

THE BUYING PROCESS
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Are you ready to be a new homeowner? Or are you moving up in size? Or moving down? Maybe a second home, or an investment property? Regardless of your reasons, the process is basically the same, and I've outlined it for you below. Remember one thing...no matter where we are in the process, if for any reason you don't understand what is going on, if you have a question, if you feel the need to hit the panic button, or just need to hear a calming voice...please call me! Throughout this buying process, I hope you will consider me your tour guide, investment counselor, confidant, mentor, friend, and most of all, your professional advisor. It's what I do. It's what I've done for nearly 20 years. And because every year over 90% of my sales are direct referrals, I believe I've done so very successfully. So strap in. here we go:

1) The First Steps You Need to Take

Before seeing a single house, talk with a mortgage lender. Find out your purchasing capabilities. Get a lender to guide you through the financing aspects of your purchase. I'm a very good Realtor, but I'm not a mortgage expert. Just as crucial in this house hunting process is having a very good lender in your corner. Money talks, and going into a real estate transaction having already been pre-qualified - or better yet - having been pre-approved by a lender, will provide you with not only the knowledge of your buying power and limitations, but will provide you with the leverage in negotiations that you need to get the best price and terms on the house of your choice. Once you have received that pre-qualification or pre-approval letter from the lender please, please, please do not purchase anything that requires financing of any kind. It takes very little to alter credit scores, etc., so don't buy anything without asking your lender first. That includes opening or closing credit cards, automobiles, lines of credit...anything! Always ask the lender before doing anything! Make sure your lender provides you with a Good Faith Estimate of Closing Costs, too. This GFE is the lender's estimate of the various fees and expenses you will incur in getting your mortgage. Lenders are now required to be within about 10% of their GFE once we get to the closing, or the lender must pay the difference. Since the government enacted that law, the lenders have gotten very good at their GFE estimates!

2) When You And I Start Working Together

When you and I first start working together, I will ask you to sign a Buyer Agency Agreement. In fact throughout the process you will be signing many documents. Rule one is that you should get a copy of absolutely everything you sign. From me, from your lender, from your insurance carrier, from your movers. Always, always, always get everything in writing, and get a copy of it! The Buyer Agency Agreement allows me to work on your behalf, seeking the best price and terms available for you, rather than on behalf of the sellers of houses we may see. I will then ask you what it is you want in your new house. Things you want, things you'd just like to have, things that are an absolute necessity. The answers and information you provide to me will dictate the search criteria I use in searching the MLS, which of course will dictate the results we get. Realistically, if the information you provide to me is really accurate, and what you really do want to have, we should find you the property you want within the first 6-8 homes we visit. So be accurate, and be specific in the criteria you give me! If you can offer me that, I'll find you the house you want!

Next, be realistic! I will tell you now that it is highly unlikely that we will find a house that offers absolutely every single thing you want. But, because we are being realistic, if we can find a property that offers over 90% of what you want, and the other 10% is attainable (such as changing colors, carpet, adding a fence, etc.) I'll probably suggest you seriously consider it. But the decision is yours. Just remember the old adage that in real estate is absolutely untrue: the grass is always greener in the next pasture. In real estate, what usually happens when a buyer has that mindset is that although we find a house that is a really good fit – fits the search criteria, has the amenities, and addresses most of the wants and needs - the buyer decides to “look around a little more”. Unfortunately, nine times out of ten, that house sells out from under the buyer while that buyer is “looking around a little more”. Almost without fail, the buyer finds themselves regretting their procrastination, and it is often hard to find another house that is as good a fit as the one they initially passed up on. Remember, if you like it, someone else probably will, too, and they may not hesitate to buy it! Don't hesitate to pull the purchase trigger if we find “it”!

3) Once We Find The House of Your Choice

Once we have found the house you will be making an offer on, before anything else is done, I will run “comps” on the property to determine the probable fair market value. This is done by comparing the property to others similar to it in the nearby areas that have sold, are actively on the market, or are under contract but not yet closed. With that information to assist us, we will be able to structure an offer that will hopefully secure the house for you at the best price and terms you find acceptable. We will discuss the various aspects of the offer including, of course, the price we are going to offer, but also such things as the type of loan you will be getting, the amount of your down payment, the amount of seller-paid closing costs you want to request (if any), any personal property you want to ask for, the date you want to close, and a myriad of other variables involved in the contract process. One of the most crucial aspects of the Offer to Purchase and Contract is the Due Diligence Fee and Due Diligence Period. The Due Diligence Fee is an amount you will give to the seller that will “buy” you the time necessary to complete all inspections, get your loan approved, and have the appraisal done, etc., better known as the Due Diligence Period. Everything we need to do on our end of the transaction must be arranged and completed within that 30-45 day Due Diligence Period. The Due Diligence Fee you will give the seller will go towards the purchase price, but the seller gets to keep that fee amount no matter what, even if you decide to withdraw from the purchase. In addition to the DD Fee, you will provide Earnest Money towards the purchase of the property as well. This is usually a check that is made out to the listing firm, and is an amount that will also go towards the purchase price, unless you withdraw from the contract before the expiration of the Due Diligence Period. If after home inspections you decide that it is not the house for you, or if your lender determines you will not qualify for the loan - or believe it or not for no reason at all - you may withdraw from the contract and get all of your Earnest Money returned to you, provided you do so by 5pm of the end of the Due Diligence Period. Again, the Due Diligence Fee remains with the seller, but the Earnest Money is returned to you if you withdraw by 5pm of the Due Diligence Period date. The amount of Due Diligence Fee and Earnest Money depends on the fair market value of the house, and I will help you in determining those amounts based upon those values once we have established which house you want to buy.

4) Once We Are Under Contract

Everything that is our responsibility in the transaction begins now. This is YOUR Due Diligence Period! Your mortgage process, your inspections,

visiting your schools if you wish, getting estimates from your contractors, identifying the unknowns of the house, etc., all will be done now, during the Due Diligence Period. We will arrange for a closing attorney to handle the closing, and a home inspector, a termite/pest inspector, and any other inspectors, engineers or experts needed to assess the overall condition of the home. It is important for you to know that the inspectors WILL find things associated with the house that will need to be addressed. No home is perfect, even a new construction house. Every home needs attention, maintenance and care. Because of that, there are always things that need attention, and the inspectors are charged with finding them. Because the inspections may find issues with the house, don't panic, and don't let it scare you out of the purchase! It does NOT mean the house is a piece of junk or unworthy of your purchase. It just means something is broken, and needs to be repaired. In fact sometimes, it turns out to be a good thing! What if the inspections show the gas furnace is no longer working? By the time we negotiate with the seller for the repair, you may find you'll soon have a house with a brand new heating system in it. So, don't be afraid, be pragmatic!

If you have a specific attorney or inspectors you wish to use, that is great! I will coordinate all of the times and days for the closing and inspections based on the times you and the vendors have available. It is usually easiest if you allow me to make all of the appointments. As your Realtor, I act as the coordinator for all of the moving parts of the transaction. If you do not have a specific vendors you wish to use and you would like some ideas or recommendations from me based on my experiences, I will be glad to offer some suggestions for professionals I have found to be excellent. But the decision of who to use is yours and yours alone. Either way, I strongly urge you to have inspections done. The fees to these inspectors are nominal in comparison to some repair costs. Wouldn't it be worth it to you to spend \$500 in inspections in order to find what could be \$5,000 in needed repairs? Even if little or nothing is found, isn't it worth the peace of mind knowing the house you are buying? Usually I can arrange for their fees to be paid at the closing, but either way they must be must paid whether you buy or not. However, I can't stress to you strongly enough that these amounts will be some of the best monies you will spend in your property purchase. After the inspections are completed, we will receive written reports from the inspectors. Based upon these reports, we will determine what issues there may be with the property that needs to be repaired or replaced. Typically, whatever problems found by these inspectors that need to be repaired, we will ask the seller to do so using a special repair request form that all parties

will sign when an agreement is reached. The seller can agree to fix some or all of the problems, refuse to fix them, or sometimes the seller will offer a monetary amount to you in exchange for completing the repairs. Regardless of their answer, you have the right to accept their response as is, continue to negotiate repairs the seller may not have agreed to do initially, or you can withdraw from the contract (provided the Due Diligence Period has not expired).

5) Preparing For Closing

Once we have passed the hurdles of inspections, loan approval, repairs, etc., we will begin to prepare for the closing. All last minute items necessary for the loan will be needed, such as a Loss Payee Sheet and the Mortgagee Clause for your mortgage. What all that big and impressive verbiage means is that I need to know who will be handling your homeowners insurance so I can coordinate that between your lender, the insurance agent and the closing attorney. My first suggestion is to contact your auto insurance company. Most insurance companies offer discounts if they carry both your home and your auto policies. If not, I can easily give you the names and numbers of agents in our area that represent most of the major insurance companies. I will also provide you with the contact information for the various utility companies that provide service to the property. Unfortunately, the utility providers will no longer allow me to arrange their services for you. You will need to do that a couple of weeks before the closing, and have them put in your name effective the date of the closing. You will also need to arrange for movers (if you are going to use them), and any storage needs etc. if that becomes necessary. These and several loose ends always pop up towards the end of a transaction, so don't be alarmed if I call you and say "please do this and this and please do it quickly" Occasionally last minute details come up with the lender as well, so they may need a letter of explanation, or a check stub or additional documents, etc. Don't sweat it...it's normal!

Once all is done, we will plan for the closing. Closings take about an hour to an hour and one half, so plan accordingly. Once your lender sends your loan package to the closing attorney, the attorney will prepare what is called a HUD-1 Settlement Statement a day or so before the closing. The HUD-1 specifies down to the penny exactly where all monies come from, and where they go for both you and the seller. This includes the exact amount that you will need to bring to the closing to complete your purchase. That amount

will usually consist of whatever down payment you are providing, as well as any additional closing costs or “pre-pays” (costs for pre-paying insurance, taxes, etc. required by the lender or state law) that you will need to include. Once I receive the HUD-1, I will review it completely to make sure it is exactly as the contract specifies, with all charges and expenses within tolerable limits. I will then send it to you, review it with you, answer any of your questions, and make sure it compares to what you discussed with your lender. Provided no changes are necessary, you can get your check and prepare to attend closing. One very important note: All money that goes to the closing attorney from buyer or seller MUST be in the form of a certified or bank check, or a cashiers check., so when you get your money to bring to closing, get certified funds of some kind! At the closing, the first thing the closing attorney will do is ask for your driver’s license to photocopy. Don’t worry about the photo on it. The attorney doesn’t care! Including a copy of your license is federal law under the guidelines of the Dept. of Homeland Security. Thereafter, the attorney will review the HUD-1 with you one final time, answer any questions you have, or offer explanations on how the pro-rations are done. The attorney will then go over the loan documents with you, and have you sign and/or initial each document as needed. Again, if you don’t understand any part of the documents or the closing, ask the attorney! He or she is working for you, and is charged with helping you understand the meanings of the documents. Once all the loan documents are completed, the attorney will provide you with a copy of each and every document you signed. This may be in the form of paper copies, or they may be burned onto a disc. The attorney must then wait for your loan to be “funded” by the lender. This means the lender has actually wired the mortgage monies into the attorney’s trust account. Once that is done, the attorney will record the deed at the courthouse, and can thereafter release the keys for the house to you. The attorney is NOT allowed to release the keys to you until the new deed is recorded. Sometimes this can take a few hours after the closing, so if your moving van with your furniture is at the curb of your new house waiting to meet you, they may have a several hour wait! Keep that in mind as you plan your move, or even your own access into the house!

6) A Note In Closing (no pun intended)

I can not emphasize enough that if at any point, with any person (including me!), any contractor, and any process you have questions, don’t hesitate to ask them. There is absolutely no part of a transaction that can take place without a buyer, so you play a heavy role in the whole ball of wax! It can’t

happen without you, so keep in mind you will ALWAYS have an element of control in the process.

I look forward to working with you, and hope throughout the process you will always know, I'm in YOUR corner!