

RE/MAX[®]

HOME BUYER'S GUIDE

A resource to help
guide you through the
home-buying experience,
from start to finish.

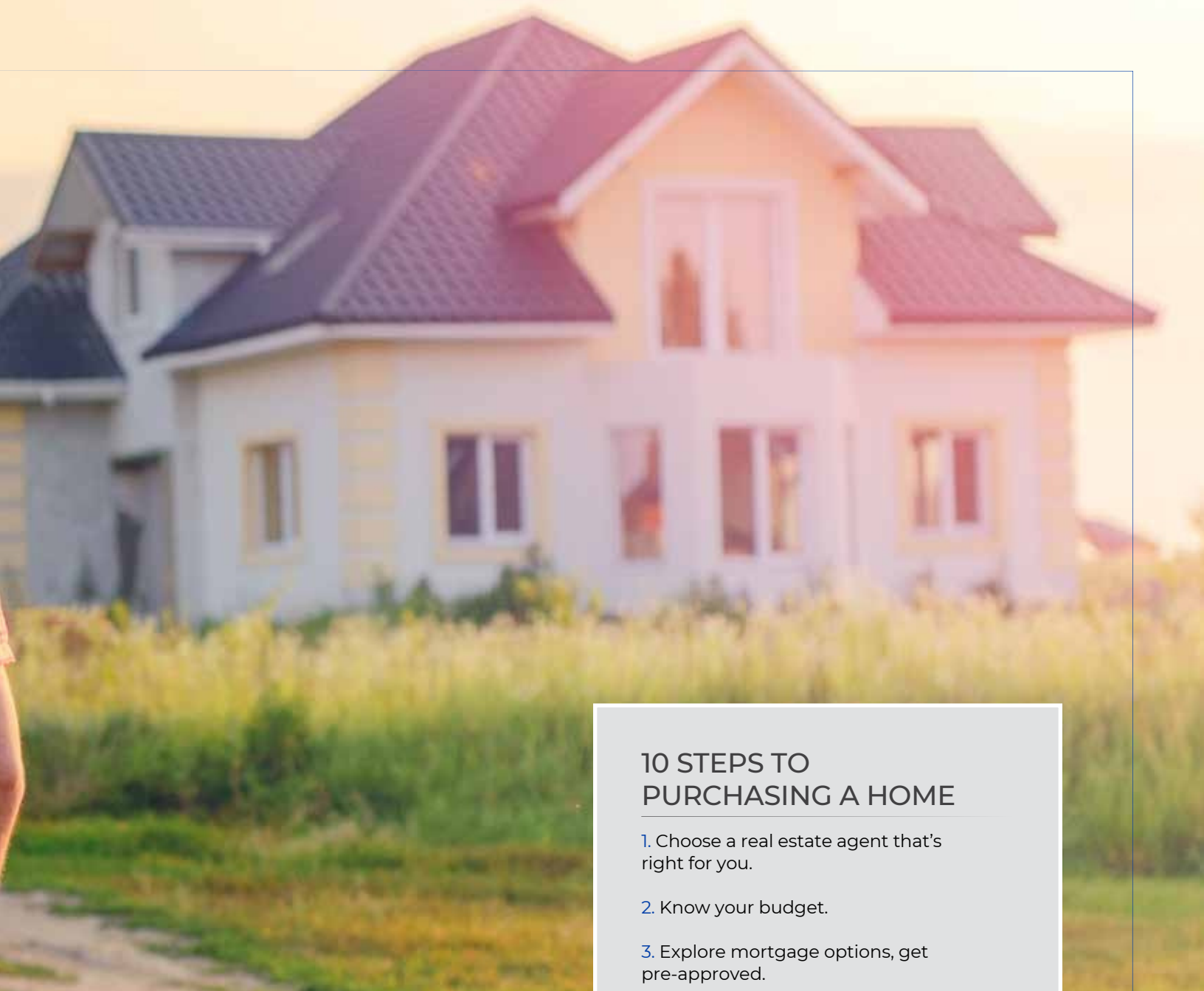


A photograph of a young man and woman embracing in a field at sunset. The man is wearing a plaid shirt and the woman is wearing a floral dress. The background shows a house and a sunset sky.

The Road Home

You've heard it before: buying a home may be the largest purchase you will ever make. Does that make you nervous? Consider this: it can also be one of the best investments you will ever make.

From the pride you feel by being a homeowner to the tax deductions associated with home ownership, the benefits are plenty. If you're ready to travel the road toward home ownership, take your first step with the RE/MAX Home Buyer's Guide. This guide is a resource to help familiarize you with the home-buying process, and present you with relevant information, including a list of terms, things to consider when choosing a home, and a checklist to help you make the right decisions for you.



10 STEPS TO PURCHASING A HOME

1. Choose a real estate agent that's right for you.
2. Know your budget.
3. Explore mortgage options, get pre-approved.
4. Browse homes online that fit your lifestyle and budget.
5. Identify homes you like and schedule home tours.
6. Make an offer.
7. Conduct home inspection(s).
8. Close the deal.
9. Update utilities and transfer services.
10. Move into your new home!

WHY CHOOSE A RE/MAX AGENT?

For over 45 years, RE/MAX has been building a global network of highly productive, full-time real estate professionals. RE/MAX Agents average more sales and more years in the business than agents from other companies.

What does this mean for you? It means that when you work with a RE/MAX Agent you are getting a dedicated real estate professional with access to a vast knowledge base, and the tools and support they need to help you find, and purchase, the right home for you.



Let a RE/MAX Agent Be Your Guide

Whether you are moving across town or across the country the real estate market is a big place, and an experienced RE/MAX Agent can help you navigate it. RE/MAX Agents have access to current market information and can help you make informed decisions about the areas and properties that interest you. As you move through the process, your RE/MAX Agent can walk you through confusing paperwork and, of course, assist you in house hunting.

TIPS FOR CHOOSING A REAL ESTATE AGENT:

Do your due diligence.

Research real estate agents online, read reviews, and solicit recommendations from family and friends.

Choose someone you trust.

A home is a very intimate, very expensive purchase. It's critical that your real estate agent makes you feel comfortable, listens to you and respects your views. If you are not comfortable with their communication in the beginning, you may be better off with a different agent.

Look for experience.

An experienced, real estate professional will likely have already experienced market ups and downs, and will know how to navigate current conditions. An agent with an experienced team brings even more knowledge & resources to the table.

TO FIND THE RIGHT AGENT FOR YOU, ASK YOUR TOP CANDIDATES THESE QUESTIONS:

1. How much experience do you have with homes in this area?
2. What services and resources do you offer?
3. How will the home-buying process work and what's expected of me?
4. How much time can you devote to my needs and how often will you communicate with me?
5. Who will you represent, me or the seller?
6. What types of homes are your specialty and are you familiar with the neighborhoods that interest me?
7. Do you work alone or on a team? Who can I expect to communicate with?

Undivided attention.

While you want an agent with lots of experience, ask how many other clients he or she is working with currently. Generally speaking, if it's a high number of home buyers or sellers, question whether you'll get the attention required.

Get Pre-Approved



Getting pre-approved for a home loan can be a daunting experience. First, find a mortgage lender that you're comfortable with. If needed, your RE/MAX Agent will be happy to provide a referral.

Your lender will check your financial standing to determine how much you can borrow, how much you can afford, and which loans might be right for you. Applying for a mortgage requires a written application and supporting documentation; it can be an intimidating process and there are a few things you should be ready for when meeting with your mortgage lender:

1. They will check your credit score:

Lenders will conduct a hard inquiry on your credit. Knowing your credit score will give lenders an inside look at your credit habits and history and will help them decide what type of loan you'd be the best candidate for. Generally, Better credit = more loan options & better rates.

2. They will check your employment history:

Lenders ask for a list of your past employers, how long you've been with your current employer, and what your annual salary or take-home pay is. Have your tax return paperwork from the last two years handy. They want to make sure you consistently earn money, with no major gaps in income, and can make regular mortgage payments.

3. They will check your assets and debts:

Be prepared to show your past tax records, recent bank statements, and current debt amounts, including credit card debt, car loan, or student loan. Lenders want to know your debt-to-income ratio to know if you can make each loan payment with the income you earn. Most lenders look for a monthly DTI ratio of no more than 43%.



Start Your Home Search

As a home buyer, you can expect to see an array of different home styles and designs. You've got the choice of single-family, condo, townhome, lakefront, acreage, luxury; you can also choose bungalow, multi-storey, or split-level. In addition, you can choose a pre-existing home or new construction. In other words – you've got options. But what's most important is that you choose a home that complements your lifestyle and your income. To narrow down your choices:

- Know your budget and stick to it.
- Determine a desired location.
- Consider how many bedrooms, bathrooms and square feet you need.
- Decide which amenities are must-haves versus like-to-haves.
- Consider your needs for outdoor space, like a yard or balcony.

Once you've identified your must-haves, browse listings online and ask your RE/MAX Agent to send you listings that meet your criteria via email, text message or social media. Your agent will coordinate showings for properties you'd like to see in person.

[FOUR THINGS TO CONSIDER WHEN VIEWING HOUSES ONLINE](#)

When it comes to house hunting, there are lots of things a potential buyer can do to get a feel for a property by simply utilizing the tools that are available online. Your RE/MAX Agent is a great resource to lean on, as they often have lots of information on the property that may not be included in the MLS listing description (such as property disclosures, renovation & repair history, taxes & utilities, restricted covenants, zoning/property lines, HOA info, past inspection reports, etc).



1. Analyze the Photos

Make sure you take a look at all of the photos and spend some time noting where windows are and what the natural light is like in the space. Another good thing to consider when looking through the photos is how your own furniture will look in the space. If the photos of the home are furniture free, allow yourself to mentally place furniture where you think it may look best. If the property is staged, take into consideration where different furniture pieces are placed and how you could change the furniture layout to work for you and your style.

2. Take Note of Potential Fixes/Renos

If you're looking at a property online that may not be quite your style or that needs some upgrades, take note of those. See what elements of the home work for you and which areas you would consider renovating or giving some TLC in the future. And remember, paint color is an easy, relatively inexpensive change that makes a huge difference in a home!

3. Consider the Outdoor Space

One thing that many people forget to take into consideration when viewing a home online is the outdoor space. Whether it is a small balcony or a large backyard, outdoor space is definitely something to try to get a feel for when viewing a home virtually. Take account of what furniture you may need to fit into the space or invest in, and what sort of maintenance will be required. Consider how exterior maintenance may be affected by different seasons. Will you need to trim and maintain trees or clear snow from a large driveway?

4. Virtual Tours & Floor Plans

Many realtors now provide 3D floor plans or virtual walk-throughs of their listings. 3D tours allow you to view a property from the comfort of your own home, while also giving you the freedom to virtually navigate your way through the property. This will give you a chance to get a feel for the floor plan and layout of a home before having to actually set foot on the property.

Home Styles



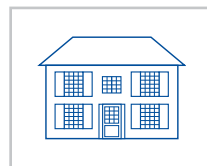
Story-and-a-half
This style has a deep pitched roof and clean, simple design. Dormers can be added to a pitched roof to add windows or usable space on the upper level.



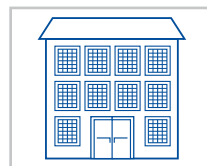
Split Level
Also called a split entry, this home style typically has two short sets of stairs running up and down from the point of entry. It may, or may not, have living space at entry level.



Single-Level
Also referred to as a bungalow or ranch is known for a long, low design with all or most living space on ground level. Many have a basement level which may be finished into additional living space. A lower level walk-out includes a door to the exterior.



Two-Story Home A two story home has two full levels of living space. A traditional two-story will have a ground level, with an often equal sized floor directly above. Often you will find living space on the ground level, with the main suite and additional bedrooms on the second floor.



Condominium An owned unit in a large property complex that consists of many individual units. Often has a fee that covers shared monthly expenses for the upkeep of the building and facilities.



Townhouse An owned unit in a row of houses all attached to one another. Often has an condominium fee that covers shared monthly expenses for the upkeep of the exterior and any shared facilities.



CHECKLIST

- Bedrooms:** 2+ 3+ 4+
Bathrooms: 1+ 2+ 3+ 4+
Dedicated Office Space: Yes No
Central Air Conditioning: Yes No

- Garage:** 1-car 2-car 3+ car
 Attached Detached None

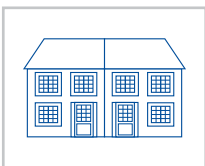
- Kitchen Features:**
 Gas Stove/Cooktop Gas Oven
 Microwave Dishwasher
 Walk-In Pantry Eat-In Kitchen
 Updated Countertops
 Fully Renovated

- Bedroom Features:**
 Walk-in closet Master Bathroom

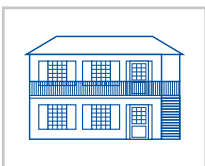
- Bathroom Features:**
 Double Vanity and Sinks
 Bathtub Double Shower

- Additional Indoor Features:**
 Gas Fireplace Wood Fireplace
 Mudroom Main Level Laundry
 Alarm System Smart-Home Tech
 Mounted TV or Sound System Wiring
 Dedicated Dining Room
 Basement

- Outdoor Features:**
 Yard Space Wooded Lot Balcony
 Pool Fence Shed
 Balcony or Deck
 Outdoor Entertaining Area



Semi-Detached
 This home has two single family dwellings that are separated by one common wall and have mirror image layouts. These homes typically have two separate street addresses & can be owned by two different homeowners. Since outdoor maintenance is the responsibility of the homeowners, it is important to consider shared expenses that may need to be addressed such as house siding and windows as well use/upkeep of common spaces such as the yard, landscape or a shared driveway.



Duplex
 A duplex is a home consisting of two separate dwellings that are either side by side or stacked on top of each other. They typically have identical layouts or a mirror image of each other. A duplex typically has one street address with unit numbers and one property owner.



Be Prepared

When you're ready to make an offer, your RE/MAX Agent will prepare the required paperwork and negotiate the purchase price and terms on your behalf, but there are a few things you'll need to do as well:

- 1. Purchase Home Insurance:** You are required to purchase homeowners insurance if you have a mortgage. Make sure you purchase enough to fully cover your home, and your belongings, in case of a total loss.
- 2. Get a Home Inspection:** Inspections generally cost a few hundred dollars and will bring to light any major issues or concerns with the home. The Purchase Agreement can be contingent on the outcome of the inspection, so if you don't like what you find you can withdraw the offer, ask for credit back from the seller, or accept the home as-is.
- 3. Determine the Status of Utilities:** In a traditional home sale, with sellers as occupants, you'll want to check on the status of the utilities required by the home. Outstanding invoices for items such as water, gas, and electric should be paid in full by the owners before closing. You will also want to have the services transferred to your name for billing. In a foreclosure, or vacant home sale, in which the water has been turned off, contact the municipality to turn the water back on and check for broken or damaged pipes.

RELIABLE RESOURCES

Your RE/MAX Agent is a great resource; don't hesitate to ask for a referral if you're looking for a:

- Mortgage Lender
- Settlement Services (Title, Escrow & Deed Prep)
- Inspector/Appraiser
- Moving Company
- Insurance Provider
- Contractor/handyman
- Landscaper

TAX BREAK

Preparing your taxes as a first-time homeowner can be, well, taxing. You will have a number of new tax considerations, including new deductions such as mortgage insurance, property tax and potentially some closing costs, to claim. If you're not sure what you'll be eligible to claim, consider visiting a tax consultant or visit <https://www.irs.gov/>.

Homebuyer's Glossary

By familiarizing yourself with these home-buying basics, you'll be better equipped to make informed decisions and a wise investment.

1. Adjustable-Rate Mortgage: With ARM loans, interest rates can change after an initial fixed rate period as they adjust based on the interest rate index the ARM is tied to (e.g., LIBOR, COFI, etc.). This loan type is less predictable than a traditional fixed-rate mortgage, but it can potentially yield lower interest rates during certain periods.

2. Amortization: The length of time allotted to paying off a loan – in home-buying terms, the mortgage. Typically the maximum amortization periods is 30 years.

3. Amortization Chart: Even though your mortgage payment is the same amount every month, a different proportion of that amount is allocated to principle vs. interest each month, with more going toward principle as the loan ages. An amortization chart shows you how much of each mortgage payment is allotted to principle vs interest for the entire life of the loan.

4. Appraisal: A professional appraiser conducts a thorough examination on a property (taking into consideration the location, age, condition, renovations, etc) to determine the estimated value of a piece of real estate. (Very similar to a Comparative Market Analysis, which your realtor can conduct to determine what a home will likely sell for in the current market.)

5. Appraisal Contingency: An appraisal contingency is a clause that allows a buyer to dissolve a purchase agreement if a home's appraised value is less than the sale price. Appraisals are an optional contingency for cash buyers, but typically are required by mortgage lenders. This helps the lender decide if the property is worth the amount of the loan the potential buyer is seeking.

6. As-is: "As-is," is a term we often hear thrown around, but it can have many different implications. A property marketed in "as is" condition usually indicates that the seller is unwilling to perform most if not all repairs.

It could also mean that it is priced "as is", which is typically lower than market pricing in the area. "As-is," properties (or any property in distress) can be particularly difficult to obtain traditional financing and/or home insurance for.

7. Balanced Market: In a balanced market, there is an equal balance of buyers and sellers in the market, which means reasonable offers are often accepted by sellers, and homes sell within a reasonable amount of time and prices remain stable.

8. Bridge Financing: A short-term loan designed to "bridge" the gap for homebuyers who have purchased their new home before selling their existing home. This type of financing is common in a seller's market, allowing homebuyers to purchase without including the contingency of needing to sell first.

9. Buyer's Market: In a buyer's market, there are more homes on the market than there are buyers, giving the limited number of buyers more choice and greater negotiating power. Homes may stay on the market longer, and prices can be stable or dropping.

10. Closing: Also sometimes called "Settlement." This is the last step of the real estate transaction, once all the offer conditions outlined in the Agreement of Sale have been met and ownership of the property is transferred to the buyer. All documents are notarized at the closing table, money is exchanged, and the keys are passed to the new owner.

11. Closing Costs: The costs associated with "closing" the purchase deal. These costs can include loan origination fees, taxes, insurance, inspection costs, legal and administrative fees related to the home purchase. Closing costs are additional to the purchase price of the home. In some cases your lender may allow you to bundle your closing costs into your mortgage amount. When you write an offer on a home, your realtor will give you a summary of your estimated closing costs.

Homebuyer's Glossary (cont'd)

12. Comparative Market Analysis: Comparative market analysis (CMA) is a report on comparable homes in the area that is used to derive an accurate value for the home in question.

13. Covenants, Conditions & Restrictions (CC&Rs): Usually, these are the rules and regulations placed on real property by a homeowner's association (HOA), a neighborhood association, a developer, or a builder that sets forth any requirements and limitations of what a homeowner is allowed to do with the property. It may also include monthly and/or annual fees or special assessments.

14. Condominium Ownership: A form of ownership whereby you own your unit and have an interest in common elements such as the lobby, elevators, halls, parking garage and building exterior. The condominium association is responsible for maintenance of building and common elements, and collects a monthly condo fee from each owner, based on their proportionate share of the building.

15. Contingencies: This term refers to conditions that have to be met in order for the purchase of a home to be finalized. For example, there may be contingencies that the mortgage loan must be approved, home inspections look as expected, or the appraised value must be near the final sale price.

16. Down Payment: The down payment is the amount of money paid-up front for a home, in order to secure a mortgage. The minimum down payment for first time homebuyers can be as low as 3.5% of the home's total purchase price. Some loans are available with 0 down payment. Down payments less than 20% of a home's purchase price require mortgage insurance.

17. Dual Agency: Dual agency is when one agent represents both sides, rather than having both a buyer's agent and a listing agent.

18. Due Diligence: After a buyer's offer is accepted, the due diligence period begins. This is the time for the buyer to fully examine a property, often by hiring experts to inspect the property, perform tests, ensure it qualifies for a mortgage, etc., so that a buyer may decide on how to proceed. A buyer might renegotiate the contract based off of their findings or possibly even to terminate within a specified time period. Due diligence allows a buyer to fully understand what they are buying.

19. Earnest Money Deposit: An earnest money deposit, also called a "good faith deposit", are the initial funds that a buyer puts down once a seller accepts the buyer's offer. Should the buyer back out of the deal (for any reason not specified as a contingency in the Agreement of Sale), the sellers keep this deposit. It shows not only that the buyer is serious about buying, but that they are also willing to put their money where their mouth is.

20. Escrow: An escrow is a contractual arrangement in which a third party receives and disburses money or property for the primary transacting parties, with the disbursement dependent on conditions agreed to by the transacting parties. At closing, the settlement/closing entity disburses the funds for the purchase of the home & all other closing costs.

21. Equity: Equity is what you outright own in your home. To calculate equity, take the market value of the home and subtract any mortgages or liens against the property. The amount leftover is the amount of equity you have in the home. (eg. If you own a home currently worth \$1,000,000 and have \$200,000 in remaining mortgage payments, you have \$800,000 in equity.)

22. FHA Loans: A Federal Housing Administration (FHA) loan is a home mortgage that is insured by the government and issued by a bank or other lender that is approved by the agency. FHA loans require a lower minimum down payment (often as low as 3.5%) than many conventional loans, and applicants may have lower credit scores than is usually required.

The FHA loan is designed to help low- to moderate-income families attain homeownership. They are particularly popular with first-time homebuyers. Buyers using FHA financing can plan to pay additional mortgage insurance premiums for the life of the loan.

24. Fixed-Rate Mortgage: A fixed-rate mortgage guarantees your interest rate and for a pre-determined amount of time.

25. Home Inspection: The home inspection is performed to identify any existing or potential underlying problems in a home. This not only protects the buyer from risk, but also gives the buyer leverage to negotiate a reduced purchase price based on the findings.

Homebuyer's Glossary (cont'd)

26. Land Survey: A land survey will identify the property lines. This is not required to purchase a home, but it is recommended and may be required by the mortgage lender to clarify where on the property the owner has jurisdiction. This is important if issues arise between neighbors or the municipality, should the owner wish to make changes in the future such as installing a pool, fence or other renovations involving property lines.

27. Land Transfer Tax: Often just called Transfer Tax; This is the tax typically split between the buyer & seller and paid to the province and/or municipality in which the transaction occurred upon transferring land. In most parts of Pennsylvania the transfer tax is 2%. The amount varies depending on the region, the size of the land and other factors.

28. Mortgage Pre-approval: Getting pre-approved requires home buyers to fill out an application that allows a lender to determine their financial situation, including their debt-to-income ratio, ability to repay, and credit-worthiness. Once this is in hand, the lender can give the buyer a letter stating the exact loan amount they have been pre-approved for along with the total sales price they are approved for.

Many realtors will not take you to see homes unless you have a pre-approval letter, stating the amount you can actually afford. (Not to be confused with a pre-qualification letter, which is an estimate of the amount a borrower would be approved for. If your lender did not do a hard pull on your credit, you only have a pre-qualification letter, not a pre-approval letter)

29. Mortgage Pre-qualification: A pre-qualification is a lender's estimate of the amount a home buyer can expect to be approved for during the loan process. Getting pre-qualified is a quick assessment by a lender of the buyer's financial situation based solely off of what a buyer tells a lender, and not based with any proof or verifications.

30. Multiple Listing Service (MLS): An MLS is a database that allows real estate agent and broker members to access and add information about properties for sale in an area. When a home is listed for sale, it gets logged into the local MLS by a listing agent. Buyer's agents often check the MLS to see what's on the market and what similar homes have sold for.

31. Offer/Counter Offer: An offer is a legal agreement to purchase a home. An offer can be conditional on a

number of factors, commonly conditional on financing and a home inspection. If the conditions are not met, the buyer can cancel their offer.

The buyer's agent puts the offer in writing, asks you to sign it, and then submits it to the seller's agent. It's the art of negotiation, recorded in paperwork. The seller might immediately accept it, in which case it becomes the parties' Purchase Contract/Agreement of Sale, or may make what's known as a counter offer.

32. Purchase Agreement: Also called an Agreement of Sale, a Purchase Agreement is a written contract between the buyer and seller, which outlines the terms of the parties to sell and purchase real property.

When a home is "under contract" or "pending," it signifies that the Buyer and Seller have formalized their commitment to sell and purchase the real property.

33. REALTOR®: The terms licensed real estate agent and REALTOR® are often used interchangeably, although not every real estate agent is a REALTOR®. A REALTOR® is a member of the National Association of REALTORS® (NAR).

A REALTOR® promises to uphold the Code of Ethics of the association and to hold each other accountable for when serving the public, customers, clients and each other, with a high standard of practice and care.

34. Seller's Concessions/Credits: Sellers may offer concessions to incentivize buyers to purchase the home, or sweeten the deal. Concessions are often seen as a contribution towards the buyer's closing costs, up to certain limitations and approvals by a buyer's lender, which ultimately leaves more money in a buyer's pocket when all is said and done.

35. Seller's Disclosure: A seller's disclosure is a disclosure by the seller of information about the property, or which could affect a buyer's decision to purchase the property, all of which to the best of the seller's knowledge. All material facts about the home should be laid out in the Seller's Disclosure.

36. Seller's Market: In a seller's market, there are more buyers than there are homes for sale. With fewer homes on the market and more buyers, homes sell quickly in a seller's market. Prices of homes are likely to increase, and there are more likely to be multiple offers on a home. Multiple offers give the seller negotiating power, and conditional offers may be rejected.



37. Title: A legal document proving current and proper ownership of the property. Also referred to as a Deed, this document highlights the history of property ownership and transfers.

38. Title Insurance: Title insurance is not always mandatory, but it is highly recommended to protect both the buyer and the mortgage lender against losses related to the property title or ownership, such as unknown title defects, existing liens against the property's title, encroachment issues, title fraud, errors in surveys and public records, and title-related issues that could prevent you from selling, leasing or obtaining a mortgage.

39. Title Search: A title search examines public records for the history of the home, including sales, purchases, and tax and other types of liens. Generally, an attorney will conduct a search to see who is listed as the owner of the property and ensure there are no other parties that may have claim to the deed. Such information, along with any liens or encumbrances that are recorded against the property, will be listed in the Preliminary Report for the parties to review prior to the close of escrow.

40. VA Loan: A VA loan is a loan guaranteed by the government (Department of Veteran Affairs) and available to the military, active and retired, and even for some eligible spouses, at low-to-no-down payment scenarios with competitive rates and fees. VA loans often have stricter inspection requirements than other types of loans.

41. Variable Rate Mortgage: A variable rate mortgage fluctuates with the prime rate. Your monthly payments remain the same, but the proportion of your payment going toward principal versus interest can change.



Kara Peterson

REALTOR®

The Greg Copenhaver & JoAnn Lew Team

814-574-6079 (cell)



814-231-8200 x 309 (office)

KaraPetersonRE@gmail.com

KaraPetersonRE.com

Let our experience be your guide.

Each office independently owned and operated.

 @KaraPetersonRE
 @KaraPetersonRE

Let a RE/MAX Agent Be Your Guide



Meet Kara,

Kara is a dynamic and innovative Realtor® known for her exceptional customer service and genuine relationships with her clients.

As a State College native, Kara has deep roots in the local community and a wealth of knowledge about the area's real estate market. Kara is both a State High & Penn State Alum, with bachelor's degrees in Psychology & Anthropology. She began her real estate career in San Francisco, at a boutique brokerage specializing in multi-family acquisitions and luxury leasing. After spending 5 years in the Bay Area, Kara returned to Happy Valley because she truly believes it's the best place on earth to call home!

Leveraging her experience in Bay Area luxury markets, she incorporates industry-leading technology and digital marketing strategies. Whether you're a first-time homebuyer or seasoned investor, Kara's creative approach helps clients achieve their unique goals. For a white glove real estate experience, call Kara today.

Kara joins The Greg Copenhaver & JoAnn Lew Team, nationally recognized RE/MAX hall of fame members with over 70 years of combined experience and 3000 homes sold in Centre County and surrounding areas.

Kara Peterson | Realtor®

The Greg Copenhaver & JoAnn Lew Team

RE/MAX Centre Realty

1375 Martin St. State College, PA 16803

C: 814-574-6079

O: 814-231-8200 ext.309

karapetersonRE@gmail.com

www.karapetersonRE.com

[@karapetersonre](https://www.instagram.com/karapetersonre)

