

WG

# Relocation Guide

WG

*the* WETHMAN GROUP  
*real estate professionals*

**direct:** 703.636.7334

**office:** 703.636.7300

**fax:** 866.562.5042

**email:** [admin@wethmangroup.com](mailto:admin@wethmangroup.com)

[www.WethmanGroup.com](http://www.WethmanGroup.com)

6820 Elm St | Suite 100 | McLean, VA 22101

  
**KELLER  
WILLIAMS®**  
REALTY

Each office is independently  
owned and operated.

# WELCOME!

You are about to embark on the exciting journey of finding your ideal home. Whether it is your first home or your tenth home, a retirement home, or an investment property, we will make your home-buying experience fun and exciting.

We can help you find the ideal home with the least amount of hassle, and we're devoted to using our expertise and the full resources of our office to achieve these results!

Purchasing a home is a very important decision and a big undertaking in your life. In fact, most people choose only a few homes in their lifetime. We are going to make sure that you are well equipped and armed with up-to-date information for your big decision. We are prepared to guide you through every phase of the home-buying process.

In our experience, a home isn't a dream home because of its room dimensions. It's about how you feel when you walk through the front door. And the way you can instantly envision your life unfolding there. This is about more than real estate. It's about your life and your dreams.

We understand you are looking for a new home. And we want to be the real estate professionals to help you. We work with each client individually, taking the time to understand unique needs and lifestyles, and we want to do the same for you.

We love matching our clients with the home they have always imagined. It's incredibly fulfilling to know we are helping them open a new chapter of their lives. That's why we work so hard to not only find that perfect home, but also to handle every last detail of the purchase process, from negotiating the terms of sale to recommending moving companies.

This booklet contains helpful information for home buyers, including an overview of the entire purchase process, answers to frequently asked questions, and worksheets to help us discover the home and neighborhood characteristics most important to you. It also gives you helpful information during and after your transaction.

So let's take an exciting journey together! We look forward to meeting your real estate needs every step of the way!

We appreciate the opportunity to earn your business.

Best regards,



*Katie Wethman*

The Wethman Group at Keller Williams Realty

# TABLE OF CONTENTS

Your Information.....	4
Working With the Wethman Group.....	5
• About the Wethman Group	
• About Katie	
• Client Testimonials	
• Understanding Agency	
• Compensation & Fees	
• The Home-Buying Process	
• Taking the Stress Out of Home Buying	
Financing & Mortgages.....	15
• Pre-Approval	
• The Mortgage Process	
• Lender Checklists	
• Credit Scores	
• Common Closing Costs	
The Home Search.....	21
• “Must Have” vs. “Nice to Have”	
• House Priorities	
• The Search Process	
• Tools for Buying	
• Frequently Asked Questions	
Co-ops.....	26
Short Sales.....	27
Contract to Close.....	28
• Writing the Offer	
• Home Inspections & Other Contingencies	
• More About Home Inspections	
• Property Insurance (aka Hazard Insurance)	
• Title Insurance & Home Warranties	
• Closing (aka Settlement)	
Next Steps.....	34
Appendices.....	35
• Recommended Lenders & Vendors	
• Moving Checklist	
• Packing Like a Pro	
• Helping Children With a Move	
• Moving with Pets	
• About the Area	
• The Sales Contract	
• Buyer-Broker Agreements	



# YOUR INFORMATION

## BUYER #1

## BUYER #2

Legal Name: \_\_\_\_\_  
Nickname: \_\_\_\_\_  
Birth Date: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Home Fax: \_\_\_\_\_  
Office Phone: \_\_\_\_\_  
Office Fax: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_  
Email Address: \_\_\_\_\_  
Current Address: \_\_\_\_\_  
Hobbies/Interests: \_\_\_\_\_  
Children's Names: \_\_\_\_\_  
Children's Hobbies/Interests: \_\_\_\_\_  
Pet Names/Types: \_\_\_\_\_  
Lender Name & Contact Info: \_\_\_\_\_  
Financing Type (Conventional, FHA, or VA) & Down Payment Amount: \_\_\_\_\_

## GENERAL INFO ABOUT YOUR IDEAL HOME:

Timeframe for move: \_\_\_\_\_  
Preferred area/location: \_\_\_\_\_  
Type of Property: (House, Townhouse, Condo [Garden, Mid- or High-Rise]): \_\_\_\_\_  
Price Range: \_\_\_\_\_  
Minimum # Bedrooms: \_\_\_\_\_ Minimum # Baths: Full: \_\_\_\_\_ Half: \_\_\_\_\_  
Must Haves: \_\_\_\_\_  
\_\_\_\_\_

Schools: \_\_\_\_\_

**\*\*\*Please return this page to the Wethman Group\*\*\***

# ABOUT THE WETHMAN GROUP



## **KATIE WETHMAN, CPA, MBA, REALTOR® LICENSED IN VA, DC, MD**

Katie grew up in southern New Jersey, just outside of Philadelphia, PA. She graduated *summa cum laude* from James Madison University with a double major in Accounting and Finance. She is a member of the National Association of Realtors, the Virginia Association of Realtors, and the Northern Virginia Association of Realtors. She currently serves on the Advisory Board of MRIS, the region's multiple listing service, and previously served on the Board of Directors of the Northern Virginia Association of Realtors (NVAR). She's now a full-time, full-service Realtor with a practice focused on assisting clients with residential and investment transactions, with a particular specialty in working with first-time buyers and sellers.

Katie's consultative approach has been invaluable to many clients, and she works to make every client a lifelong relationship by providing advice and resources before, during, and after the transaction. Maintaining a relationship is what keeps her happy clients sending their friends and family members who expect similar high-quality service.

Katie is currently licensed in Virginia, DC, and Maryland.



## **KENNY GARFINKEL, REALTOR®**

Kenny was born in Washington, DC, and has lived in the District, Maryland and Virginia ("The DMV") his entire life. After attending the University of Maryland at College Park, he owned and operated a school-age child care center. He entered the next phase of his career when he became a sales rep for ADC Map in 2003 and was awarded "ADC Sales Rep of the Year." In 2008, he became a top Account Executive for Ricoh USA, a Fortune 500 company. All of his vast local knowledge and experience, both professionally and socially, have more than prepared him for the career he has always dreamed of in real estate! His goal is always the same: Find out everything there is to know about each client's needs, and then use his knowledge and the skills to find a home that fits each client's unique situation.

Kenny is currently licensed in Virginia, DC and Maryland



## **Nikolai Goranov, REALTOR®**

Originally from Bulgaria, Nikolai first moved to the US to obtain his undergraduate degree at the University of Virginia. After graduation, he had a hard time saying good-bye, so he did conference planning for the school. Eventually he moved back to Bulgaria and worked at PricewaterhouseCoopers. Nikolai started his real estate career in 2006, working for a developer on the Black Sea coast. While selling beach resort properties was fun, he wanted to get more education, so in 2009 he started the MBA program at Manchester Business School in the UK. After Nikolai graduated with high honors, he moved back to the US. In 2012, he began leasing furnished rental properties (also known as corporate housing) in the DC area. Nostalgia quickly crept in, however, and he returned to a full-time Realtor position in early 2013.

Nikolai is currently licensed in Virginia, DC and Maryland.

# ABOUT THE WETHMAN GROUP



## **KELLY CHEN ANDRES, REALTOR®**

Kelly has lived in Northern Virginia since 2006. She graduated from Cornell University with a double major in Economics and History and obtained a Master's in Education from Stanford University. Before starting her real estate career, Kelly taught at T.C. Williams High School in Alexandria and worked as a web developer at the George Washington University. In 2009, Kelly began to invest in real estate and currently co-owns over 10 rental units in the DC metro area. As an agent with the Wethman Group, Kelly helps clients find their best home and investment options. She is fluent in English and Portuguese, and conversant in Spanish and Taiwanese. In her spare time, she enjoys developing websites, playing tennis, biking, and spending time with friends and family.

Kelly is currently licensed in Virginia, DC, and Maryland.



## **SARAH CEVALLOS, REALTOR®**

Proud to call herself a Northern Virginia Native, Sarah Cevallos has dedicated her life to helping others. She attended Villanova University to receive her Bachelor of Science in Nursing and is a Lieutenant in the US Navy. During her professional career she has worked as an obstetric nurse, nurse recruiter, manpower analyst, and most recently helping others find their dream homes in Northern Virginia. In February 2013, Sarah won the title of Ms. Maryland United States 2013 and raised awareness for Wounded Warriors and Homeless Female Veterans. She has worked with several charitable organizations such as Wounded Warrior Project, Armed Forces Foundation, Final Salute, and Operation Renewed Hope Foundation. Currently, Sarah and her husband Hector are homeowners in Arlington, VA and live with their dog, Jax.

Sarah is currently licensed in Virginia.



## **BETH BLINDSTRUB, REALTOR®**

Beth grew up in Ohio, but moved to Virginia after high school. Beth graduated from James Madison University with a major in Marketing and a minor in Economics. Following college, Beth moved to the Washington, DC, area and now has resided in the area since 2003. She enjoys helping the Wethman Group's clients with their homebuying experiences.

Beth is currently licensed in Virginia.

# ABOUT THE WETHMAN GROUP

## **BRIDGET HODGE, LISTING MANAGER**



Bridget grew up in a military family and settled in Fairfax, VA in 1992. Real estate was a constant part of her life, through rental properties, renovations and investments, so working as a Realtor is a seamless transition. Bridget received her bachelor's degree in English Literature from Roanoke College and her master's degree in Real Estate & Finance from Georgetown University. Prior to working in residential real estate she worked for Kaiser Permanente, L-3 Communications, and Jones Lang LaSalle. Bridget also worked as a Listing Agent for a large residential team in Fairfax, VA and successfully sold over 68 homes from 2008-2011, generating more than \$44 million to overall team sales. As the Listings Manager, she offers valuable insight and expertise on the home sale process, and provides exceptional care to every client. Bridget is a member of the National Association of Realtors, the Virginia Association of Realtors, and the Northern Virginia Association of Realtors

Bridget is currently licensed in Virginia, DC and Maryland.

## **MICHELLE DIZON, TRANSACTION COORDINATOR**



Michelle is both an experienced career woman and a loving mother, who has a BA in Communication Management. She is the Transaction Coordinator at The Wethman Group and possesses extensive training and experience as a Senior Support Professional as well as Transaction Coordination through her previous career endeavors.

# ABOUT KATIE

## EXPERIENCE & EXPERTISE

- Partner, Keller Williams McLean office
- Director, Metropolitan Regional Information Systems (MRIS) Board of Directors
- Over 160 transactions in 36 months with more than \$74 million in sales
- Speaker, "I Did It My Way. How Top Producers Found Success" NVAR Conference 2012
- Frequent lecturer at First-Time Home Buyer and First-Time Home Seller programs.
- Frequently interviewed and featured as a real estate expert:
  - ◆ Interest.com: In "8 Smart Moves to Boost Your Curb Appeal," Katie discusses the most important thing a homeowner should focus on is the entryway. (May 22, 2013)
  - ◆ The Washington Post: Katie was featured in "DC Area Homebuyers Find That Competition in the \$500,000 Price Range Can Be Fierce," (April 19, 2013)
  - ◆ Express: In "Safety Nets for Novices," Katie discusses structuring the sales contract to benefit buyers in case issues arise during the transaction. (June 2009)

## EDUCATION

- Certified Public Accountant
- BBA in Accounting and Finance, James Madison University
  - ◆ Coursework in Real Estate
- MBA Darden Graduate School of Business, University of Virginia
  - ◆ Coursework in Negotiation, Finance

## PREVIOUS WORK EXPERIENCE

- Director, Freddie Mac (Federal Home Loan Mortgage Corporation)
- Practice Manager, Corporate Executive Board
- Manager, Deloitte Consulting
- Certified Public Accountant, Arthur Andersen, Mortgage Banking Division

# ABOUT KATIE



Collaborating Agents Deliver the Inside Edge

## Become a Member of Top Agent Network

Request Membership



### All the information. No meetings.

Get the non-MLS information you need without spending precious time at networking meetings.



### Exclusive & trusted exchange.

Only the top 10% of agents in your market qualify for membership. Through TAN's secure system, member agents help each other with: Pre/Non-MLS Listings, Motivated Buyer Needs, and Service Provider Recommendations.



### Attract and keep clients.

TAN's marketing program highlights your success and inside knowledge, driving home buyers and sellers to you.

Personalized marketing tools set you apart on your website, advertisements and in client presentations.

*Verified Members*



Where verified top producers collaborate and prosper.

This certifies that

## Wethman Group

are verified, highest-producing real estate agents and members in good standing, capable through TAN of providing clients with exclusive, local non-MLS real estate information.

David A. Faudman  
Founder and CEO, Top Agent Network, Inc.

Verify membership at [TopAgentNetwork.com](http://TopAgentNetwork.com)

WG

the WETHMAN GROUP  
*real estate professionals*

# CLIENT TESTIMONIALS

"I would give Katie the very highest recommendation. As first-time home buyers, my wife Tina and I were pretty ignorant about the entire process. Katie made absolutely everything easy for us. She skillfully anticipated where we would need help and information, providing both detailed written materials and live coaching, and she answered every one of our questions thoroughly and helpfully. Katie listened carefully to us, quickly learning our needs and preferences in searching for a home, and fine-tuned our search process expertly. She was extremely flexible, cheerfully working with our schedules and our changing priorities, and she went well above and beyond an expected level of service in many instances. Katie recommended other professionals (mortgage broker, home inspectors, etc.) whose work — and ability to deal with first-time home buyers — was similarly superlative. Through all of this, Katie was a complete joy to work with — the sort of person with whom you almost look forward to filling out stacks of paperwork. And in the end, you can't argue with results. We now own a house we love living in more every day, and we still feel like we got a great deal on it. Thanks, Katie!"

**MIKE C. & TINA D.**

**FIRST-TIME TOWNHOUSE BUYERS**

"We wanted to thank you for your guidance and tremendous service during our condo buying process. Given the issues with FHA and our lender situation, this process had a lot more twists and turns than we ever imagined. But at the same time, we were reassured that your innovative solutions and attention to detail would get us through and it did! Honestly, as we told you, before attending your home-buying seminar and leveraging your expertise during our condo purchase, our opinion of realtors was not the highest. However, after working with you, that has changed. We really appreciated your vast array of knowledge as well as your super prompt response to what at times were our incessant questions... We had no idea how stressful this process could be and honestly, we could not have done this without you. Thanks, Katie!"

**KATHY H. & BRYAN W.**

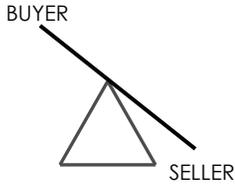
**NORTH ARLINGTON CONDO FIRST-TIME HOME BUYERS**

"Katie is a wonderful realtor. Not only does she know the area exceedingly well, but she learned our preferences to ensure that she was giving us the best service possible. Our house search lasted multiple years, and throughout Katie was patient and available when we needed her. When we finally found a house, Katie answered all our questions and helped us cope with what became a stressful and unusual negotiation period. We would not hesitate to work with her again, and highly recommend her to anyone."

**KIM & MATT**

**FIRST-TIME HOME BUYERS**

# UNDERSTANDING AGENCY

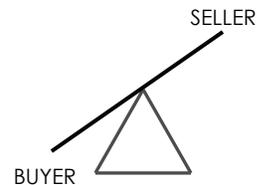


## SELLER AGENCY (SINGLE AGENCY)

- Agent represents the best interests of the seller
- Agent owes the seller fiduciary duties
- Agent must give the buyer all material facts so that the buyer can make an educated decision

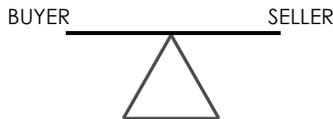
## BUYER AGENCY (SINGLE AGENCY)

- Agent represents the best interests of the buyer
- Agent owes the buyer fiduciary duties
- Agent must give the seller all material facts so that the seller can make an educated decision



## TRANSACTION BROKER (DUAL AGENCY)

- Agent represents the buyer and seller equally
- Agent's objective is to get a mutually satisfactory agreement among all parties
- Agent gives all options to the buyer and the seller
- Depending on the local market, all parties may be present at contract presentation to negotiate on their own behalf
- All parties have confidentiality. Agent may do nothing to the detriment of either the buyer or the seller
- Both the buyer and seller have a right to counsel. Before making any decisions, both parties have the right to seek family, religious, legal, or financial counsel.



**In all relationships, the Agent has a duty to act honestly with both the buyer and the seller.**

# COMPENSATION & FEES

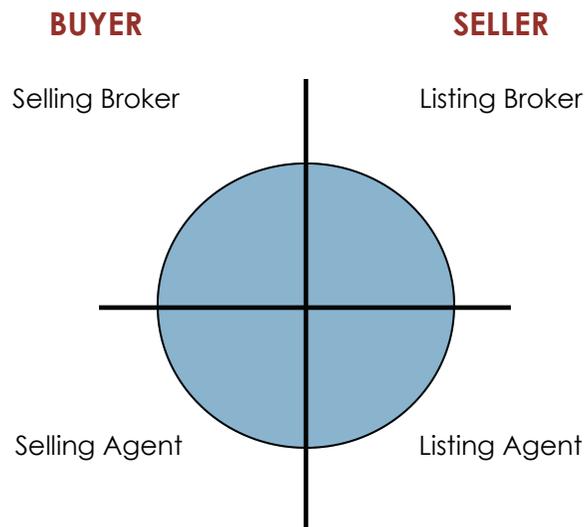
## HOW BUYER AGENTS GET PAID

Buyer Agents are paid by the Seller's Broker. Let's say a Seller hires Long & Foster to sell their home. When Long & Foster places that property for sale in the Multiple Listing Service, they also agree to pay the Buyer's Broker (e.g., Keller Williams) a certain level of compensation if they bring the Buyer to the transaction. Individual real estate agents have contracts with brokers that then further determine how much of that compensation they're entitled to in exchange for managing the transaction.

If a buyer is unrepresented, then the Listing Broker (Long & Foster, in our example) keeps any "excess" compensation.

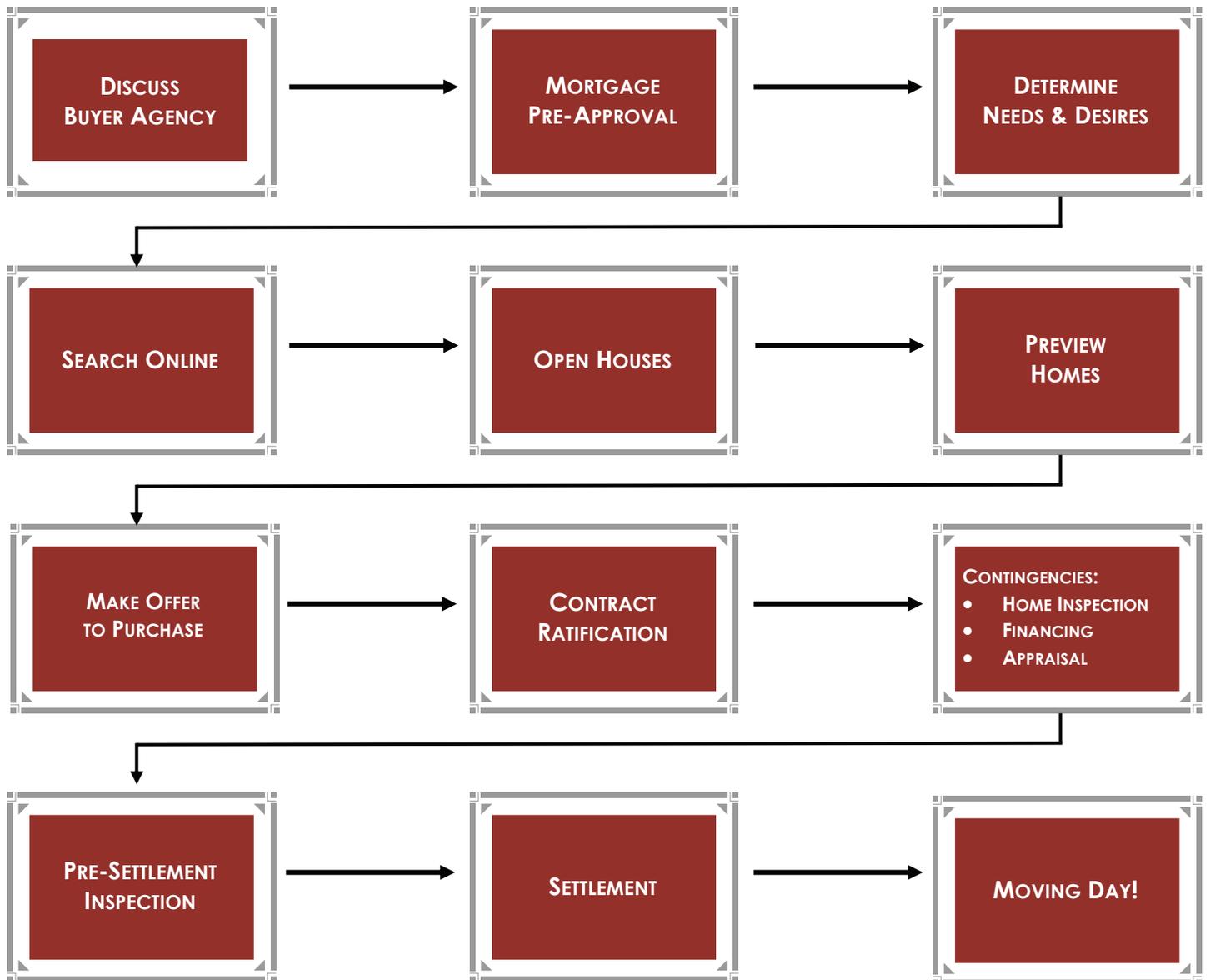
## TRANSACTION FEES

Many local brokerages charge an extra fee, sometimes called a "Transaction Fee" or "Broker Fee." We believe those are junk fees designed to get just a few more dollars out of clients, and we don't charge them. Ever.



# THE HOME-BUYING PROCESS

Buying a home is more than just finding a house you like and submitting an offer. Looking at homes and writing a contract is just the beginning. At the Wethman Group, we pride ourselves on the high level of service we provide. We will guide you through the entire process, oversee the details, and get you into the home of your dreams.



# TAKING THE STRESS OUT OF HOME BUYING

Buying a home should be fun, not stressful. As you look for your dream home, use these tips for making the process as peaceful as possible.

1. Find a real estate agent with whom you connect. Buying a home is a big financial commitment, and also an emotional one. It's critical that the REALTOR® you chose is both highly skilled and a good fit with your personality.
2. Remember, there's no "right" time to buy, just as there's no perfect time to sell. If you find a home now, don't try to second-guess interest rates or the housing market by waiting longer — you risk losing out on the home of your dreams. The housing market usually doesn't change fast enough to make much difference in price, and a good home won't stay on the market long.
3. Don't ask for too many opinions. It's natural to want reassurance for such a big decision, but too many ideas from too many people will make it harder to make a decision. Focus on the wants and needs of your immediate family — the people who will be living in the home.
4. Accept that no house is perfect. If it's in the right location, the yard may be smaller than you had hoped. The kitchen may be perfect, but the roof needs repair. Make a list of your top priorities and focus on the things that are most important to you. Let the minor ones go.
5. Don't try to be a killer negotiator. Negotiation is definitely a part of the home-buying process, but trying to "win" by getting an extra-low price or by refusing to budge on your offer may cost you the home you love. Negotiation is give and take.
6. Remember your home doesn't exist in a vacuum. Don't get so caught up in the physical aspects of the house — room size, kitchen, etc. — that you forget about important issues, such as noise level, location to amenities, and other aspects that have an impact on your quality of life.
7. Plan ahead. Don't wait until you've found a home and made an offer to get approved for a mortgage, investigate home insurance, and consider a schedule for moving. Presenting an offer contingent on a lot of unresolved issues will make your bid less attractive.
8. Factor in maintenance and repair costs in your post-home-buying budget. Even if you buy a new home, there will be costs. Don't leave yourself short and let your home deteriorate.
9. Accept that a little buyer's remorse is inevitable and will probably pass. Buying a home, especially for the first time, is a big financial commitment. But it also yields big benefits. Don't lose sight of why you wanted to buy a home and what made you fall in love with the property you purchased.
10. Choose a home first because you love it — then think about appreciation. While U.S. homes have appreciated an average of 5.4% annually from 1998 to 2002, a home's most important role is to serve as a comfortable, safe place to live.



# FINANCING & MORTGAGES

## PRE-APPROVAL

Many buyers apply for a loan and obtain a pre-approval before they find the home they want to buy. Why?

Pre-qualifying will help you in the following ways:

- You will know in advance exactly what your payments will be on offers you choose to make.
- You won't waste time considering homes you cannot afford.
- A seller may choose to make concessions if they know that your financing is secured. You are like a cash buyer, and this may make your offer more competitive.
- You can select the best loan package without being under pressure.

### HOW MUCH HOME CAN YOU AFFORD?

There are three key factors to consider:

1. The down payment
2. Your ability to qualify for a mortgage
3. The closing costs associated with your transaction

### DOWN PAYMENT REQUIREMENTS:

Most loans require a down payment of 3.5% to 5.0% depending on the type and terms of the loan. If you are able to come up with a 20% to 25% down payment, you may be eligible to take advantage of special fast-track programs and eliminate mortgage insurance.

### CLOSING COSTS:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range from 2% to 3% of your mortgage loan.

### QUALIFYING FOR THE MORTGAGE:

Most lenders require that your monthly payment range from 25% to 28% of your gross monthly income. Your mortgage payment to the lender includes the following items:

- The principal on the loan (P)
- The interest on the loan (I)
- Property taxes (T)
- Homeowner's insurance (I)

Should range from 33% to 38%.

These key factors determine your ability to secure a home loan:

- Credit Report
- Assets
- Income
- Property Value

# FINANCING & MORTGAGES

## THE MORTGAGE PROCESS

### 1. FINANCIAL PRE-QUALIFICATION OR PRE-APPROVAL

- Application & interview
- Buyer provides pertinent documentation, including verification of employment
- Credit report is requested
- Appraisal scheduled for current home owned, if any

### \* HOME SEARCH PROCESS OCCURS\*

### 2. UNDERWRITING

- Loan package is submitted to underwriter for approval

### 3. LOAN APPROVAL

- Parties are notified of approval
- Loan documents are completed and sent to title company

### 4. TITLE COMPANY

- Title exam, insurance, and title survey conducted
- Borrowers come in for final signatures (or at settlement)

### 5. FUNDING

- Lender reviews the loan package
- Funds are transferred by wire

#### THE 10 COMMANDMENTS WHEN APPLYING FOR A MORTGAGE

1. Thou shalt not change jobs, become self-employed, or quit your job.
2. Thou shalt not buy a car, truck, or van (or you may be living in it)!
3. Thou shalt not use charge cards excessively or let your accounts fall behind.
4. Thou shalt not spend money you have set aside for closing.
5. Thou shalt not omit debts or liabilities from your loan application.
6. Thou shalt not buy furniture.
7. Thou shalt not originate any inquiries into your credit.
8. Thou shalt not make large deposits without first checking with your loan officer.
9. Thou shalt not change bank accounts.
10. Thou shalt not co-sign a loan for anyone.



# FINANCING & MORTGAGES

## LOAN TYPES

	<b>FHA</b>	<b>CONVENTIONAL 5%-15% DOWN</b>	<b>CONVENTIONAL 20% DOWN</b>
<b>Down Payment</b>	3.5%	5%-15%	20%
<b>Mortgage Insurance</b>	Yes. (Highest fees and continues through life of loan)	Yes. Can eliminate once equity reaches 22% through combination of payments and appreciation	None
<b>Condo Owner-Occupancy Rate Required</b>	>50% Other rules also apply	>70%	No requirement



# FINANCING & MORTGAGES

## LENDER CHECKLISTS

### WHAT YOU NEED FOR A MORTGAGE

- W-2 forms — or business tax return forms if you're self-employed — for the last two or three years for every person signing the loan
- Copies of at least one pay stub for each person signing the loan
- Account numbers for all of your credit cards and the amounts for any outstanding balances
- Copies of two to four months of bank or credit union statements for both checking and savings accounts
- Lender, loan number, and amount owed on other installment loans, such as student loans and car loans
- Addresses where you've lived for the last five to seven years, with names of landlords, if applicable.
- Copies of brokerage account statements for two to four months, as well as a list of any other major assets of value, such as a boat, RV, or stocks and/or bonds not held in a brokerage account
- Copies of your most recent 401(k) or other retirement account statement
- Documentation to verify additional income, such as child support or a pension
- Copies of personal tax forms for the last two to three years

### 10 QUESTIONS TO ASK A LENDER

1. What are the most popular mortgages you offer? Why are they so popular?
2. Which type of mortgage plan do you think would be best for me? Why?
3. Are your rates, terms, fees, and closing costs negotiable?
4. Will I have to buy private mortgage insurance? If so, how much will it cost, and how long will it be required?
5. Who will service the loan — your bank or another company?
6. What escrow requirements do you have?
7. How long will this loan be in a lock-in period? Will I be able to obtain a lower rate if it drops during this period?
8. How long will the loan approval process take?
9. How long will it take to close the loan?
10. Are there any charges or penalties for prepaying the loan?

# FINANCING & MORTGAGES

## CREDIT SCORES

### FIVE FACTORS THAT AFFECT YOUR CREDIT SCORE

1. **YOUR PAYMENT HISTORY:** Did you pay your credit card obligations on time? If they were late, then how late? Bankruptcy filing, liens, and collection activity also impact your history.
2. **HOW MUCH YOU OWE:** If you owe a great deal of money on numerous accounts, it can indicate that you are overextended. However, it's a good thing if you have a good proportion of balances to total credit limits.
3. **THE LENGTH OF YOUR CREDIT HISTORY:** In general, the longer you have had accounts opened, the better. The average consumer's oldest obligation is 14 years old, indicating that he or she has been managing credit for some time, according to Fair Isaac Corp., and only one in 20 consumers has a credit history shorter than two years.
4. **HOW MUCH NEW CREDIT YOU HAVE:** New credit — either installment payments or new credit cards — are considered more risky, even if you pay them promptly.
5. **THE TYPES OF CREDIT YOU USE:** Generally, it's desirable to have more than one type of credit — installment loans, credit cards, and a mortgage, for example.

For more on evaluating and understanding your credit score, visit [www.annualcreditreport.com](http://www.annualcreditreport.com).

### WHAT YOU CAN DO TO IMPROVE YOUR CREDIT

1. Check for and correct any errors in your credit report. Mistakes happen, and you could be paying for someone else's poor financial management.
2. Pay down credit card bills. If possible, pay off the entire balance every month. Transferring credit card debt from one card to another could lower your score.
3. Don't charge your credit cards to the maximum limit.
4. Wait 12 months after credit difficulties to apply for a mortgage. You're penalized less for problems after a year.
5. Don't order items for your new home on credit — such as appliances and furniture — until after the loan is approved.
6. Don't open new credit card accounts before applying for a mortgage. Too much available credit can lower your score.
7. Shop for mortgage rates all at once. Too many credit applications can lower your score, but multiple inquiries from the same type of lender are counted as one inquiry if submitted over a short period of time.
8. Avoid finance companies. Even if you pay the loan on time, the interest is high and it will probably be considered a sign of poor credit management.



# FINANCING & MORTGAGES

## COMMON CLOSING COSTS

You'll likely be responsible for a variety of fees and expenses that you and the seller will have to pay at the time of closing. Your lender must provide a good-faith estimate of all settlement costs. In our area, a good rule of thumb for estimating closing costs is from 2% to 3% of the purchase price.

The title company conducting the closing will tell you the required amount for:

- Down payment
- Loan origination
- Points, or loan discount fees, which you pay to receive a lower interest rate
- Appraisal
- Credit report
- Private mortgage insurance premium
- Insurance escrow for homeowner's insurance, if being paid as part of the mortgage
- Property tax escrow, if being paid as part of the mortgage. Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.
- Deed recording
- Title insurance policy premiums
- Land survey
- Notary fees
- Prorations for your share of costs, such as condo fees and property taxes

**A NOTE ABOUT PRORATIONS:** Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for "services" used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, property taxes are often paid in arrears. But assume you buy the home on the 3<sup>rd</sup> month of the six-month property tax period. You would owe the County for only the days from the 3<sup>rd</sup> through the 6<sup>th</sup> month. The seller would owe for the first three months. The property tax bill would be prorated for the number of days in the period, and then each person would be responsible for the days of his or her ownership. The seller would pay you at closing for their share which you would pay when the bill arrives.

# THE HOME SEARCH

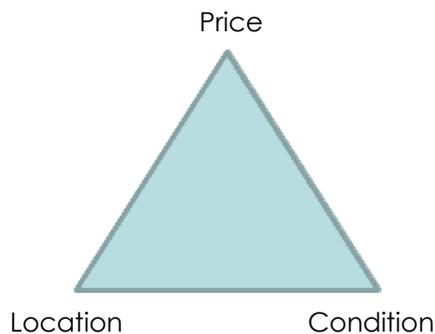
## “MUST HAVE” VS. “NICE TO HAVE”

### MUST HAVES

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

### NICE TO HAVES

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_



Remember that every buyer needs to be prepared to make trade-offs. It's important to have a firm price range so that you can discuss the trade-offs between condition and location with your agent.

# THE HOME SEARCH

## HOUSE PRIORITIES

Please choose 10 elements that are most important to you. Rank them by priority, with #1 being the most important and #10 being the least important. Please add comments, explanations, and other elements that are important to you.

- Schools \_\_\_\_\_
- Commute to work \_\_\_\_\_
- Quiet street \_\_\_\_\_
- Neighborhood \_\_\_\_\_
- Proximity to Metro \_\_\_\_\_
- Number of bedrooms and baths \_\_\_\_\_
- Master bedroom bath \_\_\_\_\_
- Kitchen \_\_\_\_\_
- Family room off kitchen \_\_\_\_\_
- Gas heat/cooking \_\_\_\_\_
- Office at home \_\_\_\_\_
- Lots of natural light \_\_\_\_\_
- Basement \_\_\_\_\_
- Garage \_\_\_\_\_
- Yard \_\_\_\_\_
- Pristine condition \_\_\_\_\_
- Exterior appearance of house \_\_\_\_\_
- Price \_\_\_\_\_
- Monthly payment \_\_\_\_\_
- Age of house \_\_\_\_\_
- Other \_\_\_\_\_
- Other \_\_\_\_\_

# THE HOME SEARCH

## THE SEARCH PROCESS

Now that you have your price range and your "Must Haves", you need to get familiar with what's out there...

- **GO TO OPEN HOUSES**
- **DO DRIVE-BYS / SCOUT THE NEIGHBORHOODS:** It is important that you scout the neighborhood in person. You live in more than your house.
  - ◆ Talk to people who live there.
  - ◆ Drive through the entire area at different times of the day, during the week, and on weekends.
  - ◆ Look carefully at how well the other homes in the area are being maintained. Are they painted? Are the yards well cared for? Are parked cars in good condition?
- **CONSIDER NEIGHBORHOOD FACTORS**
  - ◆ Look for things like access to major thoroughfares, highways, and shopping.
  - ◆ Listen for noise created by commerce, roads, railways, public areas, schools, etc.
  - ◆ Smell the air for adjacent commerce or agriculture.
  - ◆ Check with local civic, police, fire, and school officials to find information about the area.
  - ◆ Research things like soil and water.
  - ◆ Look at traffic patterns around the area during different times of the day and drive from the area to work.
  - ◆ Is the neighborhood near parks, churches, recreation centers, shopping, theaters, restaurants, public transportation, schools, etc.?
  - ◆ Does the neighborhood belong to a Homeowner's Association?
- **GO ON HOME TOURS WITH AGENT**
- **RESEARCH SCHOOLS & CRIME**

### **DO NOT:**

1. Call the listing agent
2. Contact a For-Sale-By-Owner (FSBO) directly
3. Visit a new construction sales office without consulting your agent



the WETHMAN GROUP  
real estate professionals

# TOOLS FOR BUYING & SELLING SIMULTANEOUSLY

Tool (Beneficiary)	Pros	Cons
<p><b>Post-Settlement Occupancy Agreement, aka Rent Back (Seller)</b></p> <p>Seller pays a pro-rata daily charge (usually actual costs of the new owner) to stay in the house for up to 30 days past settlement in a lease-like arrangement</p>	<ul style="list-style-type: none"> <li>• One move</li> <li>• Could be more expensive than current mortgage on a daily basis (usually slight, and still less expensive than moving twice)</li> <li>• Allows receipt and use of funds from sale on next purchase</li> </ul>	<ul style="list-style-type: none"> <li>• Requires security deposit and potential move-out issues</li> <li>• Affects negotiating leverage</li> <li>• Still requires finding a home so may run out of time and require temporary housing anyway</li> </ul>
<p><b>Home of Choice Contingency (Seller)</b></p> <p>Seller accepts an offer on their current home subject to finding a new home (usually a brief period, e.g., 14 days)</p>	<ul style="list-style-type: none"> <li>• Protects against being "homeless"</li> </ul>	<ul style="list-style-type: none"> <li>• May need to reimburse buyer for out-of-pocket costs, such as inspections, if you void contract</li> <li>• Negatively affects negotiating leverage on sale (but strengthens on subsequent purchase which can be a non-contingent offer)</li> </ul>
<p><b>Home Sale Contingency (Buyer)</b></p> <p>Buyer places an offer on a property with settlement subject to the sale of their current home (usually a very brief period, e.g., 30 days or less)</p>	<ul style="list-style-type: none"> <li>• Protects against having to pay for two homes simultaneously</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to lose the money paid for appraisal and inspections on the new home if you don't get a contract on your current home and contract becomes void</li> <li>• Negatively affects negotiating leverage</li> </ul>
<p><b>Short Term Rental (N/A)</b></p> <p>Seller finds temporary housing</p>	<ul style="list-style-type: none"> <li>• Flexible timing</li> <li>• Optimal negotiating leverage on both buying and selling</li> </ul>	<ul style="list-style-type: none"> <li>• Expensive daily/monthly charge</li> <li>• Requires two moves</li> </ul>
<p><b>Carrying Both Homes (N/A)</b></p> <p>Seller does not need to sell house in order to buy the new one</p>	<ul style="list-style-type: none"> <li>• Optimal negotiating leverage for both buying and selling</li> </ul>	<ul style="list-style-type: none"> <li>• Expensive</li> </ul>

# THE HOME SEARCH

## FREQUENTLY ASKED QUESTIONS

### **WILL YOU INFORM ME OF HOMES FROM ALL REAL ESTATE COMPANIES OR ONLY KELLER WILLIAMS REALTY?**

We will keep you informed of all homes, which are available on any large brokerage website, including our own.

### **DO I CALL YOU OR THE LISTING AGENT IF I WANT TO SEE A HOME IN PERSON?**

Call us! You should never call the listing agent if you are represented by your own buyer agent, as it may create complications down the line.

### **CAN YOU HELP ME FIND NEW CONSTRUCTION HOMES?**

Yes, we can work with most builders and get you the information you need to make a decision. On your first visit with the builder, we will accompany you. By using our services with a new construction home purchase, you will receive the services we offer, as well as those provided by the builder, at no additional cost.

### **HOW DOES FOR-SALE-BY-OWNER (FSBO) WORK?**

Homeowners trying to sell their home without agent representation are usually doing so in the hopes of saving the commission. If you see a FSBO and want the advantages of my services, let us contact the owner for you and make an appointment. Most times the homeowner will work with an agent, even though their home is not listed, since the agent is introducing a potential buyer to their property.

### **CAN WE GO BACK THROUGH OUR PROPERTY AGAIN ONCE AN OFFER IS MADE, BUT BEFORE POSSESSION?**

Usually we can notify the seller and schedule a convenient time to visit the property again. Immediately before the closing, we will schedule a final walk-through and inspection of your new home.

### **ARE THERE OTHER LISTINGS NOT IN THE MLS OR A WAY TO SEE WHICH HOMES ARE COMING ON THE MARKET SOON?**

New homes come on the market every day (more often later in the week), but there is no central source of "coming soon" homes. However, we are in touch with dozens of agents on a regular basis and can sometimes learn of homes before they come on the market.

### **HOW LONG WILL IT TAKE? HOW MANY HOMES WILL I SEE?**

It depends how flexible you are, how much preparation you do, and how focused you are in the search. We find it takes most buyers about a month to find the home they want. For most buyers, that means looking at 10 to 20 homes, not including open houses.



## INFORMATION ABOUT CO-OPS

### HISTORY AND OWNERSHIP STRUCTURE

A co-operative is a corporation formed for the purpose of providing housing for its members or owners. With a co-op, the "owner" (member) purchases shares in the corporation and is then given the right to occupy a unit.

### FINANCING

A co-operative requires you to use ONLY an approved lender. Until 1979, bank financing was not available to co-op owners — one had to either pay cash or the seller had to take back a note for part of the cash requirement. Now co-ops are seen by many as a way to get more for your money!

### BOARD APPROVAL

With a co-op, you will be required to provide personal information to the Board before your purchase is approved, even if the seller accepts your offer. They will likely ask for detailed financial statements, verification of income and employment, a credit report, and/or tax returns. Most co-ops also schedule an interview with the buyer. Similarly, when you sell, your purchaser will need to be approved using the same process. Though buyers often assume this is a "nightmare" process, it is usually not the case.

### OTHER ADVANTAGES AND DISADVANTAGES TO CO-OPS

- **Purchase Price:** As a general rule, co-ops are less expensive than comparable quality and size condos. This is sometimes due to the historical financing differences. Co-ops tend to be in older buildings as well.
- **Closing Costs:** Since you're purchasing stock, and not real property, closing costs are less expensive. There is also no transfer or recordation tax (however, as of 10/1/2009, DC began charging transfer and recordation taxes for co-ops), no real estate tax proration, and no title search or title insurance.
- **Investment Properties/Renting Units:** Co-ops usually restrict the percentage of rental units. Often there are requirements that an owner live there for a period of time, and then they may rent for a period of time, but following that period, they must either move back in or sell.
- **Repairs and Maintenance:** Co-ops have the ability to borrow money for large capital improvements, and place the building or land as collateral. This is known as the "underlying mortgage" and the payment to service this debt is built into a co-op's fees.
- **Monthly Fees:** Monthly co-op fees are often higher than condo fees because of an underlying mortgage payment or other borrowings by the corporation. Co-op fees also include property taxes (since taxes are assessed on the entire building as one entity, rather than each individual unit). This is a significant difference between co-op and condo fees, so to compare apples to apples, you need to look at the property taxes on an individual condo unit! The sales price of a co-op in the MLS must be shown as the gross price, that is, including the unit owner's pro-rata share of any underlying mortgage. So if a co-op is listed at \$400,000, it's possible that a portion of that price is already "financed" via the underlying mortgage, and thus a buyer's loan amount could be less.
- **Leased land:** Co-ops that are built on leased land, such as River Place in Rosslyn, have a limited life. At the end of the lease, the land and all its improvements (including your unit!) reverts to the land owner unless the co-op has negotiated for another option.

Source: *Co-operatively Speaking*, Edmund J. Flynn Company; *Washington Post*.

# SHORT SALES

## WHY SHORT SALES DON'T CLOSE

Most buyers know by now that a very low percentage of short sales close. And we don't mean that buyers need to wait a long time (though they do) — we mean they NEVER close. What are some of the reasons why? And what happens to them?

First, what is a short sale? A short sale is a "pre-foreclosure" sale by the seller wherein he is "short" on his payoff to the bank on the loan. Therefore the bank needs to sign off on any contract before it goes to settlement. The seller walks away with nothing, while the bank takes a loss.

Short sales are often frustrating for buyers because they have such a low closing ratio. Just because a home is listed as a short sale does not mean the bank has approved the price. The bank may not even know the homeowner is trying to sell!

So why do short sales not close? We can bucket the issues into two categories: Buyer "Problems" and Seller/Bank "Problems." We combine Seller and Bank into the same bucket because it's really not up to the seller by the time it reaches short sale status — the bank is the one taking the loss, and so the bank is the one that has to sign off.

A bank may not approve an offer on a short sale for several reasons:

- **OFFER TOO LOW:** The most obvious reason is that the offer price is too low. The bank had no input into setting the price, nor any input on price reductions. The seller is indifferent as to the offer price — after all, they are lucky to be getting out of the house at all, and they are not going to be walking away with a dime. This is why you often see homes listed at a ridiculously low price versus similar homes nearby. The seller just needs an offer to get the process started.
- **SECOND (OR THIRD) TRUSTS:** Closely related to the "Offer Too Low" category is that the second trust may not sign off on the amount they are receiving (if any). It's quite common for sellers to have more than one mortgage or home equity line of credit on the property, and 2<sup>nd</sup> and 3<sup>rd</sup> trust holders receive very little, if anything, in short sales. Sometimes they refuse to sign off because they simply have no incentive to do so.
- **SELLER DOESN'T QUALIFY:** A seller has to show a hardship — they can't simply say it's a short sale because they're underwater and don't want to pay anymore. And don't be naive on this...sellers don't volunteer this information to the bank at the beginning of the process — they typically wait until they have an offer and hope that the bank will somehow not ask to see evidence of their other assets.
- **FORECLOSURE TRUMPS SHORT SALE:** If the bank is pursuing foreclosure, then it's a race against the clock. The two departments often don't coordinate. Even if they do, often times a bank will decide that it's more economical to foreclose than accept too low a payoff.
- **BANK TAKES TOO LONG:** As noted above, the process can often take many months (count on at least three, and up to a year or even more). Buyers often get frustrated and back out while waiting for a response. There are also buyers who will put in offers on many different properties hoping that something will hit, and whichever one answers first is the one they pursue. Often you'll see in the remarks field "already approved at this price," which means the bank finally did get around to approving a contract, but the buyer had walked away by that time, leaving the seller with an approval letter, but no buyer.



# CONTRACT TO CLOSE

## WRITING THE OFFER

Once you've found a property you like, we will meet (usually at the Keller Williams office) to discuss a Comparable Market Analysis to help you determine the amount you wish to offer, along with other decisions. It typically takes about two hours. Negotiations with the other side usually take anywhere from two days to a week. Typically we have our first response from the seller within 48 hours. At the time of writing the offer you will need your pre-approval letter from a lender (but you do NOT need to have finalized your choice of lender at this point), as well as your checkbook to write out your earnest money deposit.

### KEY DECISIONS YOU WILL NEED TO MAKE WHEN WRITING AN OFFER:

- **PRICE / SELLER SUBSIDY:** What you offer on a property depends on a number of factors, including its condition, length of time on the market, buyer activity, and the urgency of the seller. While some buyers want to make a low offer just to see if the seller will accept, this often isn't a smart choice because the seller may be insulted and decide not to negotiate at all.
- **DEPOSIT AMOUNT:** When you write an offer you should be prepared to pay an earnest money deposit. This is to guarantee that your intention is to purchase the property. The amount is negotiable, but is typically 2-3% of the offer price.
- **INSPECTIONS:** You may want to have a home inspection, radon inspection, or well and septic inspection if the property is not hooked up to public water and sewer.
- **CONVEYANCES:** Often the seller plans on leaving major appliances in the home, however, which items stay or go is often a matter of negotiation.
- **SETTLEMENT DATE:** If you can be flexible on the possession date, the seller will be more apt to choose your offers over others.

Once we send the offer, the seller will then either accept the offer, reject the offer, or counter the offer with changes. By far the most common response is the counter offer. In these cases, my experience and negotiating skills become powerful in representing your best interests. When a counter offer is presented, we will work together to review each specific area of the counter offer, making sure that we move forward with your goals in mind and ensuring that we negotiate the best possible price and terms on your behalf.

In a hot market, a seller will often set a deadline for offers. Once the offer is received, they will usually respond to only "best" offer. ("Best" may not always mean highest price to the seller. They also look favorably on offers with few or no contingencies).

The step-by-step contract procedure for most single-family home purchases is standard. The purchase agreement used is a standard document approved by our local real estate board. The purchase agreement or contract constitutes your offer to buy and, once accepted by the seller, becomes a valid, legal contract. For this reason, it is important to understand what is written on the contract offer.

# CONTRACT TO CLOSE

## HOME INSPECTIONS & OTHER CONTINGENCIES

Typically there are 30 to 45 days between contract ratification and the closing. During this period we will address our open "contingencies."

### HOME INSPECTIONS & RADON TESTS

Very shortly after the contract is ratified (usually within two to five days) we will schedule the home inspection during a time you can attend. It will take between two and four hours, depending on the property. If you do not have a home inspector in mind, we are happy to recommend some excellent ones. Turnaround times are critical during this phase — often we have just a day or two to respond in writing to the seller with our requested repairs or response. You pay for inspections at the time of the inspection. You might also request a radon test. You can learn more about radon at <http://www.epa.gov/radon>.

### APPRAISAL PROCESS

Your lender will require an appraisal to ensure the property is of sufficient value to act as collateral for your loan. The bank will schedule this but you will need to pay for it up front.

### CONDO / HOA DOC REVIEW

If you're buying in a condo community or a community with a homeowner's association, you will receive the "resale package," usually within a week or so of ratification. From the time of receipt, you will have three days to review this package, which contains the association's rules, regulations, budget, and other information.

*\*\*\*You can void the contract for any reason within this 3 day review period.\*\*\**

### INSURANCE

You will have seven calendar days following ratification to make sure the property is insurable. You can obtain insurance from any carrier you wish. I usually recommend starting with your auto insurer to see whether you are eligible for any multi-policy discounts. (This is also an excellent time to consider life insurance.)

### TITLE SEARCH

The settlement company will perform a detailed title examination to ensure there are no liens on the property or defects in title that would affect your ownership. If you do not have a settlement company in mind, we can recommend some excellent ones.

# CONTRACT TO CLOSE

## MORE ABOUT HOME INSPECTIONS

If you are purchasing a resale property, we highly recommend that you have a professional home inspector conduct a thorough inspection.

The inspection will include the following:

- Appliances
- Plumbing
- Electrical
- Air Conditioning and Heating
- Ventilation
- Roof and Attic
- Foundation
- General Structure

The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that a structural engineer or other professional inspect it as well. Your home cannot "pass" or "fail" an inspection, and your inspector will not tell you whether he or she thinks the home is worth the money you are offering. The inspector's job is to make you aware of repairs that are recommended or necessary.

The seller may be willing to negotiate completion of repairs or offer a credit for completion of repairs, or you may decide that the home will take too much work and money. A professional inspection will help you make a clear-headed decision. In addition to the overall inspection, you may wish to have separate tests conducted for termites or the presence of radon gas.

In choosing a home inspector, consider one that has been certified by a trade association as a qualified and experienced member.

I recommend being present at the inspection. This is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention. Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home. Most important, you will see the home through the eyes of an objective third party.

# CONTRACT TO CLOSE

## PROPERTY INSURANCE (AKA HAZARD INSURANCE)

### FIVE THINGS TO KNOW ABOUT HOMEOWNER'S INSURANCE

1. **EXCLUSIONS TO COVERAGE:** Most insurance policies do not cover flood or earthquake damage as a standard item. These types of coverage must be bought separately.
2. **DOLLAR LIMITATIONS ON CLAIMS:** Even if you are covered for a risk, there may be a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.
3. **REPLACEMENT COST:** If your home is destroyed you'll receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for \$150,000 and it costs \$180,000 to replace it, you'll only receive \$150,000.
4. **ACTUAL CASH VALUE:** If you chose not to replace your home when it's destroyed, you'll receive replacement cost, less depreciation. This is called actual cash value.
5. **LIABILITY:** Generally your homeowner's insurance covers you for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Be sure that it's sufficient if you have significant assets.

### TEN TIPS FOR LOWERING HOME INSURANCE COSTS

1. Review the Comprehensive Loss Underwriting Exchange (CLUE) report on the property you're interested in buying. CLUE reports detail the property's claims history for the most recent five years, which insurers may use to deny coverage. Make the sale contingent on a home inspection to ensure that problems identified in the CLUE report have been repaired.
2. Seek insurance coverage as soon as your offer is approved. You must obtain insurance to buy. And you don't want to be told at closing that the insurer has denied your coverage.
3. Maintain good credit. Insurers often use credit-based insurance scores to determine premiums.
4. Buy your homeowners and auto policies from the same company and you'll usually qualify for savings. But make sure the discount really yields the lowest price.
5. Raise your deductible. If you can afford to pay more toward a loss that occurs, your premiums will be lower. Avoid making claims under \$1,000.
6. Ask about other discounts. For example, retirees who tend to be home more than full-time workers may qualify for a discount on theft insurance. You also may be able to obtain discounts for having smoke detectors, a burglar alarm, or dead-bolt locks.
7. Seek group discounts. If you belong to any groups, such as associations or alumni organizations, they may have deals on insurance coverage.
8. Review your policy limits and the value of your home and possessions annually. Some items depreciate and may not need as much coverage.
9. Investigate a government-backed insurance plan. In some high-risk areas, federal or state government may back plans to lower rates.
10. Be sure you insure your house for the correct amount. Remember, you're covering replacement cost, not market value.



# CONTRACT TO CLOSE

## TITLE INSURANCE & HOME WARRANTIES

### FIVE THINGS TO KNOW ABOUT TITLE INSURANCE

Title insurance protects the holder from any losses sustained from defects in the title. It's required by most mortgage lenders. Here are five other things you should know about title insurance.

1. It protects your ownership right to your home, both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as a mistake in the spelling of a person's name or an inaccurate description of the property.
2. It's a one-time cost usually based on the price of the property.
3. It's usually paid for by the buyer, although this can vary depending on your state and local customs.
4. There are both lender title policies, which protect the lender, and owner title policies, which protect you. The lender will probably require a lender policy.
5. Discounts on premiums are sometimes available if the home has been bought within the last few years since not as much work is required to check the title. Ask the title company if this discount is available.

### WHAT'S A HOME WARRANTY?

A home warranty is a service contract, normally for one year, which helps protect homeowners against the cost of unexpected repairs or replacement on their major systems and appliances that break down due to normal wear and tear. Coverage is for systems and appliances in good working order at the start of the contract. Check your home warranty policy to see which of the following items are covered. Also find out if the policy covers the full replacement cost of an item.

### ITEMS COMMONLY COVERED:

- Plumbing
- Electrical Systems
- Furnace
- Water Heater
- Heating Ducts
- Water Pump
- Dishwasher
- Garbage Disposal
- Stove/Cook Top/Oven
- Microwave
- Refrigerator
- Washer/Dryer
- Swimming Pool (may be optional)



# CONTRACT TO CLOSE

## CLOSING (AKA SETTLEMENT)

Settlement typically occurs at the settlement agent's office and takes about two hours. You will have an opportunity to review the deed, mortgage note, and other loan documents.

- You will be told the amount of money you need to bring to settlement. All payments must be in the form of a cashier's check.
- Bring a photo ID.
- If you or your co-buyer are unavailable, you will need to arrange for a power of attorney.

A "closing" is where we will meet with some or all of the following individuals in order to transfer the property title to you: the Seller, the Seller's agent, a representative from the lending institution, and a representative from the title company. The purchase agreement or contract you signed describes the property, states the purchase price and terms, sets forth the method of payment, and usually names the date and place where the closing or actual transfer of the property title and keys will occur.

If financing the property, your lender will require you to sign a document, usually a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if you fail to make the payments. Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records.

At closing, you will be required to pay all fees and closing costs in the form of "guaranteed funds" such as a cashier's check. Your agent or settlement agent will notify you of the exact amount at closing.

### **WHAT IS AN ESCROW ACCOUNT?**

An escrow account is a neutral depository held by your lender for funds that will be used to pay expenses incurred by the property, such as taxes, assessments, property insurance, or mortgage insurance premiums which fall due in the future. You will pay one-twelfth of the annual amount of these bills each month with your regular mortgage payment. When the bills fall due, the lender pays them from the special account. At closing, it may be necessary to pay enough into the account to cover these amounts for several months so that funds will be available to pay the bills as they fall due.



# NEXT STEPS

## GETTING STARTED CHECKLIST

- Speak with a lender to determine your price range
- Set up searches online (any site)
- Start a list (including MLS numbers) of properties that look interesting
- Visit open houses, drive by listings, research crime, schools, and neighborhoods
- Schedule home tours with your agent
  
- Refine criteria and/or price as needed**
  
- Continue tours, open houses, drive-bys
- Identify a home to purchase
- Meet with your agent to craft offer (two hours); obtain pre-approval letter, write deposit check
- Negotiate offer → ratify offer
- Finalize choice of lender, make loan application, and lock rate
- Manage contingencies & inspections
- Arrange for utilities & insurance
- Review final good-faith estimate & get cashier's check
- Attend settlement ("closing")

WG

# APPENDICES



**KELLER  
WILLIAMS®**  
REALTY

Each office is independently  
owned and operated.

# APPENDIX A

## RECOMMENDED LENDERS & VENDORS

### LOAN OFFICERS

- Brian Picker, Southern Trust Mortgage  
(443) 398-0266; bpicker@southerntrust.com
- Vince Coyle, MVB Mortgage  
(571) 266-6539; VCoyle@mvmortgage.com

### HOME INSPECTORS (Make sure you ask for the specific home inspector indicated)

- T1 Inspections, John Woods (VA)  
(703) 304-4827
- US Inspect, Tim Shelton (DC & MD)  
Ken Pumphreys (VA)  
(888) 874-6773

### INSURANCE COMPANIES

- Jonna Wooton, State Farm  
(703) 560-7804
- Steve Milwicz  
(410) 527-1400; stephen@onlinemig.com

### TERMITE/PEST INSPECTIONS

- Connor's Pest Protection: (703) 321-0400
- Barrier Termite & Pest Technologies: (703) 444-0496
- Suburban Pest: (703) 777-4177
- Superior Pest: (877) 284-2466

### SETTLEMENT/TITLE COMPANIES

- Counselors Title (DC/MD)  
(202) 686-0100
- Ekko Title (VA)  
(703) 821-3556
- Stewart Title  
(202) 349-0220

### MOVERS

- Town & Country  
Missy Jameson  
missy@townandcountrymovers.com  
800.683.3383

# APPENDIX B

## MOVING CHECKLIST

### FOUR WEEKS BEFORE MOVING

- SORT AND PURGE:** Decide what to keep and what to get rid of
- RESEARCH MOVING COMPANIES:** Request on-site written estimate with USDOT number on it
- ORDER SUPPLIES:** boxes, tape, bubble wrap, markers, etc.
- CREATE A MOVING BINDER:** keep estimates, receipts, and an inventory of your items
- ORGANIZE RECORDS:** Transfer schools records, all medical records, etc
- MAKE NECESSARY RESERVATIONS:** elevator, dock, street parking, etc, if necessary
- GIVE NOTICE TO LANDLORD:** Check your lease; you might be required to give more than 30 days' notice

### THREE WEEKS BEFORE MOVING

- CHOOSE MOVER:** Get written confirmation of date, cost, and other details
- BEGIN PACKING:** Start with infrequently used items
- LABEL BOXES:** Label and number boxes for each room
- SEPARATE VALUABLES:** Personally transport jewelry and important papers

### TWO WEEKS BEFORE MOVING

- CHANGE YOUR ADDRESS:** Do it online, over the phone, or at the post office
- CONTACT MOVING COMPANY TO RECONFIRM:** Reconfirm date, cost, etc
- MAKE ARRANGEMENTS TO RETURN ITEMS:** Cable/satellite boxes, DVD rentals, library books, etc
- NOTIFY IMPORTANT PARTIES:** Bank, credit card companies, utility companies, etc

### ONE WEEK BEFORE MOVING

- MAKE ARRANGEMENTS FOR CHILD/PET CARE:** Eliminate stress and distractions
- RECRUIT HELP:** The more the merrier—and more efficient
- ARRANGE FOR UTILITIES TO BE TRANSFERRED:** Electric, gas, water, cable, etc
- REFILL PRESCRIPTIONS:** Things will be hectic, so stock up for the next few weeks

### A FEW DAYS BEFORE MOVING

- CREATE "OPEN-ME-FIRST" BOXES:** One for each room with essentials you'll need right away
- PACK SUITCASES:** Each person should have one bag with a few days' worth of clothes in it
- FINISH PACKING:** Don't wait until the last minute—it just adds stress
- PLAN FOR PAYMENT:** Check/credit card for movers, plus cash for their tip
- DOUBLE-CHECK THE DETAILS:** Reconfirm arrival time and written directions to your new home

### THE DAY OF THE MOVE

- START EARLY:** Be ready *before* the movers arrive
- TAKE ALL GARBAGE OUT OF THE HOUSE:** If not, the movers may bring it to the new house
- EXCHANGE CELL NUMBERS WITH THE MOVERS:** Be sure you can get in touch with each other on the road
- VERIFY MOVERS' INFORMATION:** USDOT number on truck should match your invoice
- PERFORM FINAL CHECKS:** Make sure everything is turned off, all drawers/closets empty, etc
- BE AVAILABLE FOR QUESTIONS:** It's important to be available at all times
- TAKE INVENTORY:** Before leaving, sign the bill of lading/inventory and keep a copy for yourself



# APPENDIX C

## PACKING LIKE A PRO

Moving to a new home can be stressful, to say the least. Make it easy on yourself by planning far in advance and making sure you've covered all the bases.

1. Plan ahead by organizing and budgeting. Develop a master "to-do" list so you won't forget something critical on moving day, and create an estimate of moving costs.
2. Sort and get rid of things you no longer want or need. Have a garage sale, donate to a charity, or recycle. But don't throw out everything. If your inclination is to just toss it, you're probably right. However, it's possible to go overboard in the heat of the moment. Ask yourself how frequently you use an item and how you'd feel if you no longer had it. That will help eliminate regrets.
3. Pack similar items together. Put toys with toys, kitchen utensils with kitchen utensils. It will make your life easier when it's time to unpack.
4. Decide what, if anything, you plan to move on your own. Precious items such as family photos, valuable breakables, or must-haves during the move should probably stay with you. Don't forget to keep a "necessities" bag with tissues, snacks, and other items you'll need that day.
5. Remember, most movers won't take plants. If you don't want to leave them behind, you should plan on moving them yourself.
6. Use the right box for the item. Loose items are prone to breakage.
7. Put heavy items in small boxes so they're easier to lift. Keep the weight of each box under 50 pounds, if possible.
8. Don't over-pack boxes. It increases the likelihood that items inside the box will break.
9. Wrap every fragile item separately and pad the bottom and sides of boxes. If necessary, purchase bubble-wrap or other packing materials from moving stores.
10. Label every box on all sides. You never know how they'll be stacked, and you don't want to have to move other boxes aside to find out what's there.
11. Use color-coded labels to indicate which room each item should go in. Color-code a floor plan for your new house to help movers.
12. Keep your moving documents together in a file. Include important phone numbers, driver's name, and moving van number. Also keep your address book handy.
13. Print out a map and directions for movers. Make several copies, and highlight the route. Include your cell phone number on the map. You don't want movers to get lost! Also make copies for friends or family who are lending a hand on moving day.
14. Back up your computer files before moving your computer. Keep the backup in a safe place, preferably at an off-site location.
15. Inspect each box and all furniture for damage as soon as it arrives.
16. Make arrangements for small children and pets. Moving can be stressful and emotional. Kids can help organize their things and pack boxes ahead of time, but, if possible, it might be best to spare them from the moving-day madness.

# APPENDIX D

## HELPING CHILDREN WITH A MOVE

Show the children the new home and their new room prior to moving. If this is not possible, pictures or videos will help them visualize where they are going.

- Assure children that you won't forget their friends.
- Make a scrapbook of the old home and neighborhood.
- Throw a good-bye party. At the party, have their friends sign a t-shirt.
- Have your children write good-bye letters and enclose their new address. You may wish to call the other children's parents so that they will encourage return letters.
- When packing, give your children their own boxes and let them decorate them.
- Start a scrapbook for your new home.
- Visit your children's new school, park, church, etc. Take a camera.
- Help your children invite new friends over to your new home.
- Let your children choose a new favorite restaurant. This will help them feel in control of their new environment.
- Encourage your children to send letters about their new home to their friends.
- Involve your children in groups, sports, and activities like the ones they used to participate in.
- Remember, even if you lived in a home for only a few years, to a young child it is nearly their entire lifetime.

# APPENDIX E

## MOVING WITH PETS

- Update your pet's tag. Make sure your pet is wearing a sturdy collar with an identification tag that is labeled with your current contact information. The tag should include your destination location, telephone number, and cell phone number so that you can be reached immediately during the move.
- Ask for veterinary records. If you're moving far enough away that you'll need a new vet, ask for a current copy of your pet's vaccinations. Depending on your destination, your pet may need additional vaccinations, medications, and health certificates. Have your current vet's phone number handy in case of an emergency, or in case your new vet would like more information about your pet.
- Keep medications and food on hand. Keep at least one week's worth of food and medication with you in case of an emergency. Vets can't write a prescription without a prior doctor/patient relationship, which can cause delays if you need medication right away.
- Seclude your pet from chaos. Pets can feel vulnerable on moving day. Keep them in a safe, quiet, well-ventilated place, such as the bathroom, on moving day with a "Do Not Disturb! Pets Inside!" sign posted on the door.
- Play it safe in the car. It's best to travel with your dog in a crate; second-best is to use a restraining harness. When it comes to cats, it's always best for their safety and yours to use a well-ventilated carrier in the car.
- Find a new veterinary clinic and emergency hospital. Before you move, ask your vet to recommend a doctor in your new locale. Talk to other pet owners when visiting the new community, and call the state veterinary medical association (VMA) for veterinarians in your location.
- Prep your new home for pets. Pets may be frightened and confused in new surroundings. Upon your arrival at your new home, immediately set out all the familiar and necessary things your pet will need: food, water, bed, medications, litter box, toys, etc. Pack these items in a handy spot so they can be unpacked right away. Keep all external windows and doors closed when your pet is unsupervised, and be cautious of narrow gaps behind or between appliances where nervous pets may try to hide. If your old home is nearby, your pet may try to find a way back there. To be safe, give the new home owners or your former neighbors your phone number and a photo of your pet, and ask them to contact you if your pet is found nearby.

# APPENDIX F

## GLOSSARY

**Adjustable Rate Mortgage:** a mortgage that permits the lender to adjust the mortgage's interest rate periodically on the basis of changes in a specified index. Interest rates may move up or down, as market conditions change.

**Amortized Loan:** a loan that is paid in equal installments during its term.

**Appraisal:** an estimate of real estate value, usually issued to standards of FHA, VA, and FHMA. Recent comparable sales in the neighborhood is the most important factor in determining value.

**Appreciation:** an increase in the value of a property due to changes in market conditions or other causes. The opposite of depreciation.

**Assumable Mortgage:** purchaser takes ownership to real estate encumbered by an existing mortgage and assumes responsibility as the guarantor for the unpaid balance of the mortgage.

**Cloud on Title:** any condition that affects the clear title to real property.

**Consideration:** anything of value to induce another to enter into a contract, i.e., money, services, a promise.

**Deed:** a written instrument, which when properly executed and delivered, conveys title to real property.

**Easement:** the right to use the land of another.

**Equity:** the value of real estate over and above the liens against it. It is obtained by subtracting the total liens from the value.

**Escrow Payment:** that portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance, and other items as they become due.

**Fixed Rate Mortgage:** a loan that fixes the interest rate at a prescribed rate for the duration of the loan.

**Foreclosure:** procedure whereby property pledged as security for a debt is sold to pay the debt in the event of default.

**Loan-to-Value Ratio (LTV):** the ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price). Example: on a \$100,000 home, with a mortgage loan principal of \$80,000 the loan-to-value ratio is 80%.

# APPENDIX F

## GLOSSARY (CONT.)

**Mortgage:** a legal document that pledges a property to the lender as security for payment of a debt.

**Mortgage Insurance Premium (MIP):** the amount paid by a mortgagor for mortgage insurance. This insurance protects the investor from possible loss in the event of a borrower's default on a loan.

**Note:** a written promise to pay a certain amount of money.

**Origination Fee:** a fee paid to a lender for services provided when granting a loan, usually a percentage of the face amount of the loan.

**Points:** a loan fee charged by a lender of FHA, VA, or conventional loans to increase the yield on the investment. One point = 1% of the loan amount.

**Private Mortgage Insurance (PMI):** see Mortgage Insurance Premium.

**Second Mortgage / Second Deed of Trust / Junior Mortgage / Junior Lien:** an additional loan imposed on a property with a first mortgage. Generally, a higher interest rate and shorter term than a "first" mortgage.

**Settlement Statement (HUD-1):** a financial statement rendered to the buyer and seller at the time of transfer of ownership, giving an account of all funds received or expended.

**Title Insurance:** an insurance policy that protects the insured (buyer and/or lender) against loss arising from defects in the title.

# APPENDIX G

## BUYER-BROKER AGREEMENTS

This section contains a sample copy of the buyer-broker agreements that are customarily used by members of the Northern Virginia Association of Realtors (NVAR) in Virginia and the Greater Capital Area Association of Realtors (GCAAR) in Maryland and Washington, DC.

If you have any questions about the forms included here (or anything else in this guide), just let us know.





### EXCLUSIVE RIGHT TO REPRESENT PURCHASER AGREEMENT

This Exclusive Right to Represent Purchaser Agreement ("Agreement") is made on \_\_\_\_\_ (Date) by and between \_\_\_\_\_ ("Purchaser") and (Insert Firm Name) Keller Williams Realty ("Broker").

- 1. **APPOINTMENT OF BROKER.** In consideration of services and facilities, Broker is hereby granted the right to represent Purchaser in the acquisition of real property.
- 2. **PURCHASER'S REPRESENTATIONS.** Purchaser represents that as of the commencement date of this Agreement, Purchaser is not a party to a purchaser representation agreement with any other brokerage firm. Purchaser further represents that Purchaser has disclosed to Broker information about any properties that Purchaser has previously visited at any new homes communities or resale open houses, or that Purchaser has been shown by any other real estate sales associate(s) in any area where Purchaser seeks to acquire property under this Agreement.
- 3. **NOTICES.** All notifications and amendments under this Agreement shall be in writing and shall be delivered using the contact information below.

**Purchaser**

Mailing Address: \_\_\_\_\_  
City, State, and Zip Code: \_\_\_\_\_  
Phone: (H) \_\_\_\_\_ (W) \_\_\_\_\_ (Cell) \_\_\_\_\_  
Email: \_\_\_\_\_ Fax: \_\_\_\_\_

**Broker (Firm)**

Mailing Address: 6820 Elm St Suite 100  
City, State, and Zip Code: McLean, VA 22101  
Phone: (W) (703) 636-7300 (Cell) (703) 655-7672  
Email: katie@wethmangroup.com Fax: (866) 562-5042

- 4. **TERM.** This Agreement commences when signed and, subject to the COMPENSATION paragraph, expires at 11:59 p.m. on \_\_\_\_\_.
- 5. **RETAINER FEE.** Broker acknowledges receipt of a retainer fee in the amount of none, which  shall OR  shall not be subtracted from any compensation due Broker under this Agreement. The retainer fee is non-refundable and is earned when paid.
- 6. **BROKER'S DUTIES.** Broker shall promote the interests of Purchaser by: (a) performing the terms of the brokerage agreement; (b) seeking a property at a price and terms acceptable to Purchaser; (c) presenting in a timely manner all written offers or counteroffers to and from Purchaser; (d) disclosing to Purchaser all material facts related to the property or concerning the transaction of which they have actual knowledge; (e) accounting for in a timely manner all money and property received in which Purchaser has or may have an interest. Unless otherwise provided by law or Purchaser consents in writing to the release of the information, Broker shall maintain the confidentiality of all personal and financial information and other matters identified as confidential by Purchaser, if that information is received from Purchaser during the brokerage relationship. In satisfying these duties, Broker shall exercise ordinary care, comply with all applicable laws and regulations, treat all prospective sellers honestly and not knowingly give them false information. In addition, Broker may: show the same property to other purchasers; represent other purchasers on the same or different properties; represent sellers relative to other properties; or provide assistance to a seller or prospective seller by performing ministerial acts that are not inconsistent with Broker's duties under this Agreement.

7. **PURCHASER'S DUTIES.** Purchaser shall: (a) work exclusively with Broker during the term of this Agreement; (b) pay Broker, directly or indirectly, the compensation set forth below; (c) comply with the reasonable requests of Broker to supply any pertinent financial or personal data needed to fulfill the terms of this Agreement; (d) be available during Broker's regular working hours to view properties.

8. **PURPOSE.** Purchaser is retaining Broker to acquire the following type of property: residential  
property

9. **COMPENSATION.** In consideration of the time and effort expended by Broker on behalf of Purchaser, and in further consideration of the advice and counsel provided to Purchaser, Purchaser shall pay compensation ("Broker's Fee") to Broker as described below. Broker's Fee, less the retainer fee if so indicated in the RETAINER FEE paragraph above, shall be earned, due and payable under any of these circumstances whether the transaction is consummated through the services of Broker or otherwise:

A. If Purchaser enters into a contract to acquire real property during the term of this Agreement and goes to settlement on that contract any time thereafter; **OR**

B. If, within 90 days after expiration or termination of this Agreement, Purchaser enters into a contract to acquire real property that has been described to or shown to Purchaser by Broker during the term of this Agreement, unless Purchaser has entered into a subsequent Purchaser Broker Agreement with another real estate broker; **OR**

C. If, having entered into an enforceable contract to acquire real property during the term of this Agreement, Purchaser defaults under the terms of that contract.

Broker's Fee shall be per listing

If the seller or the seller's representative offers compensation to Broker, then Purchaser authorizes Broker to receive such compensation and the amount of such compensation shall be credited against Purchaser's obligation to pay Broker's Fee. Broker may retain any additional compensation offered by the seller or seller's representative, even if this causes the compensation paid to Broker to exceed the fees specified above. In no case shall Compensation be less than the fees specified above.

Any obligation incurred under this Agreement on the part of Purchaser to pay the Broker's Fee shall survive the term of this Agreement.

10. **EMPLOYEE RELOCATION PROGRAM.** Purchaser is participating in any type of employee relocation program  Yes **OR**  No.

If "Yes": (a) the program is named: \_\_\_\_\_,  
Contact Name: \_\_\_\_\_ Contact Information: \_\_\_\_\_  
and (b) terms of the program are: \_\_\_\_\_

If "No" or Purchaser has failed to list a specific employee relocation program, then Broker shall have no obligation to cooperate with or compensate any undisclosed program.

11. **TYPES OF REAL ESTATE REPRESENTATION - DISCLOSURE AND INFORMED CONSENT.**

**Seller representation** occurs when sellers contract to use the services of their own broker (known as a listing agent) to act on their behalf.

**Purchaser representation** occurs by virtue of this Agreement. (Note: Broker may assist a seller or prospective seller by performing ministerial acts that are not inconsistent with Broker's duties as Purchaser's agent under this Agreement.)

**Designated representation** occurs when a purchaser and seller in one transaction are represented by different sales associate(s) affiliated with the same broker. Each of these sales associates, known as a designated representative, represents fully the interests of a different client in the same transaction. Designated representatives are not dual representatives if each represents only the purchaser or only the seller in a specific real estate transaction. In the event of designated representatives, each representative shall be bound by client confidentiality requirements, set forth in the BROKER'S DUTIES paragraph. The broker remains a dual representative.

Purchaser does not consent to designated representation thus Purchaser does not allow Broker to show properties owned by a seller represented by this Broker through another designated representative associated with the firm **OR**

Purchaser consents to designated representation and the Purchaser allows Broker to show properties owned by a seller represented by this Broker through another designated representative associated with the firm.

**Dual representation** occurs when the same Broker and the same sales associate represent both the purchaser and seller in one transaction. In the event of dual representation, Broker shall be bound by confidentiality requirements for each client, set forth in the BROKER'S DUTIES paragraph.

Purchaser does not consent to dual representation thus Purchaser does not allow Broker to show properties owned by a seller represented by this Broker through the same representative **OR**

Purchaser consents to dual representation and thus Purchaser allows Broker to show properties owned by a seller represented by this Broker through the same representative.

**An additional disclosure is required before designated or dual representation is to occur for a specific transaction.**

**Non-Agency** occurs when the real estate licensee does not represent either party to the real estate transaction and acts to facilitate the transaction by assisting one or both parties to reach an agreement, as an independent contractor and without being an advocate for the interest of either party. In the event of non-agency, the real estate licensee would not owe traditional duties to either party, but would still owe the parties duties imposed on all licensees by the Commonwealth of Virginia.

**12. DISCLAIMER.** Purchaser acknowledges that Broker is being retained solely as a real estate agent and not as an attorney, tax advisor, lender, appraiser, surveyor, structural engineer, mold or air quality expert, home inspector or other professional service provider. Purchaser is advised to seek professional advice concerning the condition of the property or concerning legal and tax matters. Purchaser should exercise whatever due diligence Purchaser deems necessary with respect to information on any sexual offenders registered under Chapter 9 of Title 9.1 of the Code of Virginia. Such information may be obtained by contacting your local police department or the Department of State Police, Central Criminal Records Exchange, at (804)674-2000 or <http://sex-offender.vsp.virginia.gov/sor/>.

**13. COMPLIANCE WITH FAIR HOUSING LAWS.** Property shall be shown and made available without regard to race, color, religion, sex, handicap, familial status or national origin as well as all classes protected by the laws of the United States, the Commonwealth of Virginia and applicable local jurisdictions, or by the REALTOR® Code of Ethics.

**14. OTHER PROVISIONS. This agreement is cancellable by either party with ten days' written notice.**

---

---





**Buyer Agency Agreement**  
**Broker Representation of Buyer in Maryland and the District of Columbia**

This Agreement is made on \_\_\_\_\_ between \_\_\_\_\_ ("Buyer") and \_\_\_\_\_ ("**Keller Williams Realty**") ("**Broker**") which assigns \_\_\_\_\_ ("**Katie Wethman**") as Agent of the Broker, ("Agreement").

In consideration of services and facilities, the Broker is hereby granted the right to represent the Buyer in the purchase, option, or exchange of real property or cooperatives (the "Property"). The term Seller shall include optioner and exchanger. The term Buyer shall include optionee and exchangee.

1. **AGENCY:** The State of Maryland and the District of Columbia have each adopted specific laws governing the disclosure of agency relationships and dual agency (i.e., the situation where the listing and selling agents are associated with the same broker). For this reason, all applicable jurisdictional agency disclosure forms have been made available to Buyer who acknowledges receipt of those checked below:

**Maryland**

- Understanding Whom Real Estate Agents Represent
- Consent For Dual Agency
- Notification of Dual Agency Within a Team

**Washington, DC**

- Consent for Dual Representation and Designated Representation

2. **DUAL AGENCY:** In the event of dual agency, when either the Buyer or Broker declines to consent in writing to Dual Agency, either party may terminate this Agreement by written notice to the other party.

3. **PROPERTY SOUGHT BY BUYER:** The property shall substantially meet the following requirements:

- |  |  |
|--|--|
| <input type="checkbox"/> Maryland Residential Property | <input type="checkbox"/> Washington, DC Residential Property |
| <input type="checkbox"/> Maryland Commercial Property  | <input type="checkbox"/> Washington, DC Commercial Property  |

4. **BUYER RESPONSIBILITIES:**

- A. **Exclusive Relationship with Broker:** Buyer will work exclusively with Broker during the term of this Agreement.
- B. **Financial Information:** Buyer will furnish Broker with necessary financial and personal information to reasonably establish Buyer's ability to purchase property.
- C. **Signs or Advertisements for Property:** If Buyer sees any signs or advertisements for Properties being offered for sale, Buyer will not contact the Seller or agent of the Seller but will first contact Agent named herein, who will provide information about the Property and then make arrangements to see them.
- D. **Public Open Houses:** In the event Buyer elects to visit an open house without Buyer's Agent named above, the Buyer agrees to notify party representing the Seller of this signed Buyer Agency agreement with Broker and Agent listed above.
- E. **New Home Builders and Open Houses:** In order to avoid the possibility of confusion over the agency relationship and misunderstandings about liability for compensation, Buyer agrees not to make a first visit to any new home builder's model nor contact any other agents representing Sellers of new homes without being accompanied by Agent.

©2013, The Greater Capital Area Association of REALTORS®, Inc.  
 This recommended form is the property of The Greater Capital Area Association of REALTORS®, Inc. and is for use by members only.  
 Previous editions of this form should be destroyed.

5. **BROKER RESPONSIBILITIES:** The Agent and Broker agree to:
- A. Use professional knowledge and skills to locate and present real property, which is available for purchase and suitable for the Buyer's needs.
  - B. Assist Buyer through the process of property acquisition.
  - C. Represent the interests of the Buyer in all negotiations and transactions regarding the acquisition of real property.

6. **BROKER COMPENSATION:**

A. **Advance Fee:** Upon all parties signing this Agreement, Buyer has paid an advance fee of \$ \_\_\_\_\_ to retain the services of Broker. This advance fee will be placed in the Broker's non-interest bearing escrow account in accordance with the law of the appropriate jurisdiction and will be credited against the gross fee (see 6B below) to be paid in accordance with the terms hereof.

B. **Payment to Broker by Flat Fee and/or Percentage of Sales Price:**

Buyer agrees that Broker shall receive a Broker's Fee ("Broker's Fee") of \_\_\_\_\_ % of the sale price or \$ \_\_\_\_\_ (strike one) and an additional flat fee in the amount of \$ \_\_\_\_\_ at the Settlement of any Property purchased, or contracted to be purchased during the term of this Agreement. Further, such Broker's Fee shall be paid if a Property is purchased by Buyer within \_\_\_\_\_ days after the "Expiration Date" or after termination of this Agreement (the "Protection Period"), unless a valid Buyer Agency Agreement is entered into during the term of said Protection Period with another licensed real estate broker.

C. **Fee Paid By Seller:** In most cases, the Seller pays Broker's Fee, but in the event Seller does not pay any or all of this amount due, the Buyer hereby agrees to pay any and all remaining Broker's Fee due to the Buyer's Broker. Furthermore, Buyer agrees to pay the additional flat fee identified above in the amount of \$ \_\_\_\_\_ at Settlement regardless of any Seller payment of commissions.

The disclosure of any portion of the Broker's Fee being paid by the Seller, if any, is generally made as follows:

- 1) When Broker is offered compensation as a portion of the commission offered in MRIS by the Listing Broker to a Buyer's Broker, (in the "Buyer Agent Compensation" field or as abbreviated in listing print outs), the Contract of Sale authorizes the settlement entity to pay that portion to the Broker;
- 2) Where property is not listed by MRIS, an Addendum to a contract to purchase would specify payment of compensation to the Broker from the Seller; or
- 3) Where a new home builder makes an offer of compensation in a registration form or other document, the builder's Contract of Sale would specify payment of compensation to the Broker by the builder.

Broker is authorized to receive all or a portion of the fee from the Listing Broker or Seller and any such amounts shall be applied toward Buyer's obligation under 6B. The amount of any such payment made by Seller or Listing Broker shall be with the Seller's and Buyer's prior knowledge and consent and shall in no way affect the obligation of the Buyer's Agent to act on behalf of the Buyer in the transaction.

D. **Difference between offers of compensation and amount agreed upon with Broker:** In the event the amount of compensation offered by the Listing Broker or a Seller, as provided in Paragraph 6C, is less than the amount as specified in Paragraph 6B, Buyer agrees to pay the difference between the amount offered by the Listing Broker and/or the Seller and the amount which Buyer has agreed to pay to Broker pursuant to Paragraph 6B. In the event the amount of compensation offered to Broker by a Listing Broker and/or Seller is in an amount greater than that specified in Paragraph 6B, then, in such event, Buyer authorizes Broker to receive such compensation and to retain any such additional compensation without pro ration or rebate to Buyer.

E. **Payment of Broker's Fee:** Payment of Broker's Fee is due at Settlement, unless Buyer, after contract acceptance, fails to perform or is otherwise in default of the sales contract or executes a release to which the Broker is not a party of the sales contract after all contingencies hereunder have been removed. In such case, the Broker's entire fee is due no later than the agreed Settlement Date.

©2013, The Greater Capital Area Association of REALTORS®, Inc.

This recommended form is the property of The Greater Capital Area Association of REALTORS®, Inc. and is for use by members only.

Previous editions of this form should be destroyed.

Page 2 of 4

**F. Default by Seller:** If Buyer enters into a Contract with a Seller during the original term of this Agreement, and Seller subsequently defaults, then the original term of this Agreement is extended by the number of days property was under contract.

**7. DISCLAIMER AND LIMITATIONS:**

**A. Limitations of Broker's Ability:** Buyer acknowledges that Broker is being retained solely as a real estate agent and not as an attorney, tax advisor, lender, appraiser, surveyor, structural engineer, certified home inspector or other professional service provider. Buyer has been advised to seek professional advice for legal, tax and other matters.

**B. Representation of Other Buyers:** Buyer acknowledges that the Broker may represent other Buyers and that other potential Buyers may consider, make offers on, or purchase properties through Broker. Buyer consents to Broker's representation of other Buyers before, during, and after the expiration of this Agreement.

**C. Subsequent Offers:** Upon receipt by Broker of a ratified contract to purchase pursuant to this Buyer Agency Agreement, Broker shall have no further obligation hereunder to procure any subsequent Properties for Buyer.

**D. Ministerial Acts:** Buyer agrees that Broker may perform ministerial acts for the Seller. A ministerial act is a routine act that does not involve discretion or the exercise of the Broker's own judgment.

**E. Confidentiality of Offers:** Buyer acknowledges the possibility that Seller or Seller's representatives may not treat the existence, terms or conditions of the Buyer's offer as confidential information.

**8. GENERAL PROVISIONS:**

**A. Laws and Regulations:** Buyer acknowledges that Broker must comply with federal, state and local laws and regulations as well as real estate licensing laws and regulations of either the District of Columbia or the State of Maryland.

Buyer understands that, as a REALTOR®, Broker must adhere to the Code of Ethics promulgated by the NATIONAL ASSOCIATION OF REALTORS®.

**B. Delivery:** Delivery or Delivered means hand carried, sent by overnight delivery service, sent by wired or electronic medium which produces a tangible record of the transmission (such as telegram, mailgram, telecopier, or "Fax", email which includes an attachment with an actual copy of the executed instruments being transmitted, or U.S. Postal mailing). In the event of overnight delivery service, Delivery will be deemed to have been made on the next business day following the sending, unless earlier receipt is acknowledged in writing. In the event of U.S. Postal mailing, Delivery will be deemed to have been made on the third business day following the mailing, unless earlier receipt is acknowledged in writing.

**C. Notice:** This agreement shall be deemed enforceable when it and all addenda and any modifications thereto have been signed, initialed where required by Buyer and Broker (or Supervising Manager), and Delivered to the other party.

**D. Paragraph Headings:** The Paragraph headings in this Agreement are for reference and convenience only, and do not define or limit the intent, rights or obligations of the parties.

**E. Definitions:** The singular shall include the plural, the plural the singular, and the use of either gender shall include the other gender.

**9. TERM & TERMINATION:** This Agreement commences when signed and expires at 11:59 p.m. on \_\_\_\_\_ ("Expiration Date"), unless extended in writing, or unless earlier terminated as herein provided. If a Contract of Sale is entered into by Buyer during the Buyer Agency Term, which provides for settlement to occur after the expiration of the Buyer Agency Term, this Agreement shall be automatically extended until settlement has occurred or until the Contract of Sale is released in writing by the parties.

**A. District of Columbia Properties:** This agreement may be terminated prior to the expiration date only by mutual written agreement of the Parties.

©2013, The Greater Capital Area Association of REALTORS®, Inc.

This recommended form is the property of The Greater Capital Area Association of REALTORS®, Inc. and is for use by members only.

Previous editions of this form should be destroyed.

Page 3 of 4

GCAAR Form # 1341 – MC & DC - Buyer Agency Agreement

8/2013

(Formerly #912)

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 [www.zipLogix.com](http://www.zipLogix.com)

Sample BBA

**B. Maryland Properties:** Subject to the obligation of the Buyer to pay a fee to Broker upon the termination of this Agreement as set forth in the Broker Compensation Paragraph, this Agreement may be terminated prior to the Expiration Date by either party Delivering \_\_\_\_\_ days advance Notice to the other. In the event Buyer wishes to terminate this Agreement prior to the end of the Buyer Agency Period, Buyer shall compensate Broker \$ \_\_\_\_\_.

**10. ELECTRONIC SIGNATURES:** In accordance with the Uniform Electronic Transactions Act (UETA) and the Electronic Signatures in Global and National Commerce Act, or E-Sign (the Act), and other applicable local or state legislation regarding Electronic Signatures and Transactions, the parties do hereby expressly authorize and agree to the use of electronic signatures, by utilizing a digital signature service, as an additional method of signing and/or initialing this Agreement and Contract(s) procured hereunder.

Buyer: \_\_\_\_\_ / \_\_\_\_\_

Broker/Supervising Manager: \_\_\_\_\_ / \_\_\_\_\_

**11. ADDITIONAL PROVISIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**12. AGREEMENT AND RECEIPT:** This document and attachments contain the full and entire Agreement between Buyer and Broker and supersede any prior or contemporaneous agreements, if any, whether written or oral between the parties, including all agency disclosures referred to in Paragraph 1, Agency. Each acknowledges receipt of a copy of this Agreement.

\_\_\_\_\_  
 Buyer Date

**Keller Williams Realty**  
 Buyer Broker (name of Real Estate firm)

\_\_\_\_\_  
 Buyer Date

By: \_\_\_\_\_ Date  
 Broker/Supervising Manager  
**Keller Williams Realty**

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Agent of Broker Date  
**Katie Wethman**

\_\_\_\_\_  
 City State Zip

\_\_\_\_\_  
 Telephone Email

©2013, The Greater Capital Area Association of REALTORS®, Inc.  
 This recommended form is the property of The Greater Capital Area Association of REALTORS®, Inc. and is for use by members only.  
 Previous editions of this form should be destroyed.

# APPENDIX H

## CLOSING-COST ESTIMATE

This section contains a sample copy of the closing-cost estimate that is used by lenders throughout the region. Costs will vary depending on your interest rate, type of loan, and amount of your loan, among other things.



# CONVENTIONAL

PURCHASE COST SCENARIO			
(Not a Loan Commitment)			
This Purchase Cost Scenario is being provided by		FIRST PORTFOLIO LENDING	
Borrower:	<b>John Q. Public</b>	Purchase Price:	<b>375,000</b>
Co-Borrower:		Down Money:	<b>37,500</b>
Property Address:	<b>123 Main Street Arlington, VA 22201</b>	Base Loan Amount:	<b>337,500</b>
		Interest Rate:	<b>4.125%</b>
	<b>Percent Down</b>	Type of Loan:	<b>Conv</b>
Preparation Date:	<b>03/23/12</b>	Years:	<b>30</b>
	<input type="text" value="10%"/>		
The information provided below reflects estimates of the charges which you are likely to incur at the settlement of your loan. The fees listed are estimates - actual charges may be more or less. Your transaction may not involve a fee for every item listed. The numbers listed beside the estimates generally correspond to the numbered lines contained in the HUD-1 or HUD-1A settlement statement which you will be receiving at settlement. The HUD-1 or HUD-1A settlement statement will show you the actual cost of items paid at settlement.			
"A" designates those costs affecting APR.		"P" designates compensation to Broker not paid out of Loan Proceeds.	
800 ITEMS PAYABLE IN CONNECTION WITH LOAN:		1000 RESERVES DEPOSITED WITH LENDER:	
801 A Origination Due Lender @	<b>0.000%</b>	1001 Hazard Insurance Impounds (2 mos)	\$ <b>140.63</b>
802 A Discount @	<b>0.000%</b>	1002 Mortgage Insurance Impounds (3 mos)	\$ <b>0.00</b>
803 Appraisal Fee	\$ <b>450.00</b>	1004 Property Tax Impounds (4 mos)	\$ <b>1197.50</b>
804 Credit Report	\$ <b>75.00</b>	1006 Flood Insurance Impounds	\$
805 A Lender's Inspection Fee	\$	1007	\$
808 A Tax Service Contract	\$ <b>70.00</b>	1008	\$
809 A Underwriting Review	\$ <b>949.00</b>	1009 Aggregate Analysis Adjustment	\$
810 A Document Preparation Fee	\$ <b>0.00</b>		
811 A Application Fee	\$	1100 TITLE CHARGES	
812 A Commitment Fee	\$	1101 Settlement or Closing Fee	\$ <b>697.00</b>
813 A Warehouse Fee / Interest Differential	\$	1105 Document Preparation Fee	\$ <b>0.00</b>
814 P Yield Sprd. Prem. <b>0.000%</b>	\$ <b>0.00</b>	1106 Release/Recording	\$ <b>0.00</b>
815 P Serv. Rel. Prem.	\$	1107 Binder Fee	\$ <b>0.00</b>
816 A Origination Due Broker @	<b>0.000%</b>	1108 Lender's Title Insurance Premium	\$ <b>1046.25</b>
817 A FHA MIP / VA Funding Fee/Single Prem. Mort. Ins.	\$ <b>0.00</b>	1111 Owner's Title Insurance Premium	\$ <b>975.00</b>
818 A Processing Fee	\$ <b>0.00</b>	1112 Fed Ex	\$ <b>0.00</b>
819 A Flood Cert	\$ <b>12.00</b>		
820 A Wire Fee	\$	1200 GOVERNMENT RECORDER AND TRANSFER CHARGES:	
821 A Lender Field Review (2nd appraisal)	\$ <b>0.00</b>	1201 Recording Fee	\$ <b>99.00</b>
822 A CONDO CERTIFICATION	\$	1202 City/County tax / stamps	\$ <b>598.50</b>
823 A APPRAISAL REINSPECTION	\$ <b>0.00</b>	1203 State tax / stamps	\$ <b>1795.50</b>
824 A Lender Credit	\$ <b>-250.00</b>	1204	\$
825 A	\$		
900 ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE:		1300 ADDITIONAL SETTLEMENT CHARGES:	
901 A Prepaid Interest <b>10</b> days	\$ <b>38.14</b>	1301 Survey	\$ <b>350.00</b>
902 A Mortgage Insurance Premium	\$ <b>0.00</b>	1302 Termite Inspection	\$ <b>50.00</b>
903 Hazard Insurance Premium	\$ <b>562.50</b>	1303 Property Inspection	\$ <b>475.00</b>
904 Flood Insurance Premium	\$	1304 Photo Fee	\$
		1305 Realty Company Admin Fee	\$ <b>0.00</b>
		1306 Upfront HOA/Capitalization	\$ <b>0.00</b>
		1307	\$
		1308	\$
TOTAL ESTIMATED MONTHLY PAYMENT:		TOTAL ESTIMATED FUNDS NEEDED TO CLOSE:	
Principal and Interest	\$ <b>1635.69</b>	Purchase Price	\$ <b>375,000.00</b>
Real Estate Taxes	\$ <b>299.38</b>	+ Estimated Closing Costs	\$ <b>7,392.25</b>
Hazard Insurance	\$ <b>46.88</b>	+ Estimated Prepaid Items / Reserves	\$ <b>2,282.05</b>
Mortgage Insurance	\$ <b>174.38</b>	- Earnest Money Deposit	\$ <b>0.00</b>
Homeowner's Association Dues	\$ <b>0.00</b>	- Subordinate Financing	\$ <b>0.00</b>
Second Interest Only <input type="text"/>	\$ <b>0.00</b>	- Seller Paid Closing Costs	\$ <b>0.00</b>
Second Principal and Interest <input type="text"/>	\$ <b>0.00</b>	- Lender Credit	\$ <b>0.00</b>
TOTAL MONTHLY PAYMENT	\$ <b>2156.32</b>	- Total Loan Amount	\$ <b>337,500.00</b>
		90 0 10	
		TOTAL ESTIMATED FUNDS NEEDED TO CLOSE:	\$ <b>47,174.30</b>
Applicant <b>John Q. Public</b> Date _____		Applicant <b>0</b> Date _____	
FIRST PORTFOLIO LENDING			