

Essential REAL ESTATE

Welcomes You

**THANK YOU FOR CHOOSING TO BUY A HOME WITH
ESSENTIAL REAL ESTATE!**

We are committed to helping you achieve your real estate goals, whatever they may be. We have the knowledge and experience to get the job done and most importantly the motivation and expertise to perfect it. As a whole we have the support and tools you will need every step of the way. Individually we will be able to provide you with knowledge and strategies specific to your buying intentions. You've chosen superior customer service, and knowledgeable agents to represent you for this exciting journey. Congratulations and welcome to the family!

Michigan

LOCATION

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About Purchasing

FREE TO WORK WITH AN AGENT

There is a common misconception that it costs a buyer to be represented by an agent. This is not true. A seller pays the selling agent and the listing agent's wages on a sale- the burden is not the responsibility of the buyer unless it is a for sale by owner who refuses to compensate. At Essential Real Estate we charge ZERO admin fees or additional fees outside of the cost of your purchase.

CASH PURCHASE

When you decide to purchase a home using "cash" you can anticipate a faster close. Getting a certified check from your bank to close is very easy regardless if your pulling directly from a savings, checking OR a Home Equity Loan.

FINANCING YOUR PURCHASE

When you decide that you are going to finance your purchase you should first find a great lender to work with. Many lenders will have specific rates and options available to you. Depending on the property you are hoping to purchase, some may be more effective for you than others.

It is also important to get a pre-approval letter before you are ready to make any offers on any properties. Some sellers will want to see that before ever accepting your offer. Getting all required documents over to your lender as quickly as possible will streamline the entire process.

PREFERRED LOCAL LENDERS

METRO MORTGAGE, LUDINGTON

231-425-5555

WEST SHORE BANK, MANISTEE

231- 723-5900

CALIBER LOANS, MANISTEE

231-233-0963

These are just a couple of lenders I have had a great experience working with over the last couple of years.



Loan Types

THINGS TO ASK YOUR LENDER

CONVENTIONAL LOAN

Most lenders will require a credit score of 720 or higher to be able to purchase conventionally. You can use a conventional loan to purchase a home or vacant land, although not all lenders will loan on vacant land. This loan type will require an appraisal to be done, which will need to meet a certain percentage of the amount your asking you lender for. Conventional financing will require a down payment of 10-20% on average. If you have to ask for sellers concessions, 3% of the purchase price is the max allowed for Conventional Financing.

RURAL DEVELOPMENT

A Rural Development or USDA loan has specific income limitations and is specific to single family residences only. This type of financing requires NO down payment and closing costs can be rolled into the loan. The pay back period here is longer than average which allows for a lower monthly payment and a 2.5% fixed interest rate. Not every lender will have this option available to you.

VA LOAN

A VA loan offers veterans of the armed forces an option to purchase with 0% down. As a stipulation of that a buyer may be required to ask for seller's concessions. VA loans are more lenient with credit score requirements, however they have many requirements for the home your purchase, similar to FHA.

- What are your interest rates?
- Will my rate be "fixed"?
- What will my monthly payment be?
- Will I have to ask for sellers concessions?

FHA & FHA 203(K)

FHA requires only a 3.5% down payment, a credit score above only 580 and often offers better interest rates. The FHA requirements for the home are much lengthier than a conventional loan.

- Heat source MUST be "self maintaining"
- NO chipping paint/ Cracked windows
- NO major repairs needed
- Specific requirements for mobile homes

All of which the appraiser will assess when he conducts his inspection.

FHA 203(k) is a rehab loan which will allow you to purchase a "fixer upper" and will give up to \$30,000 towards the renovations, however you MUST hire a contractor for the work, there will be a significant amount of paperwork and it will take longer to "close". Not every lender will have this option available.

FHA will allow you to ask for up to 6% sellers concessions.

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***Seller's Concessions refers to a portion of the sale price a seller has to contribute towards a buyers "closing costs". If a buyer does not have enough funds to make up their "down payment" or cover the initial loan fees they may ask for the seller to contribute. Your lender will know exactly what you need to ask for.

Though I aim to provide you with reliable and accurate information, it is important to understand I am not a mortgage lender. Every loan will have requirements specific to the individuals applying for them. Loan rates and requirements are always evolving and it is important to confirm all information with your lender.

Inspections

SURVEY

When you purchase a property you will have the right to request a survey at your expense or ask the seller to provide it for you. A survey is beneficial if the property lines are not already clearly marked and especially if there are any concerns of encroachment. The cost can be up to \$2000 depending on the property size and it's important to consider the sellers take on providing that when putting together an offer.

PROFESSIONAL HOME INSPECTION

A professional home inspector will come in and show you all the things "wrong" with the place you are about to purchase in a very detailed report, complete with photos. Checking every outlet, the attic and foundation, faucets and any areas of concern for an possible defects. This helps ensure you are not getting in over your head with repairs.

WELL AND SEPTIC INSPECTION

Some counties will require a well and septic inspection, if applicable, in order to close the sale. Manistee County is one of them that requires the inspection if there is a well or septic in place. This inspection is typically paid for by the seller (can be up to \$700). These are big ticket items in the sale and it is important they function properly and if not you are at least aware of any defects.

PEST INSPECTION

Some loan types will require a pest and insect infestation inspection. (Usually under \$100) If your lender requires this it will most often be at your expense.



It is your right to waive or conduct any inspections on the property you wish to purchase within 10 days of the offers acceptance, so long as they are not requirements of the county you are purchasing in. As a Realtor I encourage all of my clients at minimum to get the home inspection done by a professional and the well and septic for peace of mind, regardless of who has to pay for it.

Choosing a Home

SEARCHING FOR HOMES

Knowing your pre-approval amount is important when choosing which homes to go see. Occasionally a seller may be "willing to negotiate" but seeing homes way out of your price range is not practical. It is also important to consider your lists of MUSTS and WANTS when compiling a list of homes you'd like to see. Your Realtor can get you set up with a search on the Multiple Listing Service (MLS) they are part of to help streamline the process but it is important to stay subscribed to Zillow, Realtor.com or other property search engines to be sure you are seeing even listings not on your agents MLS system.

SCHEDULING SHOWINGS

Remember, your agent wants you to see everything that catches your eye, but they will also want to be sure it is an appropriate option for you and your financing situation. If your loan type does not allow for chipping paint and the home you are about to see will require paint to be fixed your agent may want to confirm with the seller they are willing to allow the buyer to make those corrections to the home prior to closing BEFORE taking to you see the property.

SHOWINGS

With Covid-19 restrictions now lifted anyone is able to accompany you on a showing. It is important to be courteous and mindful when entering someone's home as showings can feel very invasive to a seller.

It is also important to the seller and your agent you arrive on time as some homes can be booked ALL DAY with showings. One hiccup in timing can ruin the day for everyone.



You're Ready to Write an Offer

YOU HAVE A PRE-APPROVAL

Your lender has given you the go ahead to make an offer within a certain price range. They've provided you with the loan type and specific terms and you know exactly what you need to ask for. Providing this along with your lenders contact info to your Realtor is important as they will work hand in hand to bring the sale to a close smoothly.

REVIEW SELLERS DISCLOSURES

The seller will provide you with a Sellers Disclosure Form which will include many details of the property you are purchasing. Commonly used for residential purchases, although you may find some agents provide for vacant land as well.

SELLERS MARKET

We are in what is being referred to as a sellers market. This means that there are more buyers currently than there are homes to purchase, which can create a very competitive situation for buyers. I will help you put together the strongest possible offer for your situation, using tools and strategies some agents do not commonly employ. These tactics have been proven to work and will likely benefit you in the purchase of your home.

YOUR OFFER INCLUDES

All the specifics of your purchase will be included in your offer. Your type of financing, the terms of your purchase, the inspections you will require, the anticipated closing date



It is important to remember a Purchase Agreement is a legally binding document. I am not an attorney and should you feel you need legal advice you need to seek a professional's assistance. I am here to assist you with the purchase but you have the right to have your attorney review any and all documents prior to executing them.

Your Offer is Accepted!!

EARNEST MONEY DEPOSIT

In your offer we will determine what your "earnest Money Deposit" or EMD will be. The EMD is typically 1% of the entire sale but could be \$1000 or less. The EMD must be in the form of a check and is most often submitted to the buyer's agent's office. We also use a very secure electronic EMD program called "Earnnest" which has a \$15 convenience fee which you may use as well.

ORDER TITLE WORK

I will order title work from a title company which will ensure the property is free and clear of any liens and will determine that the sellers we are in contract with have the rights to sell the property. The title company of choice will prepare the deed for us and we will sign all closing documents at their location.

CONDUCT ANY INSPECTIONS

In the purchase agreement you are given a 10 day opportunity to conduct any inspections. It is important to get these ordered promptly. In many cases I am able to schedule these for you.

LENDER ORDERS APPRAISAL

Once the appraisal is scheduled and completed your lender may need a couple weeks to "tie up loose" ends on your paperwork. They will have teams extensively review all aspects of the loan.

CLEAR TO CLOSE

Once all contingencies have been met and your lender has had the opportunity to review and confirm all details we will be able to close the sale. The title company and lender will work together to provide us with final closing statements.

CLOSING DAY

The title company will select a date that works for all parties and you will be responsible to bring a Cashier's Check or other certifiable funds with you to closing. This is considered your "cash to close" which your agent and lender will confirm with you prior. The check must be made out to the title company we are working with. Wiring will also be an option, however it is important to NEVER blindly send money via wire.

