

INSTRUCTION FOR BUYERS OF REAL ESTATE

5 Great Reasons to Pre-qualify

1. You will know in advance what your payments will be.
2. You won't waste time considering homes you cannot afford.
3. You can select the best loan package without being under pressure. There are many options to choose from in today's market.
4. Sellers may find your offer to purchase more favorable if they know in advance of your ability to secure financing. This may make your offer more competitive if you are in competition with other offers.
5. Peace of mind.

Home Inspections

What is a *Home Inspection* and why do I need one?

Home inspections conducted by a professional inspection company are an excellent precaution when purchasing a home. The inspection usually includes appliances, plumbing, electrical, heating and ventilating, bath and kitchen fixtures, roof, foundation and general structure. The condition of these items will be determined. Should any significant problems be discovered, you may even wish to employ a specific professional to inspect the home as well, such as a roofer, or heating and air-conditioning repair service. Other tests and inspections that are conducted include radon tests, soil tests, asbestos inspections, well and septic inspections and home energy audits. These inspections will give the ability to buy the home with an excellent knowledge of its condition, and allow you to prepare for future maintenance.

Loan Application Checklist

Be sure to bring the following items with you at time of the loan application:

- Ⓟ **Application Fee**—bring your checkbook. The lender will require Approximately \$250 -\$300 for government applications and \$300-350 for conventional applications. This fee will cover cost of appraisal and credit report and is non-refundable. If the property being purchased is on a septic system or well, an additional fee may be required.
- Ⓟ **Down payment**—information as to all sources of money to be used for the down payment and closing costs. (Statements of CD, Bank Account, 401K, Stocks)
- Ⓟ **Social Security #s**—name, age and Social Security number of borrower and co-borrower.
- Ⓟ **Employment**—your annual gross income, including overtime and bonuses. Names and addresses of employers for past 2 years, most recent months' pay stubs, last two years' tax returns and W-2 forms.
- Ⓟ **Self-employment**—two years' individual tax returns (including Schedule C), current profit and loss statement, balance sheet, and financial statement.
- Ⓟ **Other Income**—verification of retirement, disability, and social security benefits. Documentation of any child support payments if they are to be counted as income.
- Ⓟ **Real Estate**—address for the past 4 years, value, mortgage balance, monthly payment, yearly taxes and insurance for any real estate owned.
- Ⓟ **Rental Income**—rental letters and leases signed by tenants.
- Ⓟ **Bank Accounts**—names, addresses, account numbers, and the 2 most current account statements for all checking, savings, IRA's, CD's, and money market accounts.
- Ⓟ **Stocks and Bonds**—types and current market value.
- Ⓟ **Life Insurance**—amount of coverage and approximate cash value.
- Ⓟ **Outstanding Credit**—names, addresses, account numbers, monthly payment, and balance owed for all outstanding loans. If possible, bring a copy of the payment coupon (Include all loans such as auto, student, mortgage, personal, etc.).
- Ⓟ **Bankruptcies**—details and an explanation of any known credit problems. Discharge of bankruptcy documents and all other related documents as filed
- Ⓟ **Subject Property**—legal description, property taxes, title evidence, data sheet and operating statements if applicable.
- Ⓟ **Divorce Decree**—complete copies of final divorce decrees and all amendments if making child support and/or alimony payments, and proof that there is no arrearage: If receiving payments, provide statement from County Clerk of Courts showing regular receipt of payments for a 12 month period. Include family maintenance case number if applicable.
- Ⓟ **Personal Property**—approximate value of furniture and possessions presently owned, including vehicles. Include the year, make and current market value of automobiles.

Problems from Contract to Close

The time between the sale of your home and the closing or settlement can be challenging. The following partial list is provided to illustrate some of the problems that can occur in a real estate transaction.

- Ⓟ Acts of God such as windstorm, fire, or flooding
- Ⓟ Family members oppose the purchase
- Ⓟ Home inspection reveals defects that seller is unwilling to repair.
- Ⓟ Home inspection reveals defects that the purchaser is unwilling to accept
- Ⓟ Home inspection reveals unknown defects
- Ⓟ Liens are discovered just prior to closing/settlement
- Ⓟ Loan institution raises rates, points, or costs prior to closing
- Ⓟ Loan institution requires a second appraisal
- Ⓟ Loan institution requires property repaired prior to closing
- Ⓟ Purchaser becomes critical regarding condition
- Ⓟ Purchaser did not tell the truth at time of loan application
- Ⓟ Purchaser does not deliver earnest money according to the terms of the contract
- Ⓟ Purchaser does not execute paperwork in punctual manner.
- Ⓟ Purchaser does not qualify because of omitted information
- Ⓟ Purchaser experiences change in employment, illness, divorce, or financial difficulty
- Ⓟ Purchaser source of down payment changes
- Ⓟ Purchaser submits incorrect financial information to loan institution
- Ⓟ Purchaser's motivation to purchase the property changes
- Ⓟ Purchaser does not like the terms of the loan
- Ⓟ Purchaser does not obtain insurance in a timely manner
- Ⓟ Seller did not own 100% of property as previously disclosed
- Ⓟ Seller does not disclose known defects that are subsequently discovered
- Ⓟ Seller has difficulty obtaining signatures of co-owners
- Ⓟ Seller is unable to clear up problems or liens
- Ⓟ Seller leaves town without giving power of attorney to anyone
- Ⓟ Seller removes property from the premises the purchaser believed was included
- Ⓟ The appraisal is late
- Ⓟ The property does not appraise to the loan institution's satisfaction
- Ⓟ The property inspection report alarms the purchaser
- Ⓟ The property inspection report infuriates the seller
- Ⓟ The property inspection report is delayed
- Ⓟ The property inspection report is incorrect
- Ⓟ The property inspection report reveals radon, asbestos, abandoned wells, etc.

These are the issues a real estate agent deals with on a daily basis. Please call me if you have any questions regarding any of these items.

The Home Search Process

Before we begin the home search process...

Son Le will:

- Ⓟ Review your financial position to determine the price most suited to your ability to pay and comfort level. Pre-qualifying will help you in the following ways:
 1. Interest rates are usually locked in for a set period of time. You will know in advance exactly what your payments will be on offers you choose to make.
 2. You won't waste time considering homes you cannot afford.
 3. You can select the best loan package without being under pressure.
 4. Seller may choose to make concessions if they know that your financing is secured, and this may make your offer more competitive.
- Ⓟ Estimate purchase costs, and explain them in detail.
- Ⓟ Explain financing alternatives to help you select the one best suited for you.
- Ⓟ Discuss home styles, availability, location, schools and any specific features that you desire.
- Ⓟ Explain the Offer to Purchase Agreement in detail as well as the Multiple Listing Service
- Ⓟ Prepare a market report, pricing recommendations and an estimate of equity from the sale of your present home.
- Ⓟ Provide you with information on all properties currently for sale, including new and pre-owned homes, single family homes and condominiums.

During the home search...

Son Le will:

- Ⓟ Discuss the benefits and drawbacks of each home in relation to your specific needs.
- Ⓟ Keep you informed on a regular basis.
- Ⓟ Check the MLS data base and with other brokers daily for new listings that meet your criteria.
- Ⓟ Prepare an itinerary and "tour" map on which all homes meeting your criteria have been located.
- Ⓟ Keep you up-to-date on changing financial conditions that may affect the housing market.
- Ⓟ Be available to answer your questions or to offer assistance regarding your home purchase.
- Ⓟ Discuss market trends and values relative to properties which may be of interest to you.
- Ⓟ Show you new homes as well as pre-owned homes if you desire.
- Ⓟ Introduce you to local builders to discuss building your next home.

At the conclusion of the home search...

Son Le will:

- p** Prepare an offer to purchase agreement and explain each detail.
- p** Provide you with copies of all the documents involved in the purchase agreement and financing.
- p** Assist you in determining the appropriate financing and help you select the best financial institution to handle your mortgage.
- p** Accompany you to the loan application if you so desire.
- p** Provide you with a loan application checklist.
- p** Provide you with an estimated cost of closing or settlement including points, title insurance, appraisals, credit reports, etc. prior to the loan application.
- p** Make arrangements for the mortgage application (see loan application checklist).
- p** Coordinate any necessary inspections of property to evaluate the major elements of the home such as:
 - Radon
 - Asbestos
 - Basement
 - General Premises
 - Safe Water Report
 - Code Compliance
 - Repairs per contract
 - Lead
 - Termite/Rodent
 - Structural
 - Subsoil Conditions
 - Septic System Report
 - Energy Inspection
 - Assist in securing interim financing

Prior to the closing or settlement...

- p** Confirm the mortgage loan approval, which may include the following:
 - Loan Commitment
 - Appraisal
 - Verification of Assets
 - Submission to underwriter
 - Written approval
 - Credit report
 - Verification of Employment
 - PMI
 - Verbal approval
 - Need to amend contract
- p** Provide you with a transaction checklist of items to prepare for the closing.
- p** Coordinate the following as applicable to your transaction:
 - Occupancy permit
 - Home Warranty Application
 - Special Agreements
 - Escrow agreements
 - City Letters
 - Closing/escrow statement
 - Survey
 - Affidavits
 - Amendments
 - Lien Waivers
 - Title Policy
 - Authorization to deliver deed
- p** Remind you to coordinate the following one week prior to closing or settlement:
 - Transfer utilities
 - Check Garage Door Openers
 - Check keys
 - Accompany you to the closing

What will you do if...

- p** You see a sign?
- p** You read an ad?
- p** You see a For Sale By Owner?
- p** You see a resale open house?
- p** You see a new construction open house?
- p** You hear about a property for sale?

Call me for the information you need!

You need only *one* REALTOR to help you find the home that is right for you.

If you meet a real estate agent at an open house, you introduce Son Le as the Agent you are working with.

We look forward to a rewarding buying experience with you

Son Le, Realtor