



**MOVE ME  
REALTY**

# Home Buyer Guide

## DECIDING TO BUY

Purchasing a property for many people is the biggest financial decision you will ever make. Whether this is your first purchase, or you are an experienced investment buyer, this decision must be made carefully and with a knowledgeable professional on your side.

### Why Do You Want To Buy?

Are you tired of paying rent? Have you decided to pay your own mortgage and not your landlord's? Have you outgrown your current home? Are you looking for an investment portfolio? Are you looking for a rental property? Would you like a larger yard? Would you rather live in a different area? Do you want to shorten your commute? Having a clear sense of your reasons for buying will help you choose the right property.

## Has Your Income Grown?

Property ownership is an excellent investment; whether you are looking for your dream home, a rental property, or to expand your investment portfolio. Owning real estate is one of the least risky investments you can make.

## PREPARING TO BUY

Before you start shopping for your property, it is a good idea to make some preparations.

### **Build Your Financial Portfolio.**

A Financial Portfolio should contain all your important financial documents. You will need it to secure financing for your property. The typical Portfolio should contain:

- Financial statements
- Bank accounts
- Investments
- Credit cards
- Auto loans
- Recent pay stubs
- Tax returns for two years
- Copies of leases for investment properties
- 401K statements, life insurance, stocks, bonds, and mutual account information.

## **Check Your Credit Rating.**

Your credit score will have a huge impact on what type of property you can buy, and at what price. It is first recommended to check your credit rating with an experienced lending institution so that we can determine what you can afford. Request they do a “soft pull” so as not to affect your credit score. The lender will utilize credit ratings from the three credit reporting agencies Equifax, Experian and Trans Union. Mortgage credit is very different from regular credit which is why it is important to speak to a lender sooner rather than later. We will be happy to recommend experienced, knowledgeable lenders in the residential, construction, and commercial and investment real estate fields.

## **Be Careful With Your Finances.**

Now is not a good time to make sudden career changes or large purchases. You want to approach your property purchase from a position of financial stability. Do not buy a car, a boat or anything else that requires payments.



# SHOPPING FOR A HOME

Once those preparations are out of the way, it is time to find the right property for you.

## **Take a Drive.**

Get to know the neighborhoods, complexes, or subdivisions, which interest you. Drive around and get a feel for what it would be like to own a property in the area. Start getting a sense of the properties available in those areas.

## **Narrow Your Search.**

Your real estate agent will assist with your property search and help you narrow the properties that interest you the most. After visiting the home ask your real estate agent about the potential long term resale value of the properties you are considering.

## **Time to Buy.**

Once you have picked out the property you want to purchase, your real estate agent can help you make an offer that the seller will accept. A good agent will investigate the potential costs and expenses associated with the new property. Your agent will also help you draft your offer in a way that gives you the advantage over another offer.

# ESCROW, INSPECTIONS, AND APPRAISAL

## The Process, Step-by-Step

### The Initial Agreement and Deposit.

An effective agreement is a legal arrangement between a potential purchaser and the property's seller.

Some important tips to keep in mind to streamline the process:

- Keep written records of everything. For the sake of clarity, it will be extremely useful to transcribe all verbal agreements including counter-offers and addendums and to convert them into written agreements to be signed by both parties. We will assist you in drafting all the paperwork for your purchase and make sure that you have copies of everything.
- Stick to the schedule. Now that you have chosen your offer, you and the seller will be given a timeline to mark every stage in the process of closing the real estate contract. Meeting the requirements on time ensures a smoother flow of negotiations so that each party involved is not in breach of their agreements. During the process we will keep you constantly updated, so you will always be prepared for the next step.

## **The Closing Agent.**

Either a title company or an attorney will be selected as a closing agent. The closing agent will hold the deposit in escrow and will research the complete recorded history of the property to ensure that the title is free and clear of encumbrances by the date of closing and that all new encumbrances are properly added to the title. Some properties are subject to restrictions which limit various activities such as building or parking restrictions. There may be recorded easements and encroachments, which limit the rights to use your property.

## **How to Hold Title.**

You may wish to consult an attorney or tax advisor on the best way to hold title. Different methods of holding title have different legal, estate and tax implications, especially when selling or upon death of the title holder.

## **Inspections.**

Once your offer is accepted by the seller, you will need to have a licensed property inspector inspect the property within the time frame that was agreed upon in the effective contract to purchase. You may elect to have different inspectors inspect the property, if you wish to obtain professional opinions from inspectors who specialize in a specific area (e.g. roof, HVAC, mold). If you are purchasing a commercial property, then you will need to have an environmental audit done on the site for the lending institution. We can recommend several different inspectors.

Depending on the outcome of these inspections, one of two things may happen:

1. Either each milestone is successfully closed and the contingencies will be removed, bringing you one step closer to the closing table, or
2. The buyer, after reviewing the property and the papers, requests a renegotiation of the terms of contract (usually the price).





## Appraisal and Lending.

It is imperative that you keep in close communication with your lender, who will let you know when additional documents are needed to approve your loan application and fund your loan. If the agreement is conditional upon financing, then the property will be appraised by a licensed appraiser to determine the value for the lending institution, via a third party. This is done so that the lending institution can confirm their investment in your property is accurate. Appraisers are specialists in determining the value of properties, based on a combination of square footage measurements, building costs, recent sales of comparable properties, operating income, etc. When you are within two weeks of closing, double check with your lender to be sure the loan will go through smoothly and on time





## Association Approval.

If the property that you are purchasing is conditional upon an association approval, request the rules, regulations, and other important documents from the seller as soon as you have an effective agreement to purchase. Make sure that the application documents and processing fees are submitted to the appropriate person at the association by the required time. Fill out all of the information completely and legibly so there is no delay in processing the application. If you are required to meet with the association for your approval, make an appointment as soon as possible for the interview. Most associations require a certificate of approval before move-in. Your closing agent will request that the original copy of this approval letter be brought to the closing, so that it can be recorded with the deed in the county public records.

## Property Insurance.

If you are obtaining a loan, you will be required by your lender to purchase a certain amount of insurance on the property. The value will depend on the lending institution and the purchase price of the property. You may be able to save hundreds of dollars a year on homeowners insurance by shopping around for insurance. You can also save money with these tips:

- **Consider a higher deductible.** Increasing your deductible by just a few hundred dollars can make a big difference in your premium.
- **Ask your insurance agent about discounts.** You may be able get a lower premium if your home has safety features such as dead-bolt locks, smoke detectors, an alarm system, storm shutters or fire-retardant roofing materials. Persons over 55 years of age or long-term customers may also be offered discounts.

- **Insure your house NOT the land under it.** After a disaster, the land is still there. If you do not subtract the value of the land when deciding how much homeowner's insurance to buy, you will pay more than you should.

We will be happy to recommend experienced knowledgeable insurance agents for every property type.

## CLOSING ON YOUR NEW HOME

### Closing Day

If you have come this far, then this means that it is almost time for a congratulations, but not yet. Do not forget to tie up these loose ends:

### Final Walk-Through Inspection.

The final inspection takes place a day before, or the day of the closing. You will visit the property to verify that all is in working order, everything is the same as when you last viewed the property, that there are no extra items left behind, and that everything included in your purchase is still at the property.

### Home Services and Utilities.

We will provide a list of useful numbers for the activation of home services and utilities after the closing occurs.

## **Be Prepared.**

We are ready to assist you should an unforeseen glitch pop up, even at this last stage. Something at the property breaks down, or some other minor detail – no need to worry. We have encountered these problems before, so we know how to handle them efficiently and stress-free.

## **Closing.**

The closing agent will furnish all parties involved with a settlement statement, 3 days prior to closing. The statement summarizes and details the financial transactions enacted in the process. You and the seller(s) will sign this statement, as well as the closing agent, certifying its accuracy. If you are obtaining financing, you will have to sign all pertinent documentation required by the lending institution. If you are unable to attend the scheduled closing, arrangements can be made depending on the circumstances and the notice that we receive. If you are bringing funds to the transaction, you can elect to either have the funds wired electronically into the closing agent's escrow account or bring a certified bank check to the closing in the amount specified on the settlement statement. The seller should arrange to have all property keys and any other important information for you at the closing so that you may receive these items at this time.