

The *Ultimate*  
REAL ESTATE BUYING GUIDE



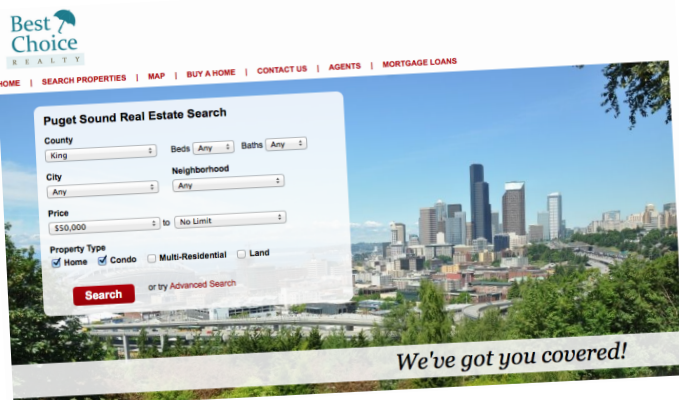
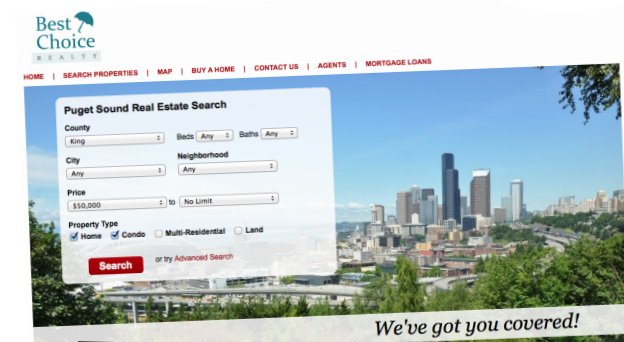
# Why We Do Real Estate

## OUR MISSION

We provide home sellers and buyers with an innovative real estate solution. By using the efficiencies of the Internet and our local knowledge, we have streamlined the real estate process.

## OUR SERVICES

We serve as active members of MLS associations and local community organizations. In addition, our website provides new listings to our clients throughout the home selling and buying processes. We also are familiar with online tools and mobile-to-mobile support such as Homesnap, Zillow, Trulia, and Redfin. Because we are committed to your total satisfaction, we invite you at any time to review us online.



*"What's today's market look like?"*

The most reliable information comes from real-estate statistics from our Northwest Multiple Listings Service and the actual sales data we are able to pull. Sites like Zillow or Trulia only show trends.

Mortgage rates are at 50 year lows. Home prices are affordable again. Today's market is a rare opportunity for people with stable incomes and good credit. Too many qualified borrowers are sitting on the sidelines because of misinformation about getting a mortgage or not having an agent who understands how to write a winning offer in a market with a shortage of inventory.

# OWNER OCCUPIED

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An owner occupied property is a property that is occupied by a person that is on the property's title.

## KEEP IN MIND

- ☂ Sellers may have a strong emotional bond with their property.
- ☂ Owner Occupied Homes can sometimes be overpriced.
- ☂ We may not be able to get the lowest price but patience and flexibility to negotiate should pay off in a fair price. Negotiation will depend on seller motivation.

## POTENTIAL BENEFITS

- ☂ Purchasing a home that may have expensive upgrades and improvements.
- ☂ Financing easier to obtain.
- ☂ More dependable transaction closing time frame.
- ☂ Price generally remains stable after contract is mutually accepted.



# NEW CONSTRUCTION

New construction is a home built to suit a client's specific needs or a home that has been built but has never been occupied. Typically you are dealing with a builder who is very concerned about the bottom line and has streamlined the purchase process by customizing the sales contract and specifying the terms of homes purchase. Newly constructed homes may come with a one year home warranty and sometimes more. We prefer to be present when you tour through the Builder's model homes to help you understand what truly is being offered with the base price and what costs extra as an "upgrade." We also want to represent your best interests when negotiating with the builder's site agents for your new home.



## KEEP IN MIND

- ☂ The Builder may not complete the new home in the promised time frame. You will need to be flexible with your closing date.
- ☂ Problems and changes can be common occurrences as the home is being completed.
- ☂ You may be able to get a lower price on a pre-sale home. The price on a completed home is generally at market value.
- ☂ Have a Buyer's Agent present to guide your home purchase negotiations. We can protect your best interests. An on-site agent at a model home is there to represent the Builder's best interest and try to represent you as well.

## POTENTIAL BENEFITS

- ☂ The builder may have a preferred lender who says they will make it easier to get financing, but beware how the preferred lender assists with closing costs. It's always good to have a second option.
- ☂ Many times you can select your personal preference for finishes in the pre-sale homes along with being able to upgrade certain items in your new home. Upgrades generally add to the listed price.
- ☂ Price generally doesn't change after contract is accepted, unless you add upgrades and features.

# INVESTMENTS

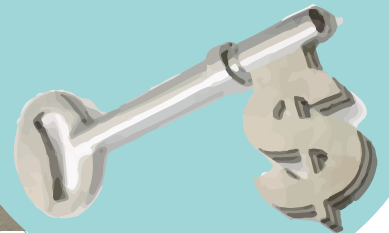
Investments are usually bought as **non-owner occupied properties** by a buyer who wants to invest in real estate to gain rental income or to renovate the home and re-sell it for a profit.

## KEEP IN MIND

- ☂ As an investment buyer, you generally will look at what return can be made on the investment.
- ☂ We can help you find the investment property that will meet your goals and give you sound advice on what it may take to get a rental property ready for a tenant, especially if it is a “fixer upper.”
- ☂ Lending requirements are more strict for non-owner occupied investment properties, so it is very important to be pre-approved with a lender or have “proof of funds” for a cash purchase, before looking for an investment property.
- ☂ We have property managers we can recommend or provide you with rental contracts.



POTENTIAL  
BENEFIT



# SHORT SALE

A short sale is a sale of a property in which proceeds fall short of what the owner owes on the mortgage. Many lenders will agree to accept the proceeds of a short sale. *Patience* is the key with a Short Sale.

## KEEP IN MIND

- ☂ First the property owner will accept your offer but then the offer and price must be approved by all of the lien holders on the property (i.e. mortgage bank, investors, 2nd mortgage, IRS, etc.) this will take a long time!
- ☂ The price the lien holder approves is usually higher than what the home was listed for and what was originally agreed to in the offer.
- ☂ The 3rd party, lien holders, can impose conditions on the sale beyond what is negotiated between Buyer and Seller on the original contract.
- ☂ It CAN take 2 to 5 months or longer to receive a response on an offer from the lien holders. After waiting all that time there is never a guarantee that the lien holders will approve the short sale price, even if you offer more than the asking price of the short sale itself.
- ☂ The 3rd party lien holder can require that offers are still received while yours is in the process of being approved.
- ☂ Another, better offer can be accepted by the lien holder at any point in time, even though your offer has been accepted by the Seller.
- ☂ Financing obstacles- potential interest rate increases during the 3rd party approval waiting period.
- ☂ You may be required to get a second pre approval by the 3rd party lender as a condition of the sale.
- ☂ Only a small percentage of short sales are successful.
- ☂ The property is sold "AS IS" and neither the Seller nor the lien holder will complete any repairs.

## POTENTIAL BENEFIT

- ☂ You might get a "good deal" under market!



# FORECLOSURES

*Bank and Government Owned Properties- Real Estate Owned.* Fannie Mae, Freddie Mac. It comes back into the bank portfolio via foreclosure. However, you can have a Home Inspection completed and cancel the purchase if there are too many repairs.

## KEEP IN MIND

- ☂ REO properties are sold AS IS with the seller making NO repairs.
- ☂ Response time from the bank can take up to a week and the contracts will include bank addenda.
- ☂ Many times these properties are trashed and anything of value has been removed by the previous owner- how handy are you?
- ☂ The price to purchase the property can be just the beginning of the total cost to make it liveable. There may have been deferred maintenance.
- ☂ They will often have multiple offers, yes....a bidding war!
- ☂ Undefined surprises can often take place after closing the deal.

## POTENTIAL BENEFIT

- ☂ You might get a "good deal" under market value or under appraised value.
- ☂ You are only dealing with the bank as the seller, not several sellers.



# HUD FORECLOSURES

## GOVERNMENT OWNED PROPERTIES

Purchasing a HUD home is unlike purchasing any other home. The homes are generally listed under market value which guarantees a bidding war. If you bid high and appraisal does not come in at value, you will need to pay the difference out of your pocket. They are sold AS IS with HUD making no repairs. There are additional costs and hoops to jump through to purchase a HUD home.

## KEEP IN MIND

- Many times these properties are trashed and require extensive repairs- how handy are you?
- The purchase price is just the start of the cost of the home.
- If you are successful with the bid you will need to FedEx the contract to California with the earnest money's cashier's check within 48 hours (\$30).
- You have to pay a fee to have the home de-winterized and winterized for the Home Inspection and appraisal (\$150 each).
- You have to turn the utilities on for the Home Inspection which means putting them in your name temporarily. There are fees involved from the various utility companies (\$100-\$200).
- You will need to be present when the utilities are turned on so any water damage can be mitigated in the home and you are responsible for any damage to the home caused by the utilities.
- Any closing extensions required are for two weeks and could cost \$375 upfront.
- De-winterizing the home after the transaction closes (\$150).
- You do not get the key to the home when it closes, you will only be given access to the home and you will need to re-key or replace the lock (\$75-\$150).
- HUD does NOT pay for Seller's escrow fees or title insurance, you will have to pay for these additional fees which is usually around 1%.
- Purchasing a HUD home can cost you a total of \$2000 to \$3000 or more in upfront fees.



## POTENTIAL BENEFIT

- No fee to bid online.
- Might get a "good deal" under market value or under appraised value.
- Only dealing with the HUD as the seller, not several sellers.
- Special benefits for teachers/police and open to owner occupants first before investors.



# The 1st Step To Purchasing is to Prove YOU CAN!

Getting your mortgage pre-approval is as easy as 1..2..3.. *REALLY!*

One 15 minute phone call and it is done...

1



The lender generates a credit report from the Credit Bureaus

2



The lender verifies your employment and bank accounts




3



The information is then forwarded to their underwriter (many times this is automated) for pre approval

## Key Benefits of a Home Loan...

### PRE APPROVAL

-  You know exactly *how much home you can afford* eliminating wasted time looking at homes that are under or over your price range.
-  You will get the *best financing*- (i.e. lowest interest rate, lowest down payment and lowest monthly payment) which will allow you to get the most house for your money.
-  You can make a *stronger offer*- You get the power of immediate action, you can beat out other buyers, and you can negotiate the lowest price and best terms.

# What to Look Out for when Shopping for a Loan

## OUT OF STATE LENDERS

Without being intimately familiar with our state, your fees will likely be wrongly estimated and there won't be established relationships with high quality appraisers and the title companies that we have across the state. An appraisal problem can be the unwelcome end of your mortgage application.

**E-Lenders** are solely or primarily web-based, including mortgage clearing houses and bidding sites.

## LENDERS who will not give you their loan officer's cell number

You may frequently need to reach your loan officer on weekend and evenings, especially on a purchase, where problems may arise in the home inspection and they just want to talk or have questions, need to know if they can change loan amounts, etc. You should not have to wait until Monday to speak with someone when you have a concern Friday.

## Some *Warning* Signs

- ☂ Watch out for lenders who won't quote you a specific interest rate (at least ball park), or who are vague about their service and costs.
- ☂ Look for lenders who give you a feeling of trust, and ask for a list of satisfied customers. Check out the company online and ask for reviews or recommendations.
- ☂ Be wary of lenders who solicit you through e-mail, and will not quote actual rates, or insist you are already "pre-qualified" for a loan.
- ☂ Be wary of offers that sound "too good to be true," they probably are!

# Tips to Remember after you Apply for a Mortgage

Here is a list of what you should and shouldn't do while getting a loan. I have seen people RUIN any chance of getting their loan approved during the process because they did not follow the rules below:

- 1 DO NOT APPLY FOR NEW CREDIT OF ANY KIND.** Including those “you have credit card invitations that you receive in the mail or online. Every time that you have your credit pulled by a potential creditor or lender, you lose points from your credit score immediately. This includes co-signed debts. Any new debt can affect your loan approval.
- 2 DO NOT MAKE ANY UNSOURCED DEPOSITS INTO THE BANK ACCOUNT USED FOR YOUR DOWN PAYMENT/RESERVES.** All non-payroll deposits will have to be documented with an acceptable paper trail. It is best to avoid making non-payroll deposits into your accounts during the loan process. When in doubt, consult your loan officer before making the deposit.
- 3 DO NOT MAX OUT OR OVERCHARGE ON YOUR CREDIT CARD ACCOUNTS.** This is the fastest way to bring your scores up quickly. Try to keep your credit card balanced below 30% of their available limit at ALL times during the loan process. If you decide to pay down balances, do it across the board. Meaning, pay balances to bring your balance to limit ratio to the same level on each card (i.e. all to 30% of the limit, or all to 40% etc.)
- 4 DO NOT PAY OFF COLLECTIONS OR CHARGE OFFS DURING THE LOAN PROCESS.** Unless you can negotiate a delete letter paying collections will decrease the credit score quickly due to the date of last activity becoming recent. If you want to pay off old accounts, do it through escrow – at closing and always consult your loan officer.
- 5 DO NOT CONSOLIDATE YOUR DEBT ONTO 1 OR 2 CREDIT CARDS.** It seems like it would be the smart thing to do, however, when you consolidate all of your debt onto one card, it appears that you are maxed out on that card. The system will penalize you as mentioned above in 3. If you want to save money on credit card interest rates, wait until after closing.
- 6 DO NOT CLOSE CREDIT CARD ACCOUNTS.** If you close a credit card account, you will lose available credit, and it will appear to the FICO that your debt has gone up. Also, closing a card will affect other factors in the score such as length of credit history. If you HAVE to close a credit card account, do it after closing.
- 7 ALWAYS PAY ACCOUNTS ON TIME.** Stay current on existing accounts. Under the new FICO scoring model, one 30 day late can cost you anywhere between 50-100 points. Points lost for late pays take several months to recover.
- 8 DO NOT DISPUTE ANYTHING ON YOUR CREDIT REPORT ONCE THE LOAN PROCESS HAS STARTED.** When you send a letter of dispute to the credit reporting agencies, a note is put onto your credit report, and when the underwriter notices items in dispute, in many instances, they will not process the loan until the note is removed and new credit scores are pulled. Why? Because in some instances, credit scoring software will not consider items in dispute in the credit score.
- 9 KEEP IN TOUCH WITH YOUR MORTGAGE & REAL ESTATE PROFESSIONALS.** If you have a question about whether or not you should take a specific action that you believe may affect your credit reports or scores during the loan process, your mortgage or real estate professional may be able to supply you with the resources you need to avoid making mistakes that could drop your credit scores, or possibly, cause your loan approval to change.

*Always consult your Agent or Loan Officer about any possible problems or questions.*

# Your Cost to Purchase a Property

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## DOWN PAYMENT:

How much do you have set aside? There are down payment assistance programs for qualified borrowers. Rule of thumb is 3.5% of the purchase price for FHA mortgages, 3% to 20% for Conventional mortgages, 0% for VA and USDA mortgages. There are down payment assistance programs for qualified borrowers.

## EARNEST MONEY:

In Washington 1% of the sales price is customary. It will need to be deposited into the escrow trust account within 3 business days of the seller accepting your offer. The money is credited to you at closing as a portion of your closing costs or down payment. Earnest Money can be refundable based on provisions in the purchase contract.

## INSPECTION:

It typically up to 10 days to complete, but this depends upon the contract. You'll have the option of hiring a Home Inspector to look at the property and we have a list of inspectors you can call. Depending on how large the home is and the age the price will vary. Inspections typically cost approximately \$375 to \$475 for homes up to 3000 square feet. \$300+ for condos. Payment is required at the time of the inspection. Mold, lead, asbestos, sewer scopes, and other tests need to be ordered ahead of time and there is generally an extra charge for each of these tests.

## APPRAISAL:

An appraisal of the property typically costs between \$500-600. Your lender has an impartial third party appraise the home to verify the value of the house. If you pay cash, we recommend you order an appraisal.

## CLOSING COSTS:

These costs consist of several fees such as escrow and title fees, lender charges, prepaid interest, taxes and homeowners hazard insurance. Closing costs will vary from 2% to 5% of the purchase amount depending on the loan program you are using. You'll get a truth in lending disclosure breaking down costs involved with the loan and your purchase. These costs can be paid at closing or some costs can be financed. We can typically ask the seller to pay for part or all of the closing costs but in some situations it is not possible. Be prepared for the seller to counter your proposal.

## COMMISSIONS: The seller pays!



# Real Estate Property Buying Step-By-Step

## KNOW YOUR OPTIONS

### Step 1: *You Have Options!!!!*

- Pay cash
- Conventional Financing with 3-10% or more down.
- Government Backed Programs FHA 3.5% down, VA 0% down
- Special Programs such as 100% USDA, Teacher or Doctor Programs, etc...

## BEGIN LOAN APPROVAL PROCESS

### Step 2:

Meet with a lender to determine how much property you can afford. Obtain pre approval for the loan amount you need. This will improve your negotiating position with the property sellers.

## THE REAL ESTATE PROPERTY SEARCH

### Step 3:

Start by deciding which areas interest you and whether you want a new or an existing home. I can help you match your needs to the right property and area.

## MAKE AN OFFER

### Step 4:

When we find the right property, we will review market conditions and work with you to present a competitive offer. I will explain all documentation and ensure the terms are in your best interest. The process may go back and forth a few times between you and the Seller.

## UNDER CONTRACT

### Step 5:

After mutual acceptance of the Purchase and Sale Agreement by you and the Seller, escrow will be opened on the property and your "earnest money" will be deposited with the escrow company.

## INSPECTIONS, REPAIRS, INSURANCE, ETC.

### Step 6:

Inspection periods usually last 5-10 days. Inspections are performed by a Licensed Home Inspector of your choice to help you understand the condition of the property. Contract details such as repairs are further negotiated. During this time you'll need to arrange insurance for your new home. Title Insurance will provide a Commitment for Title Insurance for you to review.

## GO TO CLOSING

### Step 7:

When you sign your closing documents, you will need to bring a picture ID and a certified check if you're making a down payment or wire the money to escrow. Possession is typically not given until after the transaction has recorded at the county recorder's office, which transfers ownership. This is typically done by 9:00PM on the closing day. I'll meet you after this to give you keys to your new home!

# How I Work Exclusively for YOU

- 🏠 Find the **best home** or investment that meet your requirements by regularly sending you information on properties that match your "home search" criteria.
- 🏠 Negotiate the **lowest price** using my local knowledge of the market and area.
- 🏠 Secure the **best financing** by working with your lender to keep within your budget.
- 🏠 Meet your home buying needs with the **least amount of hassle**. Serve as your "point person" with the seller, title, inspector, and ensure all purchase requirements in the purchase and sale agreement are completed in a timely manner.
- 🏠 I'm 100% committed to making sure you have a great home buying experience and **guarantee your satisfaction**.
- 🏠 At each step of the way, you will benefit from our communication plan so you can be **completely informed** as to how things are going and what you can expect to happen next!
- 🏠 **None of my services cost you a penny!**

~All I Ask in Return is Your Loyalty and Future Referrals~



*We've Got You Covered!*

Notes:

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We've Got You Covered!