



Cohen & Associates Real Estate

# Buying YOUR HOME

A step by step guide to buying a home

STEP-BY-STEP ROAD MAP

GETTING PRE-APPROVED

HOUSE BUYING VOCABULARY

THE COMPLETE PROCESS

CLOSING & BEYOND



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# *It's all about you!*

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Our real estate business has been built around one guiding principle: It's all about you.



Your needs  
Your dreams  
Your concerns  
Your questions  
Your finances  
Your time  
Your life

Our focus is on your complete satisfaction. In fact, we work to get the job done so well, you will want to tell your friends and associates about it. Maybe that's why more than 75 percent of our business comes from repeat customers and referrals.

Good service speaks for itself. We are looking forward to the opportunity to earn your referrals too!

# *What we believe*

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At Cohen & Associates we believe



"Real Estate is actually more about people and relationships than property."



# What We Deliver

## Communication

Your needs always come first. We provide the service we agree to provide, in the ways that work for you, whether once a week, once a day, by phone, email or text message.

That's how we'll do it.

You'll always be kept in the loop. From buying to closing, you'll know the status of our search efforts and the steps leading to a successful closing once our offer is accepted.

We'll agree on the communication method that works best for you.

## Experience and Expertise

The complexities of your real estate transaction will be well-handled, smoothing the way for your home purchase. Cohen & Associates has helped hundreds of clients and customers discover their housing and investment dreams along the Grand Strand for over 30 years.

## Home Searching

As members of the Coastal Carolinas Association of REALTORS® we have access to a fully integrated MLS platform, so you can rest assured that as soon as a home that matches your needs and wants comes on to the market, we will see it and be able to set up a viewing appointment.

## Negotiating

You can rely on Cohen & Associates to get you the best price for your home. When you are ready to submit an offer, we will negotiate all of the terms of the agreement to match your needs thus ensuring your satisfaction at closing.

## Showing

We are available whenever you need us, enabling you are to view a home as soon as it comes on the market. This is especially important when multiple buyers are looking for the same criteria as you.

## Satisfaction

Our relationship is dependent on meeting and exceeding your needs. We identify those needs together,



# THE HOME BUYING PROCESS IN 11 EASY STEPS

1

CHOOSE  
A  
REALTOR®

2

GET  
PRE-  
APPROVED

3

FIND  
DREAM  
HOME

4

MAKE OFFER  
&  
NEGOTIATE  
CONTRACT

5

SEND  
EARNEST  
MONEY

6

BUYERS  
LOAN  
APPLICATION

7

HOME  
INSPECTION  
&  
REQUEST  
REPAIRS

8

SURVEY &  
BUYERS  
LOAN  
APPROVAL

9

PURCHASE  
INSURANCE  
AND  
WARRANTY

10

PRE-  
CLOSING  
WALK  
THROUGH

11

SIGN  
CLOSING  
DOUMENTS

Welcome Home



# Getting Ready To Buy

Every lender requires documents as part of the process of approving a mortgage loan. Here are documents you're generally required to provide

- W-2 Tax returns — or business tax returns if you're self-employed — for the last two or three years for every person signing the loan.
- At least one pay stub for each person signing the loan.
- Account numbers of all your credit cards and the amounts for any outstanding balances.
- Two to four months of bank or credit union statements for both checking and savings accounts.
- Lender, loan number, and amount owed on 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 appropriate.
- 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 or bonds not held in a brokerage account.
- Your most recent 401(k) or other retirement account statement.
- Documentation to verify additional income, such as child support or a pension.



# Preparing to buy

- **Talk to mortgage brokers.**

Many first-time home buyers don't take the time to get prequalified. They also often don't take the time to shop around to find the best mortgage for their particular situation. It's important to ask plenty of questions and make sure you understand the home loan process completely.

- **Be ready to move.**

This is especially true in markets with a low inventory of homes for sale. It's very common for home buyers to miss out on the first home they wish to purchase because they don't act quickly enough. By the time they've made their decision, they may find that someone else has already purchased the house.

- **Find a trusted partner.**

It's absolutely vital that you find a real estate professional who understands your goals and who is ready and able to guide you through the home buying process.

- **Make a good offer.**

Remember that your offer is very unlikely to be the only one on the table. Do what you can to ensure it's appealing to a seller.

- **Factor maintenance and repair costs into your buying budget.**

Even brand-new homes will require some work. Don't leave yourself short and let your home deteriorate.

- **Think ahead.**

It's easy to get wrapped up in your present needs, but you should also think about reselling the home before you buy. The average first-time buyer expects to stay in a home for around 10 years, according to the National Association of REALTORS®' 2013 Profile of Home Buyers and Sellers.

- **Develop your home/neighborhood wish list.**

Prioritize these items from most important to least.

- **Select where you want to live.**

Compile a list of three or four neighborhoods you'd like to live in, taking into account nearby schools, recreational facilities, area expansion plans, and safety.



# THE HOME INSPECTION

Once you have had an offer accepted, it is time to schedule your home inspection. While this step is usually not a requirement for getting a mortgage, it is a way to protect yourself from buying a home that will cost you more money than it is worth. As the buyer, you will be responsible for finding an inspector and paying for an inspection. However, as your real estate agent, we can assist with referrals of local inspectors and if desired, set up the inspection for you.

A typical home inspection will cover surface-level elements of the home such as structural components, outlets, heating and cooling systems, appliances and more. Most home inspectors will, for an additional fee will also check irrigation systems. However, the inspector cannot check out aspects of the house that are not easily accessible or visible. For instance, you will need a specialized inspector to identify lead, mold, asbestos, or radon, if there is a presence or if suspected.

It is advisable, though not required to attend your inspection and ask all the questions you can think of. This is your chance to walk through your new home with an expert. They can tell you about the red flags and make recommendations for what to fix first and how to go about it.



# THE HOME INSPECTION

SELLER PAID REQUESTS as stated in the Agreement to Buy and Sell Real Estate:

- Include costs of all repairs to heating systems, air conditioning systems, electrical systems, plumbing systems, water supply systems, water waste systems making these systems operable, make roof free of leaks, address environmental concerns, and to make the improvements structurally sound.
- DO NOT include the following items: home maintenance, flooring, fogged windows, grandfathered code issues, landscaping, preventive maintenance, cosmetic changes, home improvement, and energy efficiency.

## CL-100 Inspection

- The CL-100 is the official South Carolina Wood Infestation Report form and should include information based on a visual inspection for all wood-destroying insects, fungi and/or moisture issues. The CL-100 inspection report should be completed by a qualified, licensed South Carolina inspector.
- After the inspection is complete, the technician will provide the customer with a form called a CL-100. If the moisture levels are low and there is no sign of current or past infestation, then the CL-100 is considered to be “clear”.



# THE APPRAISAL

**Appraisals are a required part of the home buying process when financing the property. The appraisal protects both you and your lender from paying more for a home than it's worth. Your mortgage company will order the appraisal for you, although it's important to note that the appraiser is always an independent third party. By law, appraisers can't be affiliated with you or your mortgage company. This ensures the appraisal process is fair.**

If the appraised value of the house comes back higher than your purchase price, good news! You just snagged a deal and some additional equity in your home. On the other hand, a lower-than-expected appraisal value can cause problems for your mortgage process since your lender will never lend more than the appraised value of the property. If your appraisal comes back low, you have a few options:

- Bring more money to the table to make up for the difference in price
- Negotiate with the seller to lower the home price
- Contest the appraisal if you think there's an error in the report
- Walk away from the deal



# UNDERWRITING

**While all of this is happening, your mortgage company will work on underwriting your loan. This is the process of verifying your income, assets, debt and property details to issue a final approval for the home loan.**

Much of this happens behind the scenes, but your mortgage company may ask you for additional documents during this time. For instance, they could ask for documentation that shows where deposits in your bank account came from or proof of additional assets. It's important to stay on top of your lender's requests to make sure you don't slow down the loan process.

## **What You Can Do to Ensure Your Loan Closes**

**The biggest thing you can do to make sure you don't run into problems is to avoid any major financial changes or spending. Don't apply for new credit lines or loans, and don't make purchases that will deplete your assets. You can do these things after your loan closes.**

**Taking on new debt changes your debt-to-income ratio (DTI), a key factor in determining the loan amount for which you are approved. If your DTI increases, you may be able to qualify for less – which could be a problem depending on your home price. If you push your DTI past about 45%, it's possible you won't qualify for a mortgage at all.**



# Closing on your *Home*

**You found a home that meets your needs, your offer is accepted and you are approved for a loan. Now, you're finally ready to sign on the dotted line.**

**Closing is where you'll sign all of the mortgage paperwork and, in most cases, take possession of the property. Here's what you need to know about closing:**

## **Acknowledge Your Closing Disclosure**

**Before your closing, you'll get a document called a Closing Disclosure, which will include a summary of the final costs of your loan.**

**It's important to acknowledge that you received the document as soon as possible. Your lender is legally required to give you the Closing Disclosure three business days before closing, so if you don't acknowledge receipt of your Closing Disclosure quickly enough, your closing could be delayed.**

# Closing on your *Home*

## IN SOUTH CAROLINA,

CONDUCTING A REAL ESTATE CLOSING IS CONSIDERED THE PRACTICE OF LAW AND AN ATTORNEY LICENSED IN SOUTH CAROLINA IS REQUIRED TO SUPERVISE AND REVIEW THE TITLE SEARCH OF THE PROPERTY, CONDUCT THE CLOSING, SUPERVISE THE RECORDING OF THE LEGAL DOCUMENTS AND ALSO SUPERVISE THE DISBURSEMENT OF THE FUNDS FROM THE CLOSING.

Dual Representation is allowed in SC should the Buyer and Seller decide to "share" an attorney.

LEADING UP TO THE CLOSING, ATTORNEYS AND THEIR TEAM WILL BE COORDINATING AND WORKING WITH THE REALTORS FOR THE BUYER AND SELLER, AND ALSO THE LENDER FOR THE BUYER, TO ENSURE THE LENDER HAS THE REQUIRED DOCUMENTS FOR CLOSING.



# Closing on your *Home*

## WHAT YOU SHOULD BRING

**THESE ARE SOME ITEMS YOU MUST BRING TO CLOSING:**

- **Your driver's license or other valid, government-issued photo ID**
- **Two additional forms of ID**
- **A cashier's check or proof of wire transfer to pay your down payment and closing costs**
- **Your Closing Disclosure to compare to the final paperwork**

## WHO SHOULD ATTEND

**In general, all buyers who are going to be on the loan should plan to be at closing. If you cannot be present at the closing, it can be handled as a "mail away" or by assigning limited power of attorney to a trusted individual. In both cases, the attorney will need the information when setting up your file.**

**In some states, the buyer and seller will both be at closing, but generally each party attends a separate closing.**



# Closing on your *Home*

## **WHAT YOU'LL PAY FOR AT CLOSING**

At closing, you'll get the keys to your home, and you'll also need to pay any closing costs. Here's a breakdown of the most common upfront costs:

### **DOWN PAYMENT:**

Your down payment will become the equity you have in the home.

### **OUT OF POCKET EXPENSES:**

Your out of pocket expenses include home Inspection, Certificate of Assessment (COA) which include costs to obtain information from or pertaining to any owners association and Appraisal.

### **ESCROW FUNDS:**

Your lender will collect these funds at closing to ensure there's enough money in your account to pay tax and insurance bills as they come due.

# Closing on your *Home*

## **THIRD-PARTY FEES:**

This covers costs from third parties your lender uses to process your loan. These fees typically include appraisal fees, title insurance costs and credit report fees. The CL-100 is also considered a third party fee paid at closing.

## **PER DIEM INTEREST:**

You'll pay daily interest upfront to cover the period between closing and the date your first mortgage payment is due.

## **HOMEOWNERS ASSOCIATION (HOA) DUES:**

If you're moving somewhere that has HOA dues, you may be required to pre-pay a month or more of future dues at closing.

## **DISCOUNT POINTS:**

A point (or discount point) is a fee paid to lower your interest rate. If you've chosen to pay points, you'll pay for them at closing.



# Buy your Home

## WITH CONFIDENCE

every step of the way



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