



Cathy Smith
Licensed Realtor® since 2000
Internet, Marketing, Sales & Relocation Specialist
419-280-3942



WWW.IDEALPROPERTIES.NET
CATHYSMITH@IDEALPROPERTIES.NET

SELL OR FIND YOUR IDEAL PROPERTY AT IDEALPROPERTIES.NET

One of the most important tools you can have as a home buyer or someone looking to purchase a home sale or property for sale is knowledge. As they say, 'Knowledge is Power'! In this case equipping yourself with knowledge or working with a knowledgeable real estate agent, knowledge can mean helping you to buy the right home, at the right price, getting more money and better financing terms and most of all it can bring you peace of mind. Each step of home buying is laid out with specific insights to help you move through the purchase process with ease and to bring you the greatest rewards along the way and into your future in your new home.

The purchase process can take weeks or months to find your Ideal Property. It usually takes about 30 to 60 days from the offer acceptance, to completing the terms of the sale, doing the financing and title work up to the time of closing on your loan and/or your home. This home buyer's check list may seem extensive and overwhelming but as your Realtor® I am knowledgeable and experienced and will gladly help you walk through each step of the process. Please contact me anytime to get my help or if you have any questions.

Purchase Process Progress Report – Home Buyer's Check List

Finance and Mortgage Part 1 – Preparing to Buy a Home

- Get a copy of your credit report to correct errors. Do not Make Any Major Purchases or take out New Loans. Don't close credit cards but rather pay them down below 50% of the credit limit. Use your oldest credit cards.
- Reduce your consumer debt, No late pays on loans or collections. credit card balances <50% of credit limit
- Assemble cash down payment. If your Income or debt changes your whole loan will change and will be redone.
- If you are using gift funds get a gift letter, bank account statement from donor. May need income verification.
- Shop for a mortgage loan with your mortgage lender. Don't shop rate, shop service, programs, knowledge and costs (origination fee). When it's time to get your loan, you can check the rates of each lender based on the same exact purchase details and on the same day, as rates may change daily. Also, ask when it's best to lock the loan interest rate. The loan processing until closing may be 20 to 40 days and your lender will know what is projected for rates in the upcoming weeks.
- Your lender will take care of many of the details required for the loan, the purchase and the closing.

- Work with your Loan Officer (LO) to determine how much you can afford to pay for a home. Housing Payment should be < 28% of income, all monthly debt should be < 36% back end debt and get a pre-approval letter.
- Decide the monthly housing payment you will be most comfortable with that will allow you to maintain your desired lifestyle. Be sure to include loan Principle and Interest, Taxes and Insurance (PITI) and to consider all of your monthly back end debt.
- Get familiar with basic mortgage terms and programs. Find out the best terms of the loan for your situation, Veterans loans, down payment and mortgage insurance, down payment assistance, first time buyer program . . . or government funding or programs for specific neighborhoods, special programs for nonprofits, and HUD's Good Neighbor Next Door initiative that is designed to encourage renewal of revitalization areas by providing an opportunity for law enforcement officers, firefighters, emergency medical technicians and teachers to purchase homes in these communities. Ask what the upfront, monthly and life of loan costs are for the different loan products. You may get approved for an FHA loan that has more costs involved and find that for a purchase a bit lower you can qualify for a conventional loan with less costs upfront and for the life of the loan.
- Get your pre-approval Letter and have it emailed to you and to your real estate agent (keep it equal to your offer price or the sale amount). When this is submitted with your offer it assures you are able to buy the home and is almost viewed as a cash offer.
- Once, you apply for your loan, the lender will provide an estimate of your monthly costs, the APR costs over the life of the loan and will help to set up and review details from the title company, an appraiser, the property survey or survey insurance, a flood plan certification (if flood insurance is required), and other 3rd party services needed.

Assembling Your Real Estate Team

Your Realtor and your lender often will offer referrals and have recommendations to each of the professionals on your team who will help you through your purchase process. You can count on them to keep you up to date on what needs to be done and on what timeline. Your Team: Real estate agent (Use a licensed Realtor®, a member of the National, State and Local Real Estate Board and offers home listings and home searches on the local multiple listing service, MLS, and the SentiLock, Lock Box system, not all agents are), home appraiser, title company, home inspector, insurance agent, mortgage lender, attorney, home warranty and more.

Hire your Real Estate agent as your buyer's representative (a buyer's agent) at no cost to you (the seller pays their fees). Often people think that they can save money on a purchase by using only one real estate agent, which is often the seller's agent. Often the one real estate agent will take both sides, the buyer side and the seller side, of the real estate commissions. So, in this scenario the buyer gets less representation and the agent makes more. Use a licensed Realtor®, a member of the National, State and Local Real Estate Board, who offers home listings and home searches as a member of the local multiple listing service, MLS, and the SentiLock, Lock Box system, Find a buyer's agent who you are comfortable with as well as is experienced and knowledgeable. Signing a buyer's agent agreement ensure that your real estate agents will serve you, have your best interest in mind, and has a legal and binding fiduciary duty to you. According to the realtor code

of ethics legally the buyer's agent has a fiduciary duty to the buyer unless he is a dual agent (who is the seller's agent but is also representing the buyer or the buyer may have no representation at all).

Finding Your Ideal Property and Community

- Investigate neighborhoods where you want to look for a house.
- Do your own due diligence. Your Realtor is not legally allowed to discuss protected classes.
- Consider the neighborhood, how close to parks, shopping, entertainment, and expressways. Check out it's walking score, demographics, school quality and crime rates and sexual offenders.
- Select the neighborhoods that meet your requirements so your agent can set up a home search website for you, to manage your listing searches.
- Your agent can set up home searches for homes for sale listed on the MLS and a search website for you based on the specific areas, price range and criteria that you desire for the home you want to buy. You may have a list of absolute must haves and another list for your Ideal Property and its criteria.
- On your personalized home search web site, you will view these listings that meet that criteria and manage them. You can mark the listings you want to tour as a FAVORITE, the ones that might make the grade later save as a POSSIBILITY, or you can choose to DISCARD your rejects and make notes. A day or two before you want to tour the homes your agent will set all appointments and map out your home tours. Some homes require a 24-hour notice but some we can see on the spot.
- Visit homes for sale with your Realtor® and make notes. Make notes on desired properties with Major Dislikes and Major Needs for pertinent homes in your Home Search to give your Realtor® a better sense of what is important to you.
- When researching the homes, you are interested in, check out the map and the home's details on your home search web site. On Idealproperties.net check its estimated Home value, its monthly payment calculations and other area information to ensure that it meets your needs and fits your lifestyle.
- You may look up information on your home and neighborhood; demographics, crime rate, sexual offenders, future or current assessments, subdivision regulations or association by laws and declarations and more.
- As your Realtor® I will help you to find the home for you and will provide you with information and research to help you make the purchase decision and to aid in the price negotiations.

You Found the Property that Will Best Suite You and Your Lifestyle

- Your agent will prepare and upload all of the documents that will be needed throughout the entire purchase process to an encrypted, a secure digital Internet site that allows each party to share and sign documents digitally. The agent will input all of the specific details and terms of the sale, contact information for all parties involved in and with the purchase and each document, disclosure, addendum, or even inspections or reports in some cases. Your agent will help you get all

set up with this and walk you through it. So that you are comfortable using this system that is very efficient and beneficial to the entire sales process.

- Your agent will get the seller's property disclosures and lead based disclosures for you to review.
- Your agent will provide you with research documentation, Recent Comparable Sales – Comparable Market Analysis, CMA, Tax records and other data that will help you determine a reasonable purchase price. You can find what the seller originally paid for the home and property tax information at the local County's web site. Your Realtor® may be able to provide you with details on loans and liens on the property but be aware that these will be revealed in the title work.
- Decide how much to offer for the home you want and the terms of the purchase and closing.
- Stipulate your closing and possession, inspection and financing dates, the type of tax proration and if the deal is subject to inspection, appraisal, financing, the seller paying buyer closing fees, a home warranty and other items you and your Realtor® will work out together and include in the purchase contract.
- Tax proration is often done in a specific way in each county. In that way, when you go to sell it will all balance out. Property tax proration is a way to split property taxes fairly and ensure each side is paying evenly. Discuss the types of tax proration: the due and payable method and lien method.
- Your offer and all of the documents pertaining to the purchase will be set up on an encrypted web site that allows the digital documents and signatures to be shared with all parties as you choose. The agent can explain this process to you over the phone or meet with you in person to set it up.
- Have your agent write your offer and negotiate the purchase terms. Rely on the facts and your Real Estate Agent's skills and experience but you are the leader. So, clearly voice your thoughts as you will make the final decision.
- Include a pre-approval that is specific to this property and purchase price with the offer. This shows the seller that you are a ready, willing and able buyer.
- Submit earnest money with the offer to show good faith for the offer and have it held by the title company listed on the contract, get copies and receipt with property address in memo. It may be \$500, \$1,000 or more based on the price and may be deposited after the offer is accepted.
- You may want to hire a lawyer to review your closing documents at the closing of the property and have him copied on documents. It may be less than \$300 and gives you assurance that all the documents are correct.

If the Property is a Condo, PUD, Zero Lot Line or has an Association that Manages the Community

- Get subdivision or condo rules, restrictions and any bylaws . . . and a copy of HOA Insurance and association addendum filled out by the president.
- Association makeup, number of units, percentage of owner occupied to rentals less than 70%. Be sure the condo association has a reserve fund and request a copy of the most recent bylaws (which the title company can provide), have Insurance and association addendum completed by the HOA president.

Accepted Offer Purchase Process Progress Report - Check list

- Now it's time to do your due diligence to inspect the home. BUYER BEWARE! Your Realtor and your lender will make recommendations and referrals, helping you each step of the way.
- Hire a home inspector to examine your prospective home (Usually within 10 days after the purchase acceptance). Home inspectors check the structure, foundation, mechanicals and any potential issues. A good rule of thumb for sellers doing repairs is if there are major issues, if the issue is life threatening or could cause the home to be uninhabitable the seller covers the costs, and/or if the costs exceed \$500.
- It is best to accompany your inspector during the home inspection and then sign the home inspection release that documents your approval of satisfactory home inspection unless major issues are found. Be sure to refer to the seller's property disclosures to have the home inspector look into salient or possible latent issues that were disclosed in this document.
- If repairs are needed get an agreement on repairs to be made by the Seller. Inspect repairs and handle all other details prior to the closing day.
- You can specify if you want a home warranty to cover your new home's major mechanical repairs, or repairs you specify, and if you pay for it or agree in the contract to have the seller pay for it.
- The Title company will provide you with research on any loans and liens on the property and the lender will give you all of the details about the mortgage and the closing fees.

Finance and Mortgage Part 2 –Buying and Closing on Your New Home

- You had a pre-approval now get your loan in order. Provide all needed Documents to your lender, Loan Officer (LO) including: income verification, 2 paystubs with YTD income, 2 years W2s, Credit Report, 2 years Tax Returns (if self-employed), and prior to close you'll need your home Insurance Policy declaration page.
- If you are married, have been married, had a name change, or are a new citizen of the United States ask the lender and title company what they will require. Find out if a person is unable to attend the closing and is required to be present and sign at the closing if you can use a Power of Attorney (POA).
- Your lender will take care of most of the process for you. Ask them to search for programs that will best help your needs and that the home you are buying may qualify for such as Down Payment Assistance, Neighbor Next Door Program, FHA, VA, 230K Renovation Loan. Complete all mortgage loan application requirements. Ask what is needed to get a clear to close.
- For some loans you will need to get bids on the repairs from licensed and insured contractors (3 bids or more would be best).
- The lender will order an appraisal of the home and line up the title company specified in the contract.
- Your loan may require a special inspection of the property along with the appraisal for FHA loans and VA loans.
- Be sure to ask to your lender to provide you with all title search information and the final closing documents and costs before closing (The closing documents may not be provided until 2 to 24 hours

before closing). Title search will show any tax, government, contractor, creditor or other liens on the property and easements or right of way privileges granted for land, air or water rights. Any liens or clouds on the title must be cleared by the seller before the closing date.

- You may ask the lender not to charge an origination fee or points (this is a part of your pay to the LO). Not paying this may make your rate higher, making your monthly payment higher but will reduce closing fees. You may get a discount rate in your interest rate if you set up an automatic withdrawal for the mortgage payment as well as include the taxes and insurance payments.
- Seller paid closing fees may have a limit of 3% or 6% of purchase price. Ask the lender and ask what fees to add to use all of it (Insurance, Home Inspection ... HOA fees). Be sure to find out the max amount the seller can pay of your costs and which fees cannot be paid for by the seller. If you do not use it, you lose it.
- Flood Zone Insurance - your lender pulls a Flood Certification. FIMA Maps show Flood Zone details. If the property is in a flood zone area your lender will require you to get flood insurance. This is not required if there is no loan but keep in mind that when you go to sell the property if there is this added cost it could limit the number of prospective home buyers who can qualify to buy.
- Property Survey - your lender orders survey insurance or you can order a full survey on the property. Check to find out what the cost difference is. There may be a need for a survey in the future if you intend to make improvements to your property.
- If your property has well and septic you will want these to be checked, cleaned, updated and mapped.
- You have the option of signing up for a home warranty that will cover mechanical failures and more. The contract may stipulate a certain amount that the seller will pay towards this. You should call and discuss all of your options with the home warranty representative and have the costs paid at close.
- Have your Homeowner's Insurance Binder with the declaration page for the closing day (you may pay for 1 year up front and have it paid for at close which may be covered by seller paid fees).

It's Time to Close on the Purchase of Your Property

- Call 3 or 4 days in advance to have the utilities changed over into your name for the day of closing and/or the possession date.
- Go to close on your home and loan. Get the Keys and GO HOME! Congratulations on your New Home!
- Contact the Moving Company, Change Postal addresses, set up the garbage collection and transfer the utilities into your name. HOME FREE!!!



Consider dual agency (the use of one real estate agent or company on the property sale), the company's dual agency policies and be careful even if you know the realtor or they offer special promises or concessions to you. It will be hard to negotiate a deal with the seller with the seller's agent who knows all of the seller's secrets and information and is also representing you but is not required to share that with you rather is likely required not to disclose information. When the buyers first tour a property where there is a seller's agent and the buyers do not inform him that they have a buyer's agent representing them then that agent can argue that he is the procuring cause of the sale and so he gets both side of the commission but really represents the seller only.

Typically, the seller's agent has no fiduciary duty to the buyer rather only to the seller and this means a higher price for the seller which will get him more commissions. You need an advocate, your own buyer's agent, who can dig up and uncover details to help you negotiate the price and look out for you in all aspects of the deal.

You will want to have a representative (a buyer's agent) that has your best interest in mind, who has a legal and binding fiduciary duty to you. According to the realtor code of ethics legally the buyer's agent has a fiduciary duty to the buyer unless he is a dual agent (who is the seller's agent but is also representing the buyer or the buyer may have no representation at all). The dual agent/seller's agent does not need to adhere to this if the dual agency agreement is signed by the buyer agreeing to it.

Having a buyer's agent, who is not also the seller's agent, will give you an advocate who will do their due diligence to do research and discovery of the property details, issues and your options in each step of the deal and at each stage of the process.

Purchase Process Issues the Buyer's Agent Will Help You With:

- Collect property information and details to help the deal, the purchase price and negotiations; Auditor property details and restrictions, bylaws and condo's by laws or association information, the seller's Mortgage amount, how much they may currently owe and what they bought it for, and Comparable properties that have recently sold create the property value or market value and purchase details . . . review and discuss
- Disclose, and discuss all information collected as well as the seller's property disclosures and how to require further information or actions by the seller and how to handle each issue to your advantage.
- The home inspection and how to negotiate replacements and repairs and gain information and documentation on flagged items,
- The title work will show liens, encumbrances and clouds that will need to be paid and/or released before purchase or may require further information and actions

- The survey may show easements, or encroachments that will need to be further addressed or legally disputed or released but if there are no issues the lender can just get you survey coverage which is an insurance in case issues arise in the future
- Include special concessions and loopholes in the contract that will offer you ways to be released from the contract
- Show buyer estimated monthly payment with all fees included; loan principle and interest, taxes, insurance (PITI) and Mortgage Insurance and discuss types of financing, possible grants and down payment assistance and mortgage insurance (MI) (FHA MI is up front and stays for the life of the loan, conventional MI falls off at 80% if proven or when equity is lower than 78% LTV).
- Fill out buyer closing fee form and discuss
- Provide purchase process check list and discuss what lender, agent, seller and buyer are responsible for.
- Review and help buyer with Home Warranty Decisions
- Review Insurance homeowner or condo interior/ personal property coverage
- Ask Key questions and provide details and items to aid in purchase decisions, negotiations, and documentation throughout the purchase process; attorney, title company, inspections, appraisal, title work, survey, gift funds, down payment, . . . and desired payment.
- Numerous other items throughout the purchase process require for you to have someone to work closely with you to be certain that you are getting the best deal and have all present and future issues taken care of in the purchase contract and/or in contract addendums.

You need a Buyer's Agent, an advocate on your side who has a fiduciary duty to look out for you.



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