







### Introduction

essential companion on the journey to purchasing your own piece of paradise. Whether you are a first-time buyer or looking to upgrade to a new home, this comprehensive guide is designed to empower you with the knowledge and confidence you need to navigate the intricate process of buying a home in Delaware.

Inside these pages, you will find expert advice, step-by-step instructions, and practical tips that will demystify the complexities of the real estate market. From determining your budget to finding the perfect property, securing financing, and closing the deal, this booklet will be your trusted roadmap.

My goal is to simplify the home buying process, providing you with the necessary tools to make informed decisions and avoid common pitfalls. I believe that with the right information at your fingertips, you can turn the daunting task of purchasing a home into an exciting and rewarding experience.

So, grab a pen, get ready to take notes, and let's embark on this journey together. *Unlocking the Door to Your New Home* is here to guide you every step of the way, helping you find the key to your future and opening the door to the home of your dreams.



Happy house hunting!



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#### Meet the Author

riginally hailing from Baltimore, Maryland, Diana Green has 25+ years of experience as a high school mathematics educator. She finds great joy in helping others. Diana moved to Delaware in 2006, and has been enjoying the local scene ever since (though she still favors the Ravens over the Eagles)!

Going through the process of selling her home in Newark and purchasing a new construction home in 2021 inspired Diana to renew her dream of selling real estate. That experience also introduced her to the **Veterans Choice Team** at **Myers Realty**, where she now works hard to help her clients realize their own dreams of owning a new home. Diana treats her clients like family, and strives to always exceed expectations.

Diana has three children and four grandchildren. She lives with her wonderful husband in Dover. Diana loves photography, travel, riding her Harley®, and spending time with her family. She has a special affinity for nature – whether it is hiking at Killens Pond or soaking in the sunshine at Cape Henlopen, Diana is happiest when she is enjoying the great outdoors!



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#### **ADDENDUM**

No home purchase contract can possibly foresee every potential issue that may arise. There will always be additions, corrections, and date changes along the way. An addendum is a page added to a contract indicating (by signatures) that all parties are in agreement on the change.

#### **AGENCY**

By Delaware law, a REALTOR® is presumed to be serving as an agent to a buyer as soon as they provide specific professional services to them. That obligates the agent to certain fiduciary duties -- obedience, loyalty, disclosure, confidentiality, accounting, and reasonable care.

#### **APPRAISAL**

Appraisals and home inspections are frequently confused. They may appear similar on the surface, but the purpose of each is very different. An appraiser looks at the size of the home and property, the amenities, and the condition of the home and then compares to recently sold properties in the area to determine the value of the property. This is important because a lender will not want to lend you \$400k for a home that is only worth \$300k.

#### AS-IS

Some sellers are unwilling or unable to make any repairs on the property they are selling. The listing will specify that the property is being sold "as-is." It is important for buyers to take a good look before putting in an offer on one of these properties so you are fully aware of what you are purchasing – the property might just need some cosmetic updates or it might have structural damage. You are still permitted to get a home inspection to know the exact condition of the property, but you cannot renegotiate the contract based on the report. Some types of loan programs cannot be used for properties that have structural issues, so be careful before you commit to buy an "as-is" property.



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#### **BUYER AGENCY AGREEMENT**

It is highly beneficial for most buyers to hire a designated (or exclusive) agent to represent them throughout the buying process. This agent will not only take you on home tours, but draft an offer to purchase, negotiate on your behalf, provide advice, oversee the entire transaction, educate you on the process and any issues related to your transaction, research information on your behalf, communicate with the listing agent, and much, much, more! The Buyer Agency Agreement outlines this relationship as well as the compensation your agent will receive for services provided.

New regulations require such an agreement before a REALTOR® is permitted to show a property. This does not mean that you have to commit to a lengthy agency relationship with an agent that you may have just met. The contract can be structured to suit the needs of temporary contact -- even just for one day! After touring several properties with the same agent you will likely both wish to form a more substantial arrangement based on the relationship of trust that you have built.

#### **CLOSING (or SETTLEMENT)**

Once all of the requirements set forth in a home sale contract have been met, the buyer and seller sit down with the closing attorney to sign many documents. Money changes hands. Keys are turned over. This is referred to as closing the transaction. When everyone walks away from the table, the property no longer belongs to the seller and it now belongs to the buyer.

#### CONSUMER INFORMATION SHEET (CIS)

Delaware law requires all real estate sales professionals to obtain a signed CIS at the first substantial contact with a client. This form explains the agent's responsibilities to you. It is not a contract, and your signature does not hold you to any responsibilities. The form also explains the concept of dual agency and allows you to opt-out of any such potential arrangement.



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#### COMMMISSION/COMPENSATION

Real estate agents generally work on a commission basis. That means they do not earn an hourly rate or get any kind of compensation for their work until they complete a sale. This could be a flat fee or a percentage of the sale price of the home--whatever you agree upon. Commissions are paid to the real estate broker who then splits the funds with the designated agent.

#### CONTINGENCY

Most home sale contracts outline certain things that must take place before the sale can be finalized. Nearly all contracts specify that the buyer must obtain an appropriate mortgage to pay for the purchase. Sometimes a seller may need to find a new home to move to before they are willing to sell their current one. On the flip side, sometimes a buyer needs to sell their current home before they can purchase this one. Another common contingency is the home inspection – the sale is contingent on the inspection revealing no major defects (or the seller agreeing to address these defects before turning over the property). All contingencies must be resolved before the transaction can close and ownership of the property is transferred.

#### **DUAL AGENCY**

Dual agency in real estate is not quite as sinister as a spy who is a double agent, but the idea is similar. Dual agency occurs when the same real estate agent or broker represents both buyer and seller in the same transaction. This could mean that different agents from the same brokerage are representing the parties in the transaction, which is generally acceptable to most people. However, when it is the same agent that represents both the buyer and seller in the same contract, that's where many people get uncomfortable.

Dual agency is legal in Delaware, but I can't help to wonder how one person can be 100% loyal to both opposing parties at the same time? If I am working with a buyer who becomes interested in purchasing a home that I have listed, I elicit help from another agent on my team. That way, each party has someone who is dedicated solely to serving their individual needs during the process.



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#### **EARNEST MONEY DEPOSIT (EMD)**

When a home purchase contract is signed, both buyer and seller are committing to the transfer of ownership of the property. Each has risks and responsibilities. As a show of good faith, the seller ceases to market the property and stops looking for another buyer. The buyer's good-faith action is to deposit earnest money.

This is not an extra charge; it is basically a deposit towards the closing costs that you will need to pay a few weeks down the road. Earnest money is generally held in escrow by either your real estate broker or your closing attorney. If you break the contract, the seller gets to keep these funds. If the seller breaks the contract, this money will be refunded to you.

#### **EQUITY**

The difference between the value of your home and the amount you owe on the mortgage is called equity. Real estate tends to increase in value over time, so while you pay down the balance on your mortgage your home value goes up...and you build equity. In essence, you get richer just by living in your home and paying your mortgage!

#### **ESCROW**

In short, the term escrow means holding funds on behalf of another for future use. This occurs in many ways related to real estate. Here are a few examples:

- When you make an earnest money deposit towards a home purchase, the money is held by your agent's broker or your closing attorney until the terms of the sales contract have been met and you close the transaction.
- When a repair is to be done after the sale and the seller agrees to pay for it from the proceeds of the sale, the closing attorney will hold the funds to be paid to the contractor when the work is completed.
- A portion of your monthly housing payment is held by your mortgage servicer to pay property taxes and homeowner's insurance when these annual bills come due.



#### **HOME INSPECTION**

Home inspections and appraisals are frequently confused. They may appear similar on the surface, but the purpose of each is very different. A home inspector looks at plumbing, electrical, and HVAC systems to see if they are working properly. They inspect the foundation and roof to see if the structure is solid. They look for safety concerns like broken windows, missing smoke detectors, or wobbly stair railings. This report is designed to inform the buyer of any potential concerns regarding the home...particularly those that are not obvious from a showing. The results can be used to renegotiate a purchase contract – a seller may be required to repair major defects or reduce the purchase price of the home. A lender may even require some repairs discovered in the inspection.

#### PITI

A monthly housing payment is generally broken up into four parts: Principal, Interest, Taxes, and Insurance. Principal and Interest are payments to the lender. Taxes and Insurance are collected by the lender and held in escrow until the annual bills are due.

- The principal payment is the amount that goes toward reducing the amount you owe on your home.
- Interest is a payment to the bank as a charge for borrowing the money to purchase your home.
- Property taxes are paid to local governments. These funds are generally used to fund public services like schools, police, fire, and sometimes even garbage collection.
- Lenders require homes to be insured against damage. Since the lender has an interest in maintaining the value of the property as long as you still owe money on it. It is common to require hazard insurance.



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#### PRIMARY MORTGAGE INSURANCE (PMI)

Whenever a homebuyer finances more than 80% of the cost of the house, the lender is taking a great risk that the payments may not be made. The buyer is charged a little extra each month as insurance to the lender. Rates for this are based on the buyer's credit score. So if you don't have a lot of cash at the onset of a home purchase you will be charged for this insurance, but if you have really good credit the cost will be minimal. Once the equity in your home has grown to at least 20%, you can request that this insurance premium be removed from your monthly housing payment. It is automatically removed when your loan balance drops to 78% of the purchase price.

#### PURCHASE AGREEMENT (or AGREEMENT OF SALE)

This is simply another name for a home sale contract. It outlines information about the property, the buyer(s) and seller(s) and their agents/brokers, financing, contingencies, and closing information...basically, all of the details about the actions that need to take place in order for the sale of the home to be finalized.

#### SELLER'S DISCLOSURE

All sellers (with a few exceptions) are required to let you know if they are aware of any issues that might affect your ownership of the property. The seller's disclosure form serves this purpose. It outlines any (past or present) damages they are aware of, what fixtures will stay with the home and which will not, and a myriad of other information about the property. The form is long and extremely boring, but you should always read it thoroughly before making an offer to purchase a home...especially if it being sold "as-is." Don't hesitate to ask your agent about anything you don't understand.

#### **UNDERWRITING**

Underwriting is the process used to determine loan conditions and protect lenders from financial risk. Underwriters may look at a borrower's credit, employment history and debt, as well as the property's condition, to determine loan eligibility.



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## notes

# benefits of Wnership

HOME OWNERSHIP IS VERY REWARDING.
BUYING A HOME CAN HELP YOU SECURE A
STRONG FINANCIAL FUTURE AND CONTRIBUTE
POSITIVELY TO YOUR COMMUNITY.

LET'S START WITH THE FINANCIAL BENEFITS.

#### STABLE MONTHLY PAYMENTS

First, homeowners enjoy the security of stable monthly payments. With a fixed rate mortgage your principal and interest (P&I) payment will not change for the life of the loan which could be 15, 20, or even 30 years. Can you imagine your rent staying the same for that long?

#### **BUILDING EQUITY**

When you own a home, your monthly housing payment works for you. A part of the payment every month goes toward the principal – which means that you are building a larger ownership stake in your property over time. The longer you own your home, the more of your monthly payment goes to building equity in it. When you are ready to sell you can realize that financial gain, unlike leaving a lease where you gain nothing from the property you leave behind.



#### TAX BENEFITS

The interest portion of your monthly payment is deductible (subject to certain limitations) if you itemize your federal income taxes. Most lenders lump together your P&I with an escrow payment that sets aside funds each month to pay your annual property taxes and homeowner's insurance when they come due. (This portion may fluctuate a little based on changes in tax and insurance rates, but these changes will still likely be minimal in comparison to changes in rent rates!) Property taxes are also deductible on federal income tax. IRS Publication 530 contains tax information for first time homebuyers.



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#### Don't wait to buy real estate. Buy real estate and wait!

#### **INCREASING WEALTH**

Wealth is measured by net worth, which is defined as the value of your possessions minus the amount you owe on them. Over the course of time the

value of your home is likely to increase, and you will also owe less on your mortgage as you continue to make the monthly payments. While there are no guarantees, and the value of your house may take a dip, these decreases are usually temporary as real estate values historically trend upward. So homeowners build wealth simply by living in their homes!



#### CAPITAL GAINS BENEFITS

Of course, the more equity you have built up in your home, the greater the profit when you decide to sell. You take that profit and use it as a down payment on a bigger better fancier home. And the best part is that you don't even have to pay taxes on the first quarter million dollars in profit from the sale of your primary residence (half a million if you own your home with a spouse)! Any additional profit is taxed at the capital gains rate, which is much lower than the tax rate for ordinary income.

#### LONG-TERM SAVINGS

As the value of your home increases there are several ways to tap into the equity. A home equity loan (or line of credit) allows you to borrow some of this wealth from yourself – at much lower interest rates than a credit card or personal loan. Many homeowners use these loans to pay for large renovation projects, vacations, weddings, or college tuition for their kids. You can also use the equity in your home to help cover expenses when you retire. Additionally, the interest on these loans may be tax-deductible!



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## IN ADDITION TO THE MANY FINANCIAL BENEFITIS OF HOME OWNERSHIP, THERE ARE PERSONAL BENEFITS TOO.

LET'S EXPLORE...

#### FREEDOM OF CUSTOMIZATION

Forefront in many new homeowners minds is the freedom to customize your home any way you want – no more eggshell white walls and beige carpet. When I bought my first home I delighted in painting the master bedroom purple just because I could! Through customization you can create the exact home you want, and possibly increase the value of your home as the same time.

#### **PRIVACY**

Another pleasant change when moving from renting to owning is privacy. You control who comes in and when instead of receiving notices from your landlord to enter. If you buy a single family home you also say goodbye to sharing walls and laundry rooms with other tenants. You are free to enjoy the peacefulness of your newfound privacy.

#### PRIDE IN HOME OWNERSHIP

Last, but certainly not least important is pride in home ownership. This, in and of itself, is a wonderful thing...but it also leads to many other benefits.

- Homeowners frequently contribute to maintenance of their property as well as surrounding areas, increasing property values.
- They also tend to be more likely than renters to participate in volunteer crime watch groups and otherwise deter crime in their neighborhoods.
- Homeowners live in the same area for longer periods of time, building a sense of connectedness to the community and increasing interest in local politics and civil participation.
- Homeowners report higher perceived control over their lives and greater happiness than renters.



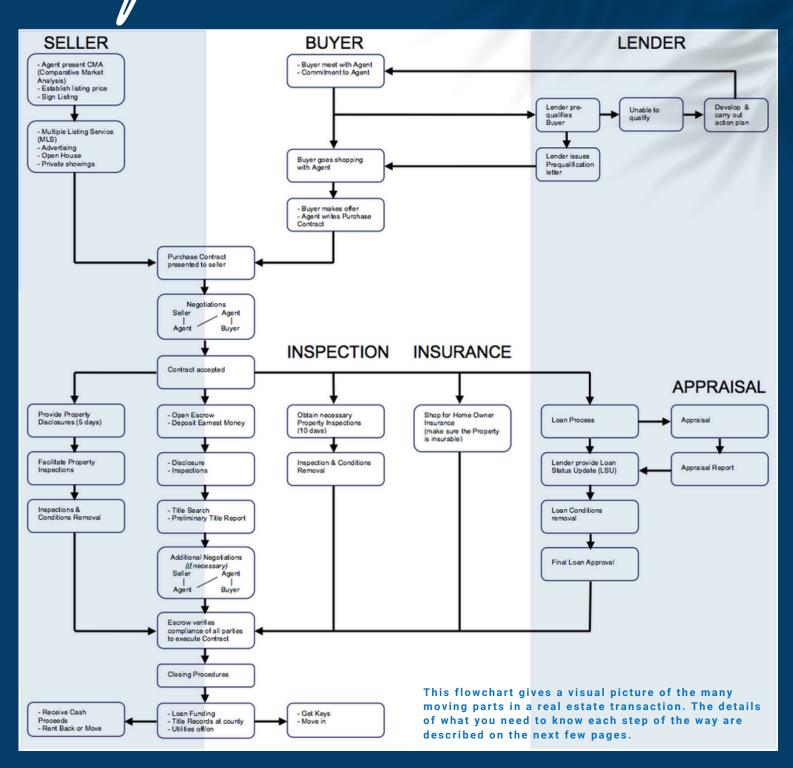
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## notes



# Transaction FLOWCHART





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Step-by-Step

luide TO BUYING A HOME

GETTING STARTED find the best financing option for your situation. Your lender can explain the differences between conventional, FHA, VA, and other loan types as well as provide insight into local or government programs for first-time home buyers. If you are not financially ready, your lender can suggest ways to get there.

#### GET PREAPPROVED

for a mortgage so that you know what your real budget is. Your pre-approval letter will also be submitted with any purchase offers that you make, so having it handy will simplify the process.

CONSULT WITH A REALTOR® to discuss the current market in your area and devise a realistic plan for your new home purchase. Navigating the real estate landscape without a REALTOR® is like flying across the country without a pilot. Working with a real estate professional saves you time and energy. Don't worry about the cost outlined in your buyer agency agreement. In many cases you can negotiate with the seller to assist with this cost (or pay it entirely).

connect with your real to find and tour properties that match your search criteria. Your real estate professional can sometimes have knowledge of properties for sale before they actually come on the market. This could give you a head start in what can be a very competitive market.

#### MAKE AN OFFER

Your REALTOR® can offer suggestions to make your offer as strong as possible. The terms of the offer, not just the price, can make or break a deal.



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Step-by-Step

Luide TO BUYING A HOME

ONCE
YOUR
OFFER IS
ACCEPTED

FORMALLY APPLY FOR A MORTGAGE loan with your lender. This will likely be one of the first requirements in executing your sales contract. A preapproval doesn't mean that your mortgage is all set. Your lender will be reviewing documents and details of the transaction all the way through the process.

#### SELECT A CLOSING ATTORNEY

In Delaware, a real estate attorney handles the title search and documentation as well as processing all of the legal paperwork involved in the transfer of ownership of real property. You have the right to choose what attorney you use. Attorney's fees will be included in your closing costs.

#### SUBMIT DEPOSIT (EMD)

These funds are a sort of deposit on your closing costs. They show the seller that you are serious about going through with the contract because you forfeit this money if you break the contract. Your agent's broker or your closing attorney usually holds the funds until closing.

#### **SCHEDULE INSPECTIONS**

Depending on your contract and mortgage loan requirements, you may need to get a wood-destroying insect inspection, foundation report, general home inspection, and/or many other potential inspections or reports on the property. This ensures the value of the property for your lender as well as giving you peace of mind that you know details about the condition of the property you are purchasing. These inspections can result in fodder for negotiations between buyer and seller – you might want to ask that something be fixed, that the seller provides a credit toward your purchase to allow for you to take care of the repair later, or you might negotiate a lower purchase price. These inspections are generally paid for up front. Your agent will be your advocate as you navigate through these inspections.



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#### KEEP IN TOUCH with your REALTOR®.

After a flurry of activity in the first weeks a contract is signed, there will seem to be a lull as your lender and your attorney sort through and check off all of the requirements of your contract. It might feel like a long waiting game, but there is a lot going on behind the scenes and your agent is working hard on your behalf. Situations, negotiation, and issues will likely arise that need your attention throughout the process. (For example, refer to the "inspections" section above.)

# KEEP YOUR CREDIT SITUATION ESSENTIALLY THE SAME AS WHEN YOU APPLIED FOR YOUR MORTGAGE

Resist the urge to open any new credit accounts or run up the balances on your current accounts. (New furniture can wait until after you move.) Make all payments on time. Do not change jobs. Nothing is final until you close!

#### **OBTAIN HAZARD INSURANCE**

for your new property. Lenders require that your property be insured. This insurance covers the building structure itself as well as your personal property contained within. You will most likely pay for this policy at closing.

SET UP
UTILITIES
ACCOUNTS
at the
property in
vour name.

WALK THROUGH THE
PROPERTY before closing
to be sure any required
repairs have been made
and the property is in
substantially the same
condition as when you
made your offer to
purchase it.

#### BRING REQUIRED FUNDS AND DOCUMENTS TO CLOSING

You will be required to show ID when you show up to your closing. You will also need to bring the necessary funds for down payment and your lender's final estimate of closing costs. You can have the money wired electronically from your bank, or you can obtain a certified check and bring it with you. Be aware that the "final" closing estimate from your lender will likely change by a few dollars when all is said and done. Bring your checkbook in case the closing estimate is a little short...or you could get a refund check if the estimate is a little over. Get ready for the keys to your new home!

## notes



# financial issues

#### **CREDIT SCORE**

A credit score is a number from 300 to 850 that describes your creditworthiness. Credit scoring models generally look at how much you owe, whether your payments are made on time, and if you have ever been delinquent on your credit accounts.

Lenders will consider this number carefully when deciding whether to loan you hundreds of thousands of dollars to buy a home. Generally speaking, you will need a credit score of at least 620 to buy a home with a conventional loan. There are programs that permit credit scores as low as 580, but they will likely have other requirements you'd need to meet to qualify.





#### **DOCUMENTATION**

Lenders will require documentation to verify your identity, income, and the amount of savings that you have available to purchase a home. Typically this includes:

- Drivers License
- Paystubs (2 most recent)
- Bank statements (2 months)
- W-2 or 1099 forms (1-2 years)



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# financial issues

#### **HOW MUCH CAN I AFFORD?**

The amount of mortgage that you qualify for depends on two ratios: debt-to-income and mortgage-to-income.

Your **Debt-to-Income** ratio compares how much you owe each month to how much you earn. Specifically, it is the percentage of your monthly gross income (before taxes) that goes towards payments for rent, car payments, credit cards, and other debt. A DTI of 36% or less shows an acceptable level of debt-spending.

Your Mortgage-to-Income ratio compares your monthly mortgage payment to how much you earn. Your housing payment (principal, interest, taxes, and insurance) should be no more than 28% of your gross monthly income.

To find these values, simply multiply your gross monthly income times 0.36 and 0.28 respectively. These percentages are considered a general "rule of thumb." Some lenders may require thresholds that are lower or higher for different loan products.

#### PRE-APPROVAL

Obtaining preapproval from your
lender shows sellers
that you are a serious
& qualified buyer.
But pre-approval is
not a loan guarantee-you will still go
through the formal
loan application
process once your
offer is accepted.





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# common oan rograms

There are a wide variety of different types of loans available, and lenders are always coming up with new loan products to meet the demands of the everchanging real estate market. The most common loan types you will encounter, however, are conventional, FHA, USDA, and VA. Each of these has its own restrictions on who can use the type of loan for what kind of property. Consult with your lender to find the best option for your situation.

In addition, the Delaware State Housing Authority (DSHA) offers a program for first time homebuyers. This program offers a second loan that can be used for down payment/closing cost assistance. It can be used in conjunction with most other primary loan types. Buyers with lower credit scores must take a class in conjunction with this program.

	Conventional	FHA	USDA	VA	<b>DSHA</b> (2 <sup>nd</sup> loan used for down payment / closing costs)
Min. Credit Score	620 w/20% down 640 w/10% down	580 and up is 3.5% down 580 & below w/10- 20% down	640	620	620, but lower than 659 must take class
Down Payment	With ideal credit 3% First-time buyer 5% Subsequent	3.5%	0%	0%	Check 1 <sup>st</sup> Lien Product ←
Property Eligibility	Appraisals can make repair requirements	Appraisals usually ask for repairs	Must be in a USDA eligible area	Property condition must be A+ Maybe 1-2 issues *Escrow hold-back	Check 1 <sup>st</sup> Lien Product ←
Mortgage Insurance	If putting less than 20% down there is PMI, but it's more affordable than FHA	Monthly 0.85% and 1.75% upfront (financed into the loan)	Monthly & upfront (financed into the loan)	VA funding fee 2.3% FTHB 3.6% subsequent use Waived for disabled	Check 1 <sup>st</sup> Lien Product ←
Max. Seller Credits	3% credits w/less than 10% down 6% credit w/ 10% or more down	6% MAX credits	6% MAX credits	4% credits	Check 1 <sup>st</sup> Lien Product ←
Debt-to-Income	Low credit: 45 Higher credit: 50	Low credit: 50-55 Higher credit: Check Underwriting	Low: 27/41 High: 33/45	Reference residual income 62% overlay	Check 1 <sup>st</sup> Lien Product ←
Extra Notes	Primary Secondary Investments	Primary ONLY Need 2 years of taxes if self- employed	Household income limits Primary ONLY	Military only w/COE	Higher interest rates 2-5% of loan amount

This table gives a general overview of typical loan programs. Not all loan products are available in every area. Consult with a mortgage lender for details and to see if you qualify.



ransferring ownership of a property is complicated. There are a thousand moving pieces, and all of them need to come together at the end. As the buyer of a property, you will need to pay for several items at the closing table. Typically, you can expect these charges to add up to about 5-6% of the cost of the home you are buying. Below is a sample of some of the charges:

#### **REALTOR® COMPENSATION**

Signing a Buyer Agency Agreement includes a promise to ensure that your agent gets compensated for the work you hire them to do.

#### LENDER CHARGES

These can include underwriting fees, loan origination fees, credit report fee, appraisal fee, and a large assortment of other items to be paid to your lender to cover their expenses in processing your application.

#### **ATTORNEY & GOVERNMENT FEES**

These include title search charges, title insurance, closing fees, deed preparation, recording fees, and many more.

#### **PRORATED ITEMS**

The seller has likely already paid the property taxes, homeowner's insurance, and HOA (homeowner association) dues for the year. You must refund an appropriate portion of these payments to the seller for the part of the year that they no longer own the property.

#### **ESCROW DEPOSITS**

Depending on the time of year, you will likely need to make some initial deposits to your escrow account so that your lender can pay homeowner's insurance and property taxes when the bills come due.

#### TRANSFER TAX

Delaware has one of the highest transfer tax rates in the U.S. State and local transfer taxes combine to a whopping 4%. In most cases, this is split equally between the parties. The good news for first-time buyers is that you may be eligible for a hefty discount, so you end up paying only a fraction of a percent if you qualify!

#### How Can I Pay for

# losing costs?

It is difficult enough to have money saved for a down payment, but you also need funds for closing costs. Of course, this money could come from your personal savings, but there are other options as well.

- Borrow money from your 401k. (There is no penalty if funds are used to buy a home.)
- Friends or family can gift you the money. A gift letter and verification of funds from their bank account are generally required. (Personal loans are not permitted.)
- Take advantage of the DSHA program for first-time buyers.
- Ask the seller to help you out!
   Depending on the market, they may be willing to provide closing assistance when you make a generous offer on their house.

Note: Compensation for your real estate agent may be paid (partially or in whole) by the seller, but it is not calculated as part of the seller credit limit dictated by your mortgage loan product.









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## notes



# Duyer AGENCY

When someone wanted to buy a house, they called the phone number on the sign and worked with the listing agent to coordinate the sale. If the agent was conscientious, they would ask someone else in their office to work with the buyer throughout the transaction (and they would split their commission with them). The problem with this arrangement was that although the buyer thought their interests were being looked out for the agent working with them was technically a subagent of the listing agent (and thus they owed a duty of loyalty to the seller!)

Required disclosures didn't always happen. Negotiations favored the seller. And "buyer beware" ruled the land. So, in the 1990s, the Buyer's Agent came to be. Home buyers were able to choose their own agent whose primary obligation was to look out for the interests of their buyer client (even over their own personal interests). Listing agents still split their commission...but now with the buyer's agent.

Somewhere along the line sellers started wondering why they were paying for a Realtor® to represent someone else. "Why doesn't a buyer pay their own agent?" they asked. But the truth is that buyers (especially first-time buyers) need to come up with thousands of dollars out of their pocket for closing costs and down payment, so adding another big expense makes it practically impossible for many people to afford buying a house at all. Most sellers recognize that contributing to this expense benefits them by bringing more potential buyers for their house, so they're willing to help.

Now buyers reach agreement with their agent on the value of the services provided, and they pay the difference between that amount and what the seller agrees to pitch in (if any). Buyer Agency Agreements are now required before touring a property. The alternative to having professional representation is to go to an open house or call the number on the sign and take your chances like the old days.



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- Educate you on the basics of what it takes to qualify for a mortgage, benefits of buying vs. renting, rules-of-thumb to estimate your buying power, types of mortgage loans available, programs to assist with down payment and closing costs, and what you will need to pay for out-of-pocket.
- Refer you to mortgage lenders that past clients have found satisfactory, and assist you in obtaining a pre-approval letter.
- Provide information and resources on neighborhoods, schools, crime statistics, neighborhood amenities, and points of interest.
- Provide information on current trends in the market, and set expectations for the types of properties, price ranges, and estimated availabilities that fit your criteria for price & features.
- Inform you about agency, the statutory duties of buyer agents and listing agents, commission structures and payment arrangements, and types of agreements you can make with an agent.
- Explain the differences between fee simple, land lease, condominium, and other types of ownership as well as deedrestrictions, homeowner associations, and age-restricted communities.
- Listen to you to really understand your likes, dislikes, and needs in a home and neighborhood, and assist in finding properties that match your criteria. Research additional information on properties you are interested in.
- Schedule showings and accompany you on home tours. Attend open houses with you. Provide unbiased opinions of property condition, point out any flaws that might not be obvious, and guide you in determining how well a property matches your criteria.



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- Review and refine your search criteria with you.
- Reach out to listing agent for answers to any questions, review
  the seller's property disclosures with you. Provide information on
  how to protect your family from lead paint and radon. Advise you
  on any other safety concerns regarding the property.
- Explain conditions that are typical or unusual, especially regarding older homes. Explain city ordinances that may effect your property choice (restrictions, parking, etc.). Explain how historic district regulations can effect future repairs and upgrades.
- Research past sales history of properties you like. Research comparable current listings. Conduct a Comparative Market Analysis with my opinion of market value.
- Discuss strategies for making and negotiating an offer. Identify and discuss the seller's negotiating strengths and weaknesses. Identify and discuss your negotiating strengths and weaknesses. Recommend ways to strengthen your offer without it costing you more money.
- Explain how inspection and financing contingencies work. Advise how to minimize the deposit you give with your offer. Explain escrow (how client's deposit money is held) and how to best protect your deposit.
- Prepare your offer and present it to the seller or seller's agent.
  Negotiate offers on your behalf to obtain the best price and terms
  for you. Counsel you on how to best counter an offer from the
  seller. Recommend additional favorable provisions, that are not
  part of a standard sales agreement.



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- Guide you through the flurry of "next steps" once your offer is accepted. Provide names of home inspection companies that performed well for my past buyer clients. Give referrals for respected closing attorneys in the area.
- Explain the home inspection process and how condition issues are typically dealt with. Coordinate your professional home inspection with the seller's agent and your home inspector. Be present for your home inspection. Review with you your home inspector's report. Negotiate with seller's agent for the correction of any inspection deficiencies. Confirm that any promised repairs are made.
- Follow loan processing through to your written loan commitment. Contact lender as needed to ensure loan processing is on track.
- Notify seller's agent when you have applied for your mortgage and when loan commitment has been obtained.
- Obtain, and review with you, condo rules, deed restrictions, HOA bylaws, and other documents.
- Monitor deadlines leading up to closing. Request and prepare any addendum and/or extension. Coordinate closing time and place.
- Confirm that you have obtained homeowner's insurance. Furnish contact information for suppliers of electricity, gas, water, cable, telephone. Explain availability of optional home warranty.
- Arrange for, and attend with you, a walk-through inspection on closing day. Negotiate to have corrected any deficiencies found during walk-through inspection.
- Receive & carefully review closing figures to ensure accuracy. Confirm that your earnest money deposit is properly credited.
- Attend your closing with you. Follow up with you after the sale, and always be available for your questions!



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# find your match

Every home buyer has different tastes and different needs. Every real estate agent has different experiences, values, and practices. When you are considering one of the biggest financial decisions in your life, it is important to connect with a real estate professional that you trust. A good agent will not just show you houses, write an offer, and then disappear until it's time to collect a commission check at closing. A quality agent will help you weather the highs and lows of the entire home buying process.

Interview potential agents to understand their negotiation philosophies, know how they will support your throughout the process of inspections, navigating the lender landscape, and connecting to other professional services. You will want to be able to lean on your agent when you are feeling overwhelmed, frustrated, or disappointed. Your agent should demonstrate that they put your needs above their own. But most of all, it is best to work with an agent that fits your personality and style.





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## notes



embrace the **ourney** with Diana's support

ongralulations, You've reached the end of Unlocking the Door to Your New Home. Now it's time to take a leap of faith and embark on one of life's most rewarding adventures – buying your own home. A home is more than just bricks and mortar; it's a sanctuary where memories are made, dreams are nurtured, and your unique story unfolds.

As you close this guide, I want to assure you that you are not alone on this journey. As your dedicated steward, I am here to support you every step of the way. As a career educator and experienced REALTOR®, I am committed to serving others and ensuring that your home buying experience is as smooth and fulfilling as possible.

Armed with the knowledge and insights you've gained from this booklet, you are well prepared to navigate the path ahead. Believe in yourself, trust in your abilities, and let the excitement in your heart propel you forward. You have the power to make informed decisions, find the perfect home that aligns with your needs and aspirations, and create a space that truly reflects who you are.

While challenges may arise along the way, remember that with my expertise and unwavering support each obstacle becomes merely an opportunity for growth and learning. Embrace the journey, knowing that every step brings you closer to the place you can proudly call home. With determination and perseverance, you will unlock the door to your new home. Trust in the process and the wonderful possibilities that lie ahead.

So take that leap, embrace the journey, and let the excitement guide you. Picture the warmth, comfort, and joy that your new home will bring to your life. Call me today to get started!





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# APPENDIX



## Wants vs. Needs

It would be amazing to find your absolute dream house with every single feature you've ever dreamed of having, but the reality is that rarely happens. You must decide what features you cannot live without and those that could be places to compromise.

For example: maybe your car could be parked in the driveway rather than a garage, maybe your kids could share a bedroom, maybe you could paint the walls a different color or tear out the carpet and put in luxury vinyl plank flooring. However, an aging parent in a wheelchair needs to have a bedroom on the main floor, and if you work from home you need to have a dedicated space for your office.

Wish List Item	How necessary is this item?	Can the property be changed to achieve this?
	1 2 3 4 5 6 7 8 9 10	yes no
	1 2 3 4 5 6 7 8 9 10	yes no
	1 2 3 4 5 6 7 8 9 10	yes no
	1 2 3 4 5 6 7 8 9 10	yes no
	1 2 3 4 5 6 7 8 9 10	yes no
	1 2 3 4 5 6 7 8 9 10	yes no
	1 2 3 4 5 6 7 8 9 10	yes no

## Showing Notes

Property #1	Property #2	Property #3
Address:	Address:	Address:
Must-Haves:	Must-Haves:	Must-Haves:
<del> </del>	H	H
PROS:	PROS:	PROS:
CONS:	CONS:	CONS:
Rank:	Rank:	Rank:

## Buyer Checklist

	TTING STARTED
	Consult with a lender to determine budget & finance options
	Get pre-approved for a mortgage loan
	Consult with a Realtor® to set the stage for your home search
	Sign that you received the Consumer Information Sheet
	Sign Buyer Agency Agreement with your Realtor®
	Search listings for properties you may like
	Tour properties with your Realtor®
	Make an Offer
	Communicate with your Realtor® about contract negotiations
ON	CE YOUR OFFER IS APPROVED
	Submit Earnest Money Deposit
	Formally apply for your mortgage loan
	Choose a closing attorney
	Schedule inspections
	·
E	Schedule inspections  Communicate with your Realtor® regarding repair negotiations  Provide all documentation requested by your lender
	Communicate with your Realtor® regarding repair negotiations
	Communicate with your Realtor® regarding repair negotiations  Provide all documentation requested by your lender
	Communicate with your Realtor® regarding repair negotiations Provide all documentation requested by your lender DON'T run up credit cards or open new credit accounts!
	Communicate with your Realtor® regarding repair negotiations Provide all documentation requested by your lender DON'T run up credit cards or open new credit accounts! Obtain hazard insurance for your new property
	Communicate with your Realtor® regarding repair negotiations Provide all documentation requested by your lender DON'T run up credit cards or open new credit accounts! Obtain hazard insurance for your new property Set up utilities accounts for your new property