

Step by Step Guide to Purchasing your First Home

THE HOME BUYING PROCESS



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PREPARING FOR CLOSING
You will be finalizing your loan, reviewing documents, and discussing the findings from the inspection. Your agent will be managing this entire process for you.



FINAL DETAILS
Perform due diligence, order the appraisal, conduct an inspection, and review terms with the lender.

IN ESCROW
You and the Seller have agreed to the price and terms. The home is effectively held for you until closing.

THE CONTRACT
In most cases the contract provides you with a timeline to obtain financing, as well as time to inspect the physical condition of the home. Your real estate professional will inform you of all your rights and responsibilities related to the contract.

NEGOTIATION AND CONTRACT
It may take a few tries to get it just right, but hang in there. You're on your way!



CLOSING
This is the transfer of funds and ownership. A title company or an attorney typically acts as an independent third party to facilitate the closing.



CONGRATULATIONS!
YOU ARE A NEW HOME OWNER!

MEET WITH A REAL ESTATE PROFESSIONAL
Discuss the type of home you're looking for, including style, price, and location.



MAKE AN OFFER
Your agent will prepare the offer based on the price and terms you choose.

SEARCH FOR HOMES
The fun part! Your agent will schedule showings and help you find the perfect home.



THE BUYER'S ADVANTAGE
As the home buyer, your agent's commission is paid by the seller of the home in almost all circumstances. This means your representation costs you nothing!

GET PRE-APPROVED
You will need pay stubs, W2s, and bank statements. Knowing what you can afford is critical to a successful home shopping experience.

ADVANCED SEARCH
Not all real estate websites are the same. Your real estate professional has tools and systems to ensure you see every available home that meets your criteria.

If you are already working with a real estate professional, please disregard this solicitation.

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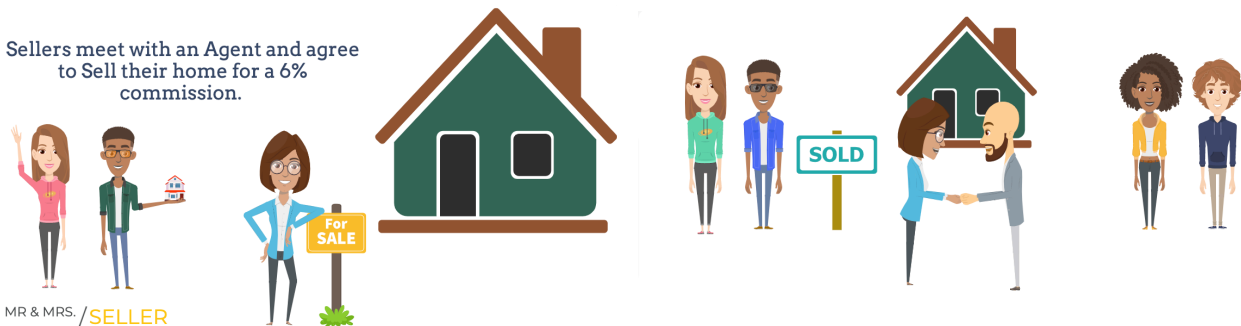
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Step #1: Find a Buyer's Agent

With the risk of sounding too much like a gimmick, finding a qualified Buyer's agent is actually **the smartest thing you can do to get the process moving forward**. A local buyers agent will have intimate knowledge of the current market, your area and the home buying process down to the finest detail. They'll be able to open doors, provide MLS info, negotiate on your behalf, analyze home prices (so you can make a competitive offer) and help to keep you on track once you go "Under Contract". The best part? In most cases **having a buyer's agent is completely FREE to you!** What!? You don't say...but how do you get paid!? I get it, you're in disbelief...

Here's how it works:



When a home is sold, the Seller's Agent splits their commission with the Buyer's Agent!



Step #2: Get Pre-qualified

For some Buyers getting pre-qualified can seem like a daunting process. What if I don't get approved? **What if getting qualifying hurts my credit?** You might think: I don't want to waste anyone's time...or...couldn't we just skip this part until we find a home? Let me be clear on this step, unless you plan to purchase with cash, pre-qualification is ESSENTIAL. **Having a "pre-qual letter" is what makes your offer credible** and in today's market (where Sellers are Covid Conscious) it may also be the only way that you make it through the door.

Imagine that you want to buy some groceries for the week. You head down to the local supermarket, select your items, then head over to the checkout counter to pay and when you arrive the check-out person totals your bill. You reach for your wallet and oops! **You forgot to bring it!!!** So you run home quickly to grab it, run back to the store, open it up and then oops! The total is more than you have!!!



750 Lafayette Road, Suite 201, Portsmouth, NH 03801

Loan Officer

NMLS # 40253

Business: 603-396-3198
Fax: 866-855-2501
Email: bkelly@annie-mac.com
Secondary: bradleykelly.annie-mac.com



Jasmine Talon

CMG Mortgage

Loan Officer

NMLS 1820
Individual NMLS 1683094

Business: 603-323-0686
Cell: 603-775-3478
efax: 603-323-0686

40 Congress Street, 3rd Floor, Portsmouth, NH
03801

Getting pre-qualified informs you of your budget. In most cases, it takes **only a 10 minute conversation** on the phone, then a quick online application. If you haven't begun this step, don't fret. I've supplied the info of some Local Lenders above who I work with every day. Heck, even if you are qualified, why not get ahead of your competition and **get pre-approved?** In any event, it doesn't hurt to shop for a

deal. These are trusted colleagues who have a track record of excellent service and great rates.

Step #3: Meet with your Agent

Okay, you're pre-qualified and have an agent in mind that you'd like to use. What's the next step? **MEET them.** Forming a relationship between you and your agent is very important. How else are they suppose to **represent your interests** if they don't know much about you? In this meeting you should first go over the necessary state disclosures. Namely, the "Brokerage Agency Disclosure" which explains the difference between "Customer" & "Client" level services (I've attached the NH & ME Forms in the appendix).



Next, you should **share your search criteria.** Tell them why you're moving, what your timeframe is, your area's of interest, your budget and your "Must haves". Though building this relationship is important, **it's equally important that you also vet your agent's abilities** as well. You should ask yourself the following questions when meeting with them:

- Is this their **full time job** or do they only work part-time?
- Have they worked a lot with buyers in the past?
- How well do they understand the market?
- Do they have **positive reviews on social media and Zillow?**
- Did they answer your questions to your satisfaction and can they explain the process clearly to you?

If all goes well, you should go over a Buyer's Agency Agreement in order to become a "Client". Be sure to clarify the **length of the term**, your **areas of search** and **how commissions are being dealt with** in different scenarios. It's good to

note (at least in NH & ME) that having this agreement in place doesn't obligate you to purchase a home. In most cases, it **doesn't cost you** anything to have either.

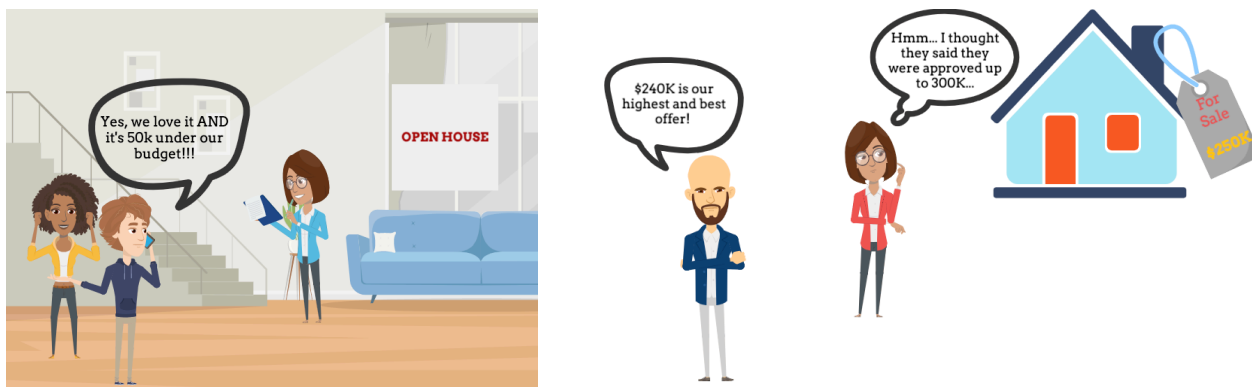
Setting you up on the MLS

If you feel comfortable moving forward should focus on acquiring the right tools for your search. Ask your agent to hook you in and start looking at properties that meet your criteria. What is the MLS and why is it important in your search? The MLS (Multiple Listing Service) is basically a digital warehouse for property info. It's the primary tool of local realtors and is stocked (by those Realtors) with the most accurate and up to date info on homes in our area. Secondary sites like Zillow, Realtor.com & Trulia all pull their info from the MLS as a means to showcase property.

Showings

Once you've found something that you like or that has just hit the market, this is a good time to **give your agent a call** and schedule a time to view the property.

Your agent will need to coordinate with the listing agent and see **what time works best for everyone**. In the business, Agent's communicate on behalf of sellers/ buyers because it ensures that both parties are protected! Many'a folk have accidentally given away their negotiating power by disclosing things to the listing agent without meaning too...for example... "We've just been pre-qualified for \$\$ \$!" or "We need to move ASAP...our lease is up in a month!" These things seem innocuous until they are being used against you in a negotiation:



Step #4: Making an Offer & Going “Under Contract”

Let’s say that you like the property that you just viewed and you’d like to put an offer on it. **Offers vary greatly** from place to place and house to house. You should factor in a number of things such as price, seller concessions, home sale contingencies etc. Your agent should help you analyze the home as well, run “Comps” if necessary and help you understand **what makes a competitive offer**.

Initial Negotiations

If the offer is NOT accepted as written, you may have an opportunity to *negotiate*. This is typically initiated by a **counter response**. Your agent will review the counter with you and answer any questions you have. If you wish to accept, then you can accept. If you wish to counter again or step away, you can do that as well.

Under Contract

Suppose your offer is accepted. Once “Under Contract” you will have a **checklist of things to do** to ensure no issues arise throughout the transaction. These may include and are not limited to:

- Selecting a Title Company
- Scheduling Inspections
- Delivering Escrow
- Filling out a Complete Loan App
- Filling out Title Paperwork
- Scheduling Appraisal
- Utility Transfer
- Scheduling Closing



Step #5: Due Diligence



One of the first actions taken after going Under Contract is **ordering your inspections** and taking the time to dig into the property a bit further. This “Due Diligence” period can vary from offer to offer, but in most cases is **anywhere from 7-14 days**. It is the Buyer’s responsibility at this time to consider things like the **condition of the home**, its neighborhood and points of interest in the area. If you’re a new buyer, you’re probably curious about

how much Inspections cost. **Cost can depend on a number of factors**, such as the size of the home and what the types of inspections you wish to do. With that said, a general array of inspections you can cost **anywhere from \$450 - \$1,500**. Note that this expense is out of your own pocket. With that said, they are generally a good idea to have done as they give you a clearer picture of the home and will reveal any defects that may be hidden.

What if something serious pops up during inspections?

This can happen from time to time. If **your agent has done their job correctly**, you should be covered. At this point you have three options:

- 1) You can step away from the contract and have your deposit monies returned back to you in full
- 2) You can try to negotiate with the seller to have the item(s) fixed or that you are compensated for the issue.
- 3) You can ignore the issue (perhaps you're already getting a good deal on the home) and continue past your due diligence period.

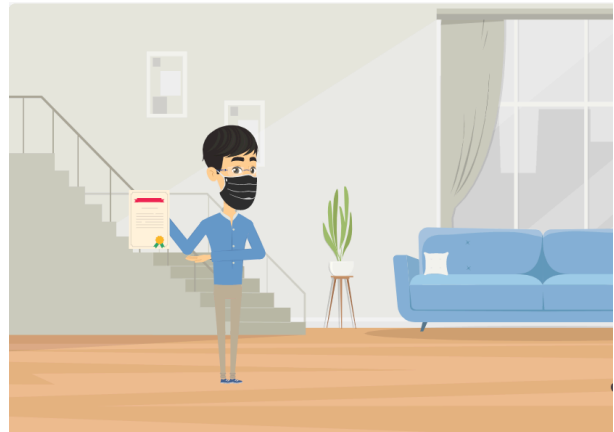
Step #6: Appraisal Process



Unless you plan to pay for the home with cash, **the bank will require an appraisal of the property.** An Appraisal is a third party independent professional, who's commissioned by the bank to give an unbiased valuation of the home. In effect, this is the banks way of insuring that the house is worth what you're paying for. If you haven't guessed it already, **banks are super risk averse** when it comes

to loaning out their money and don't want to *give out what that they couldn't get back if they needed to*. That's why they send out a professional to determine the value of the home. Appraisers typically use three methods for finding value; the cost approach, sales comparison approach and income approach.

Generally speaking, and with certain provisions added into the contract, if the appraised value is *determined to be lower than the price you've offered*, then **you should have a chance to renegotiate the purchase price down** or to step back from the contract all together. Given the process in place, this is why you may hear some agents say that you can never *overpay* for your home.



Step #7: Closing

Closing day is the end of the home buying process and the beginning of a new chapter in your life. This is when paperwork is signed, keys are transferred and everyone is paid for their work in making the transaction come together. If you're curious about exact closing costs beforehand, please check in with your lender or the title company you're working with.



Because there are so many variables that go into a single transaction, these costs tend to vary greatly. However, a lender will be able to give you a value specific outline of your costs.

What things are Calculated into Closing Costs?



- Prorations (Fuel, Tax, Income, etc.)
- Loan Downpayment
- Home Owners Insurance
- Appraisal Fees
- Title Fees & Insurance
- Escrow Deposit
- Vender Concessions
- Deed Recording & Taxes
- Seller Concessions

In need of a **LOCAL & EXPERIENCED** Realtor?

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NH & ME

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NH License # 075226 | ME License # 922888



5-Star Realtor® on Zillow... clients love me!



Appendix



NEW HAMPSHIRE REAL ESTATE COMMISSION

121 South Fruit Street, Ste 201 Concord, NH 03301 Tel.: (603) 271-2219

BROKERAGE RELATIONSHIP DISCLOSURE FORM

(This is Not a Contract)

This form shall be presented to the consumer at the time of first business meeting, prior to any discussion of confidential information

<p><i>Right Now You Are A Customer</i></p> <p>As a customer, the licensee with whom you are working is not obligated to keep confidential the information that you might share with him or her. As a customer, you should not reveal any confidential information that could harm your bargaining position.</p> <p><i>As a customer, you can expect a real estate licensee to provide the following customer-level services:</i></p> <ul style="list-style-type: none"> To disclose all material defects actually known by the licensee pertaining to the on-site physical condition of the real estate; To treat both the buyer/tenant and seller/landlord honestly; To provide reasonable care and skill; To account for all monies received from or on behalf of the buyer/tenant or seller/landlord relating to the transaction; To comply with all state and federal laws relating to real estate brokerage activity; and To perform ministerial acts, such as showing property, preparing and conveying offers, and providing information and administrative assistance. 	<p><i>To Become A Client</i></p> <p>Clients receive more services than customers. You become a client by entering into a written contract for representation as a seller/landlord or as a buyer/tenant.</p> <p><i>As a client, in addition to the customer-level services, you can expect the following client-level services:</i></p> <ul style="list-style-type: none"> Confidentiality; Loyalty; Disclosure; Lawful Obedience; and Promotion of the client's best interest. <p>For seller/landlord clients this means the agent will put the seller/landlord's interests first and work on behalf of the seller/landlord.</p> <p>For buyer/tenant clients this means the agent will put the buyer/tenant's interest first and work on behalf of the buyer/tenant.</p> <p>Client-level services also include advice, counsel and assistance in negotiations.</p>
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For important information about your choices in real estate relationships, please see page 2 of this disclosure form.

I acknowledge receipt of this disclosure as required by the New Hampshire Real Estate Commission (Pursuant to Rea 701.01).

I understand as a customer I should not disclose confidential information.

Name of Consumer (Please Print)	Name of Consumer (Please Print)
Signature of Consumer	Signature of Consumer
Date	Date
Provided by:	Keller Williams Coastal And Lakes & Mountains Realty
Licensee	(Name of Real Estate Brokerage Firm)
Date	

Consumer has declined to sign this form.
(Licensees Initials)

To check on the license status of a real estate firm or licensee go to <https://www.oplc.nh.gov/real-estate-commission/index> and active licensees may not practice real estate brokerage. 8/18/17 (Page 1 of 2)



Dept. of Professional & Financial Regulation
Office of Professional & Occupational Regulation
MAINE REAL ESTATE COMMISSION

35 State House Station Augusta ME 04333-0035



REAL ESTATE BROKERAGE RELATIONSHIPS FORM

**Right Now
You Are A
Customer**

Are you interested in buying or selling residential real estate in Maine? Before you begin working with a real estate licensee it is important for you to understand that Maine Law provides for different levels of brokerage service to buyers and sellers. You should decide whether you want to be represented in a transaction (as a client) or not (as a customer). To assist you in deciding which option is in your best interest, please review the following information about real estate brokerage relationships:

Maine law requires all real estate brokerage companies and their affiliated licensees ("licensee") to perform certain basic duties when dealing with a buyer or seller. You can expect a real estate licensee you deal with to provide the following **customer-level services**:

- ✓ To disclose all material defects pertaining to the physical condition of the real estate that are known by the licensee;
- ✓ To treat both the buyer and seller honestly and not knowingly give false information;
- ✓ To account for all money and property received from or on behalf of the buyer or seller; and
- ✓ To comply with all state and federal laws related to real estate brokerage activity.

Until you enter into a written brokerage agreement with the licensee for client-level representation you are considered a "customer" and the licensee is not your agent. **As a customer, you should not expect the licensee to promote your best interest, or to keep any information you give to the licensee confidential, including your bargaining position.**

**You May
Become
A Client**

If you want a licensee to represent you, you will need to enter into a written listing agreement or a written buyer representation agreement. These agreements **create a client-agent relationship** between you and the licensee. As a client you can expect the licensee to provide the following services, **in addition to** the basic services required of all licensees listed above:

- ✓ To perform the terms of the written agreement with skill and care;
- ✓ To promote your best interests;
 - For seller clients this means the agent will put the seller's interests first and negotiate the best price and terms for the seller;
 - For buyer clients this means the agent will put the buyer's interests first and negotiate for the best prices and terms for the buyer; and
- ✓ To maintain the confidentiality of specific client information, including bargaining information.

**COMPANY POLICY ON CLIENT-LEVEL SERVICES -
WHAT YOU NEED TO KNOW**

The real estate brokerage company's policy on client-level services determines which of the three types of agent-client relationships permitted in Maine may be offered to you. The agent-client relationships permitted in Maine are as follows:

- ✓ The company and all of its affiliated licensees represent you as a client (called "**single agency**");
- ✓ The company appoints, with your written consent, one or more of the affiliated licensees to represent you as an agent(s) (called "**appointed agency**");
- ✓ The company may offer limited agent level services as a **disclosed dual agent**.

WHAT IS A DISCLOSED DUAL AGENT?

In certain situations a licensee may act as an agent for and represent both the buyer and the seller in the same transaction. This is called **disclosed dual agency**. *Both the buyer and the seller must consent to this type of representation in writing.*

Working with a dual agent is not the same as having your own exclusive agent as a single or appointed agent. For instance, when representing both a buyer and a seller, the dual agent must not disclose to one party any confidential information obtained from the other party.

Remember!
Unless you enter into a written agreement for agency representation, you are a customer—not a client.

THIS IS NOT A CONTRACT

It is important for you to know that this form is not a contract. The licensee's completion of the statement below acknowledges that you have been given the information required by Maine law regarding brokerage relationships so that you may make an informed decision as to the relationship you wish to establish with the licensee/company.

To Be Completed By Licensee

This form was presented on (date) _____

To _____
Name of Buyer(s) or Seller(s)

by _____
Licensee's Name

on behalf of _____
Company/Agency

MREC Form#3 Revised 07/2006
Office Title Changed 09/2011

To check on the license status of the real estate brokerage company or affiliated licensee go to www.maine.gov/professionallicensing. Inactive licensees may not practice real estate brokerage.