a **Good Faith Estimate** (GFE) which is a document that summarizes the amount of the loan you are applying for, the interest rate being offered you, the terms of the loan, estimated closing costs including any loan fees charged by the lender and your estimated monthly payment.
- You should review all costs and know which ones are non-refundable in the event your loan is not approved.



**Getting pre-qualified** for a mortgage is an increasingly popular practice among buyers who don't want to worry about going through the approval process until after they've found the home they want. It is a verbal exchange in which the lender tells you in advance approximately how much money you are able to borrow, based upon the information you provide the lender on your debt and income.

**Getting pre-approved** goes a step further than pre-qualifying. Most lenders require you to furnish documents (tax returns, check stubs, etc.) to pre-approve your loan. A pre-approval is an actual commitment to lend you money, provided that when you are ready to buy, you still meet all the qualifying conditions that were met at the time of the conditional approval.







The bulk of your monthly mortgage payment goes toward paying off the principal and interest of your loan (P&I). In addition, you will be responsible for paying annual property taxes and homeowner's hazard insurance. If you choose, you can have your taxes and insurance added to your monthly payment and saved in an escrow fund (some loans require this), or you can pay them on an annual basis.

This total payment is referred to as PITI. This amount is placed in an escrow account from which your lender then pays your taxes and insurance bills as they come due.

**TIP:** When shopping for a loan, it is important to ask the lender if the monthly payment you are being quoted is PI OR PITI.

Once you have found the home that meets your needs, it is time to make an offer before another buyer beats you to it.

One of the most important reasons to hire an agent is to benefit from their knowledge about the real estate market, and access to data that is critical to making informed decisions during the offer process. REALTORS research sales in the area in which you want to buy and create a detailed market analysis. This market analysis will show relevant recent sales and help you to determine whether or not the home is priced reasonably. This data will help you determine the amount you should offer, and if necessary, can be presented to the seller's agent to support the basis for your offer.

Our offer will be in writing and accompanied by an earnest money check (typically 1% of the purchase price) to show good faith. If the seller does not accept the initial offer, we will continue negotiating until agreeable terms to both the buyer and seller are reached. When both parties agree on terms you are officially "under contract" and the contract is executed with the date the last party signs and initials all changes. Your earnest money check will be made out to the title company stated in the contract, and will be immediately cashed by the title company and later applied to your purchase price.



Upon acceptance of your offer, you will typically want to arrange for an inspection of the property. This needs to be completed during the option period so that if something is discovered during the inspection (that you cannot live with and the seller is not willing to fix), you can cancel the contract and have your Earnest Money refunded.

Your REALTOR provides you with a list of 2-3 popular home inspectors used in the past, but you are free to choose your own inspector.

The inspection will take 2-4 hours. Your attendance is optional; however we recommend you attend at least the last half-hour when the inspector reviews the findings with you.

Most homes have a long list of minor cosmetic repairs. Remember, we are mainly looking for major mechanical, safety or structural defects to the property.

Immediately following the inspection, we will typically complete an amendment to the contract that will include items the inspector discovered that you want repaired by the seller, or a monetary repair allowance in lieu of repairs. Then we will negotiate on your behalf with the seller for the repairs you want completed. Once an agreement on repairs to be completed has been reached, you will typically forfeit your right to terminate the contract.

## **Choose A Home Inspector:** Discover the structural condition of a home

Buying a home is one of the most significant decisions and one of the biggest investments you will ever make, so you need an unbiased professional's opinion about the physical condition of any property you plan to buy. A home inspection will give you a clear picture of a home's condition, answer any questions you may have, and give you peace of mind.

There are numerous types of inspections. An inspection is meant to evaluate, at minimum, the structural and mechanical condition of a property. It is not the same as an appraisal, which evaluates the market value of a property

Referrals from friends or associates

- Referral from a local real estate professional
- Online Search for "Home Inspection Services"





No matter what home you buy, there will be costs associated with completing the transaction. Charges can include loan origination points, rate buy-down discount points, title insurance, escrow fees, attorney fees, recording fees, appraisal fees, document preparation fees, notary fees, and loan underwriting fees. You may also have to pay “prepaids,” which are advanced payments to build your mortgage escrow account that is used to pay your taxes and insurance.

**TIP:** Sometimes we can negotiate for the seller to pay some of your closing costs.

### **What other costs will I incur before closing?**

We want to inform you of the costs you will incur during the home buying process. You will write four checks prior to closing. The below costs are an average and will vary with the price, size and features of your new home.

#### **Earnest Money (frequently 1% or sale price of home)**

Payable to the title company once we have an accepted contract. This deposit secures your offer and the full amount will be applied toward your closing costs.

#### **Inspection (\$300-\$600)**

Payable to the inspector at the time of the inspection, which takes place during the option period. It is the buyer's responsibility to arrange any inspections on the property, but we can work with you to locate reputable inspectors and contractors.

#### **Credit Check and Appraisal (\$400-\$500)**

Payable to the lender after the option period expires.

