

## Information for Home Buyers



### Things to Know Before You Start

- Alabama is a Buyer Beware State. Sellers are not required to disclose all known defects of the home. Your home inspection is your protection.
- I am required by law to give you a copy of the “Real Estate Brokerage Services Disclosure” document early in our talks. This informs you of the ways that a Realtor can work with you. Your signature is optional and is only for my records, to prove you were given a copy.



### Home Loans

- A local lender is usually the best advocate and can usually respond more quickly to requested changes. I can provide information on competitive lenders that can make the home-buying process easier.
- Standard minimum down payments are 5% for a Conventional loan and 3.5% for an FHA loan. VA and USDA loans can require as little as zero down.
- First-time home buyer assistance may be available if you qualify. This may include down payment or closing cost assistance. Note that not all lenders participate in these programs.
- Mortgage insurance (known as PMI or MIP) usually goes away at 20% equity, and may be reduced at less than 20% but more than the minimum down payment.

### The Home Search

- Start your home search with a preapproval letter. In a heated market sellers will not accept offers without a preapproval letter.
- After the preapproval do not make any major purchases without talking to your lender.



- Be the first to see new listings with automated notifications that I can set up for you.

### The Offer



- The “Exclusive Buyer Agency Agreement” establishes agency between you and me so that I can represent you in negotiations as your agent, obligated to look out for your interests only.
- Once we find the home you want, I will help you decide on the amount to offer by providing a market analysis and an *Estimated Closing Statement*.
- The offer should be submitted with a pre-approval letter or proof of funds and earnest money. It becomes a binding contract when signed by the buyers and sellers.
- If the sale does not close, earnest money in Alabama is refunded only when both parties agree as to which party should retain it. The only exceptions are determined through arbitration.
- While less common, multiple offers still happen with very desirable properties. Escalation clauses are a great tool for making the winning bid without overpaying. 
- Other items to consider are HOA expenses, a home warranty, and covenants and restrictions.
- Once the offer is accepted, the first order of business is to complete the long version of the mortgage application. 
- You will need to inform your lender of your choice for a homeowner’s insurance policy.
- Expect about 30 days to close for a mortgage-purchased property.

## Home Inspection



- I *always* recommend a home inspection. I will schedule your inspection and can provide a list of inspectors for you to choose from. It should be completed as soon as possible to allow time for repairs. The inspector will arrange payment with you directly at the time of service.
- Be aware that contracts sometimes do not close, and *the inspection fee is at risk of loss if this happens.*
- From the inspection report we will generate a "Request for Repairs" document. Inspectors will find at least minor defects in almost all homes. But refer to Par. 4a of the contract and the "Inspection Addendum" for the repairs considered necessary (excludes cosmetic and minor defects). A second inspection may be needed to confirm repairs that are difficult to verify by a layperson.
- Any request for repairs not covered in the Inspection Addendum or Par. 4a of the contract should be included with the offer.
- A home that is marketed under the designation "as is" is excluded from all repairs and is not subject to the Inspection Addendum or Par. 4a of the contract.

- I will arrange a wood infestation inspection by the vendor of your choice. It is required by your lender and is funded (usually less than \$200) by you at closing.

## Closing

Just a few more items to cross the finish line...



- One week prior to closing, you can set up utilities transfer and mail forwarding to take effect on the day of closing.
- Near or on the day of closing we will do a final inspection to verify repairs and make sure the house is ready for occupancy (with all the seller's possessions gone).
- A day or so before closing, you will receive instructions from the closing attorney about transferring funds. (*Important: Do not follow any emailed wiring instructions without calling your lender to verify!*)
- The down payment, closing costs, prepaid items (1-yr. homeowner's insurance premium, a partial month of interest, etc.), and the escrow account (about three months' taxes and insurance premium) must be funded at closing.
- Bring your driver's license, another form of ID, and your checkbook to closing. You probably will not need your checkbook, but in rare instances last minute adjustments may need to be made.
- After closing we can discuss the Homestead Exemption, which can reduce your property taxes by 50% if your property qualifies.



## Appraisal and Termite Inspection

- The appraisal is ordered by your mortgage company and paid for by you, the buyer, either up front or at closing along with your other closing costs. The amount charged for the appraisal is usually around \$500 for an average home.
- If your contract does not close for any reason (with few exceptions) and the appraisal has been done, *the appraisal fee will not be refunded.*  It's an unfortunate and unavoidable risk in purchasing a home.

## Congratulations on the Purchase of Your New Home!

