

CONSIDERING BUYING A HOME?



LET'S WORK TOGETHER



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Realtor Vocabulary

“Active” Status: A property that is on the market and available for sale or lease. Offers may have been submitted on an active property, but none have been accepted.

Adjustable Rate Mortgages (ARM): A mortgage loan where the interest rate adjusts or fluctuates during the term of the loan.

Appraisal: The estimated value of a property based on a qualified appraiser’s written analysis. Required by lenders before issuing loans to ensure the estimated value of the property adequately exceeds the amount borrowed.

Assessed Value: An estimated value of a property assigned by a governing authority for property tax purposes.

Buyer Brokerage Agreement: A contract between a potential buyer (principal) and a brokerage (agent) by which the real estate professional is engaged to help the buyer find, negotiate, and close the purchase of a property on terms acceptable to the buyer, for which the buyer agrees to pay a professional fee.

Buyer’s Agent: The real estate agent who represents buyers purchasing a property. (Also referred to as the “Selling Agent”)

Closing: An event where the terms of a sales contract are completed. Purchase funds are distributed to the seller, and the title to the property transfers to the buyer.

Closing Costs: The expenses and fees associated with the purchase and sale of a property (e.g. taxes, title insurance, appraisal fees, lender fees).

Commission: A fee charged by a real estate broker for professional services; may be a percentage of the selling price or a flat fee.

Contingency: A condition that must be met before a sale can close (i.e. inspection, financing, appraisal).

“Contingent” Status: A property with an accepted offer which the seller continues to actively market due to unresolved contingencies. (Also referred to “active under contract”)

Counter-offer: A new offer made in response to an offer received, where one party to the transaction proposes changes to the offer as they received it. It has the effect of rejecting the original offer and creating a new and separate offer.

Down Payment: The amount a buyer pays at closing toward a home purchase.

Earnest Money Deposit: A partial payment made by a buyer when submitting an offer that demonstrates the buyer’s commitment to the deal. The money is held in an escrow account and goes towards closing costs.

Equity: The amount remaining after subtracting the amount of a mortgage loan from the sales price of the home.



Realtor Vocabulary

Fixed Rate Mortgage (FRM): A mortgage loan where the interest rate remains the same throughout the term of the loan.

Home Inspection: A thorough visual inspection of a property's structure, systems, and site conditions by a qualified professional.

HOA: Short for a homeowners association. They are private organizations that oversee the management of some residential communities, by establishing sets of rules and regulations called bylaws for those living in the community to follow.

Listing: The data, images, and descriptions of a property submitted for sale or lease to a MLS (Multiple Listing Services).

Listing Agreement: A contract between a property owner (principal) and a brokerage (agent) by which the real estate professional is engaged to find a buyer for the property on terms acceptable to the property owner, for which the owner agrees to pay a professional fee. The most typical listing contract used in a real estate transaction is an Exclusive Right To Sell listing agreement.

Market Value: The most probable price that a property would bring in an arm's-length transaction under normal conditions in an open market.

MLS (Multiple Listing Service): A local or regional real estate service that compiles available properties for sale submitted by real estate agents. Some MLS listing content, such as compensation offered to MLS brokers on specific listings, can only be accessed by MLS member agents.

Offer: A formal request to buy a property. The offer is presented by the buyer's agent to the seller's agent, and is non-binding until the seller "accepts" the offer by signing the document.

"Pending" Status: An offer has been accepted, a contract has been executed, and the seller/seller's agent have discontinued active marketing efforts.

Pre-Approval: A lender's written conditional guarantee to grant a loan to a buyer up to a specified amount.

Pre-Qualification: An estimate of how much a buyer can afford to borrow for a mortgage.

PMI (Private Mortgage Insurance): Insurance that protects a lender against loss if a borrower defaults on a loan. PMI is required for conventional loans that have less than a 20 percent down payment.

Sales Contract: When a seller accepts an offer presented by a buyer, the agreement becomes a legally binding sales contract. (Also referred to as a "P&S" or "Purchase & Sales Agreement")

Seller's Agent: The real estate agent who represents the seller who is selling a property. (Also referred to as the "Listing Agent")

Title Insurance: A type of insurance acquired to protect the buyer or lender against any unknown liens or debts that may be discovered or placed on a property after closing.

Title Search: The examination of public records to determine the current state of property ownership. Performed by an attorney or title company.



Things To Consider

Before Your Search Begins

1. Where do you think you want to live?
 2. Is there a specific school district you want your children to attend?
 3. Are you interested in new construction or a resale home?
 4. Is a garage important, if so how many bays?
 5. Single level or multilevel home?
 6. Is there a specific style you are drawn to?
 7. Do you need a large yard?
 8. Does it matter if you're in a HOA?
 9. Is having a basement important?
 10. What three features of a home are most important to you?
 11. Will a further commute to work be a factor?
 12. Is an environmentally sustainable home important to you?
 13. Price!
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Where do we begin?

Get Pre-approved!

Obtain a financial pre-approval from your lender, or proof of funds for a cash purchase. Review your budget and prepare for additional costs, such as utilities, maintenance, and HOA fees if applicable.

Search

Preview potential properties online, schedule showings, and view the properties you are most interested in.

Offer and Negotiations

Make an offer! Write up and submit an offer on your chosen property, negotiate the terms of the offer, and accept the contract. Next deposit the escrow (deliver, mail, or wire transfer) within the days required by contract, and obtain homeowners insurance quotes.

Inspection Period

Conduct all inspections such as home, radon, septic, termite, water, etc.

Financing Period

Your lender will order the appraisal. You'll need to obtain homeowners insurance and submit any necessary documents in a timely manner. Do not open any other lines of credit or loans!!

Preparing to close

The title company will conduct a title search and survey. You'll receive the closing statement/clear to close and Alta settlement statement. Wire the funds or bring a certified check to the closing. Conduct the final walkthrough of the property and close. On closing day, sign the paperwork, get your keys, and start moving in.

Change of Address

Now that you have a new home, you'll need to let the Post Office know where you are. Ask your mail carrier for a Change-of-Address form, or go to [USPS.com](https://usps.com) to fill out the forms online. It could take a few weeks to start seeing your mail at the new address, so plan accordingly.



The Costs of buying

Deposit

The initial amount of money you put down to secure the home for our offer. This ranges from 2%-3% and is reduced from your final downpayment. This can be done in one deposit or split into two payments.

Inspections

Home inspections are important when buying a home. We want to find out everything that could be wrong with the property before we close. A general home inspection is a must, but other inspections to consider would be: pest, radon, water (if the home has a well), septic, stucco, and lead paint.

Appraisal

All homes that have a mortgage require an appraisal to insure that the home is valued correctly. The appraisal is done strictly for the lender and costs \$400-\$600. This needs to be paid upfront, but will be reduced from your closing costs.

Down Payment

This is not generally due in full till closing day. A typical down payment is 3.5% (with an FHA) up to 20%.

Closing Costs

These are the fee's that are paid at the closing. Typically these fee's range from 2.5%-3% and include: lenders fees, transfer tax, escrow fees including your taxes, and home owners insurance.

Inspection Pricing

General home inspection: \$450-550 (depends on square footage)

Radon: \$125

Pest: \$155

On-site septic (if applicable): \$350-\$800

Stucco (if applicable): \$400-\$800

Water (if applicable): \$200

It is also important to elect property & flood insurance to make sure that there were no major claims on the property that were not disclosed!

Costs may vary depending on inspection company used.



Financing

Mortgage

A mortgage lender will be able to take your financial information and determine what amount you will be able to borrow. Having your pre-approval letter in hand before we start searching will save us time and make sure we don't miss out on the perfect home opportunity. The pre-approval letter must accompany any offer.



Cash

If you've got the money in the bank and you are ready to purchase your home in cash, that's great. I will inform you as to your closing costs and we will need a proof of funds to supplement any offer. You can acquire a proof of funds from your financial advisor or your bank to show that you have a balance that meets the purchase price.

**YOU ARE FREE TO USE WHOMEVER YOU'D LIKE,
THESE ARE A FEW OF THE LENDERS I KNOW AND TRUST.**

SCOTT BLAKE

Northpoint Mortgage

207-632-1885

www.Scottblake.com

Paul Cooleen

Bangor Saving Bank

646-981-3215

paul.cooleen@bangor.com

Once you've got your finances in order, the fun of looking for the perfect home begins!

I will set you up on an automatic search through the Multiple Listing Service (MLS), which is the database that Realtors use to list and search for homes. The moment a home that fits your search criteria is listed for sale, it will be sent Directly to your email inbox. If we ever need to adjust the Search criteria, just let me know and I can make any change you need.

Make sure to let me know if there are any homes you'd like to see asap, and we will schedule a showing!



Offer and Negotiations

In order to write an offer, we will need the following information:

Pre-qualification letter or proof of funds.

Offer price:

I will help you determine the property's fair market value, a strategy based on current market conditions.

Escrow deposit:

usually 2-3% of purchase price.

Financing amount & type:

What percentage of the loan you are financing, and how much you are putting down

Closing date:

If getting a mortgage, this is typically 30-45 days from acceptance of offer. This will be the day the keys are handed over, and all paperwork is signed!

Inspection period:

Typically the contingency period is 10 business days, unless otherwise stated on the contract, to perform inspections on the home and terminate or renegotiate the contract if inspection comes back unacceptable.

Escrow Deposit

What is it?

The escrow deposit is also known as "The Good Faith Deposit." It is typically 2-3% of the purchase price that you put down upfront to show the seller you are serious about the purchase. The higher the escrow, the more attractive the offer is to the seller. You also have the choice of splitting the deposit into two separate payments.

Where does it go?

As soon as we have an executed contract, you have approximately three days to get the Escrow Deposit to the office where it will be held, which is typically the office of the seller's agent. They will cash this and hold the funds up until closing. The deposit is counted towards your total balance due at closing. You can submit your escrow deposit by check, cashier's check or wire transfer.



Under Contract

- 1. Schedule inspections asap-** Within days of your offer being accepted you need to schedule to have your home inspection if you choose to have one. I strongly suggest you do. The final selection is up to you, however, I will make recommendations on which inspectors have served clients well in the past if you'd like. Remember you must pay for these inspections at the time of the inspection. I will assist you in scheduling the inspections.
- 2. Appraisal ordered-** If you are satisfied with the results of the inspection, I will notify your lender (if applicable) and tell them to order your appraisal if he/she has not done so already.
- 3. Appraisal conducted-** It usually takes 3-5 days from the date your lender orders the appraisal for the appraiser to schedule and conduct the appraisal. The appraisal takes 3-10 days for the results to be returned to the Lender and for us to know the number.
- 4. Lender processing-** During this time your lender should have all of the required documents. It's best to check in with your lender to confirm he/she has everything they need.
- 5. Select a closing company-** Similar to an inspection, you can shop around for closing companies and get quotes. I can provide recommendations to you, if needed.
- 6. Obtain homeowner's insurance-** At least two weeks before closing, you should shop insurance companies to get homeowners insurance quotes. It's best you email your insurance agent a copy of the MLS listing of the home you are purchasing. If you don't have one already, ask me for a copy of the MLS Listing. This will prevent your insurance agent from asking you a million questions about the home. Tell your insurance agent to call me if they have any specific questions about the home that you or the listing cannot answer. Get an insurance binder to your agent to forward to the closing company!
- 7. Schedule the Move-** If you are planning to use professional movers, you will want to get this scheduled about three or four weeks out.
- 8. Utilities-** When you're about five days away from closing you should call the utility companies and ask to "Transfer Utilities" for the date of your closing. You may not be able to transfer/urn on water (if applicable) until after you have closed on your home.
- 9. Change-of-address form-** Don't forget to ask your mail carrier for the form to forward your mail. You can also fill out the form on-line at WWW.USPS.COM/MOVE

10. Final Walkthrough—We will do a “Final Walkthrough” of the property you are purchasing within 24 hours before closing to confirm the property is in the same condition that it was in when you agreed to purchase the property, and that all inspection required repairs have been completed.

11. HUD-1 Review—Three business days prior to the closing, the closing company will send me a final and complete HUD-1 or settlement statement. This will show the breakdown of all debits and credits related to the transaction. I will carefully review this first and then will carefully review it with you. If we have any questions or discrepancies, we will address them asap to keep your closing on track. If we have no concerns, you will see the final amount of money you will need to bring with you to closing. This must be a Cashier's Check made out to the Closing Attorney Company. Do not wait until last minute to get this, it is very important!

12. Closing Day—You made it! Congratulations, here are a couple of notes.

i. On the day of closing, all signers will need to bring their driver's license or Passport and a Cashier's Check in the amount you are required to bring to closing. Your lender will be the one to give you the amount you will need to bring to closing.

ii. If your name is on the purchase agreement, you will need to be present at the closing or have signed a power of attorney for someone to sign on your behalf. If you are doing a power of attorney, you will need to notify our Client Care Coordinator and your lender at least seven days prior to closing.

iii. Closings are typically done Monday through Friday between 9:00 a.m. and 5:00 P.M. The closing should last around one-hour depending on if everyone is on time, etc. We recommend that you plan at least a two hour window for the closing in case there are any unforeseen delays.





Inspections

During the inspection period, the buyer has the right to hire a professional to inspect the condition of the home. The inspection will uncover any issues in the home that would have otherwise been unknown.

The standard home inspector's report will cover the condition of the home's heating system, central air conditioning system, interior plumbing and electrical systems; the roof, attic and visible insulation; walls, ceilings, floors, windows and doors; the foundation, basement and structural components. You will receive a written report of the inspection, but I recommend you attend the inspection. Note: this is an expense that you will have to pay at the time of the service and regardless of purchasing the home or not.

ADDITIONAL INSPECTIONS YOU MAY NEED:

RADON INSPECTION-Radon gas is the 2nd leading cause of lung cancer in the us- it is a naturally occurring gas that is colorless and odorless

WDO Inspection-Ask your lender if your loan requires any certain inspections such as a Wood Destroying Organism (WDO) inspection.

Lead-Based Paint Inspection-If the home was built prior to 1978, a Lead-Based Paint inspection is recommended

Well Water and/or Septic Inspection-If the home has a septic system or well water- to make sure the water is not contaminated and the septic system is working properly

MY RECOMMENDED INSPECTORS CALL FOR QUOTES

MAINE CHOICE INSPECTIONS
WWW.MAINECHOICEINSPECTIONS.COM
(207)312-3404

PILLAR TO POST HOME INSPECTIONS
WWW.PILLARTOPOST.COM
(800)294-5591





Financing Period

APPRAISAL:

An appraisal is an estimate of the value of the property by a licensed professional appraiser. Once any problems during the inspection are solved, the appraisal will be ordered by the lender and paid for by you. The goal of the appraisal is to verify the value of the property for the lender and to protect you from overpaying. The contract is contingent upon whether the appraisal comes in at or above the purchase price. If the appraisal comes back short, we will be back to the negotiating table.

OBTAINING A MORTGAGE:

BEFORE STARTING YOUR SEARCH, YOU SHOULD BE PRE-APPROVED!

Depending on the contract we execute, you will have a certain number of days to begin the mortgage loan application. During the 30-45 days before closing, the lender will be finalizing your mortgage. It is very important not to make any major job changes, major purchases, or open new credit cards or lines of credit, as any of these activities could alter your qualifications for a loan. Don't buy furniture until after closing!

HOME INSURANCE:

Your lender will require you to obtain a homeowner's insurance policy. You will need to get the lender this information before closing. Feel free to call my recommendations below for quotes.

MY RECOMMENDED INSURANCE AGENTS

CALL FOR QUOTES

ALLSTATE TOM BICZAK

(207) 892-8501 (OFFICE) 778 ROOSEVELT TRL WINDHAM, ME 04062

J. PRIEST INSURANCE JONATHAN PRIEST

JPRIEST@JONATHANPRIEST.COM

(207) 893-8184 (OFFICE) (207) 671-9467 (CELL)

57 TANBERG TRL, SUITE 7 WINDHAM, ME 04062





The Do's and Don'ts

There are certain "Do's and Don'ts" which may affect the outcome of your loan request. These remain in effect before, during and after loan approval up until the time of settlement when your loan is funded and recorded. Many times credit, income, and assets are verified the hour before you have signed your final loan documents.

MAKE SURE THAT YOU DO NOT:

DON'T BUY A CAR
DON'T GET MARRIED OR DIVORCED
DON'T CHANGE PROFESSIONS OR START YOUR OWN BUSINESS
DON'T CHANGE BANK ACCOUNTS
DON'T BUY ANYTHING! (APPLIANCES, FURNITURE, ETC.)
DON'T THROW AWAY DOCUMENTS
DON'T GET LAZY WITH MONTHLY BILLS AND INCUR ANY LATE PAYMENTS
DON'T LET ANYONE RUN YOUR CREDIT OR APPLY FOR ANY CREDIT CARDS

MAKE SURE THAT YOU DO:

DO KEEP ALL ACCOUNTS CURRENT, INCLUDING MORTGAGE, CAR LOANS, CREDIT CARDS, ETC.
DO CONTACT BOTH YOUR LENDER ANYTIME A QUESTION MAY ARISE
DO MAKE ALL PAYMENTS ON OR BEFORE DUE DATES ON ALL ACCOUNTS, EVEN IF THE ACCOUNT IS BEING PAID OFF WITH YOUR NEW LOAN
DO HAVE ANY LENDER-REQUIRED MONEY/FUNDS TO YOUR LOAN OFFICER WITHIN 72 HOURS AFTER HOME INSPECTION IS COMPLETE
DO RETURN PHONE CALLS FROM YOUR AGENT, LOAN OFFICER, SETTLEMENT COMPANY, OR ANYONE ELSE INVOLVED IN YOUR TRANSACTION ASAP!



TITLE:

The title company will conduct a title search to ensure the property is legitimate and find if there are any outstanding mortgages, liens, judgements, restrictions, easements, leases, unpaid taxes or any other restrictions that would impact your ownership associated with the Property.

Once the title is found to be "clear", the title company will issue a title insurance policy which protects lenders or owners against claims or legal fees that may arise over ownership of the property. This is required when obtaining a mortgage, and highly recommended even if you are paying cash. This will also be a part of your closing costs, and the fees are state regulated, which means every title company will charge the same amount for title insurance, making it easier for you because you don't need to "shop around"!

"Clear to Close" is excellent news!

It means the mortgage underwriter has officially approved all documentation required to fund the loan. All that remains is the actual closing process.

Here is a checklist to ensure a smooth closing:

STRESS-FREE CLOSING CHECKLIST

- TRANSFER ALL UTILITIES INTO YOUR NAME (GAS, ELECTRIC, WATER, SEWER, ETC.)
- REVIEW THE CLOSING SETTLEMENT STATEMENT A FEW DAYS BEFORE CLOSING TO ENSURE YOU HAVE THE FUNDS FOR CLOSING COSTS
- FINAL WALK-THROUGH
- WIRE FUNDS TO CLOSING COMPANY OR GET CERTIFIED CHECK FROM YOUR BANK
- BRING YOUR DRIVER'S LICENSE OR PASSPORT TO CLOSING TABLE
- TAKE YOUR KEYS AND MOVE IN!





General Things to Know

REASONS WHY NOT TO CALL THE AGENT ON THE SIGN

The listing agent has a fiduciary duty to the seller by signing a contract with them first, you as a buyer are a second interest. If you went to court, would you use the other person's attorney? Of course not, you want an experienced agent working for you to get the best price and terms that is best suited for YOU, not all one sided for the seller!

CONTINGENCIES

We have two main contingencies that remain in place until we remove them for your safety. These contingencies keep your deposit safe while we complete each set. If any of the items below occur we will either renegotiate with sellers or cancel and exit our current contract . At this time you will be able to collect and keep your original deposit.

INSPECTIONS CONTINGENCY

If we have an inspection report come back with issues that you are are not comfortable with or are not willing to proceed, (ie DEAL BREAKERS) we can cancel the contract. We do have an opportunity to ask the seller to make the repairs, however this is only if you are comfortable with them being completed. We are focusing on the "material defects" that come back in the inspection, which are items that are safety issues or compromise the value of the home.

FINANCING CONTINGENCY

If we run into an issue with financing before we close and are not able to obtain the loan we originally planned to, then we are able to cancel our contract. or go back to negotiating.

NEW CONSTRUCTION

I can negotiate better terms or upgrades in your new home that the builders often do not tell buyers because they have the builder's best interest and profit in mind, and not yours. I can also recommend which upgrades to do now with the builder, and what would make more sense to do after you move in. Not to mention, if anything were to go wrong during the process, you would definitely want someone representing YOU and your best interest, which is not the sales rep, as they work for the builder.

FORECLOSURE/BANK-OWNED PROPERTIES

Though many foreclosure homes are perceived as an excellent investment due to lower than average pricing, there are a few stipulations to consider. Many foreclosed homes are in a rough condition due to previous owners being forced out of their home. With this in mind, the properties are rarely left in "move-in" condition and are always sold as is with an extremely rare chance to have the home fixed prior to purchase. While typical escrows last 30-45 days, due to the complicated nature of the loans, these escrows take a minimum of 90-120 days to close and receive keys.

WHAT I AM HERE TO DO FOR YOU!

Aggressive offer strategies to ensure you get either the best deal or to have your offer accepted in a multiple offer situation

Showing you the most recent and most similar comparable homes that have settled in the area to help you make the most educated decision

Perform a market evaluation and determine the best and most suitable homes for you

I can connect you with lenders who have financing options for buyers, including down payment assistance and low down payment programs

Updates on searches daily In the multiple listing service so that you get the most up to date homes and do not miss any

I use e-signing for all contracts and offers in order to get an offer submitted in under 15 minutes

A complete referral network to help give you the best deal and any discounts when it comes to the maintenance and long term care of your new home



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