



# Buyer's *Guide*

Empowering you in your next home purchase



**ANCHOR**  
REALTY

# *The Home Buying Process*

## Preparation

- Mortgage Pre-Approval
- House Hunting
- Offer and Negotiation

## Confirmation

- Home Inspection
- Post inspection negotiations
- Option period ends

## Legal System

- Title search
- Appraisal
- Final commitment by lender

## Final Steps

- Termite Inspection
- Proof of insurance
- Review Title commitment

## Closing

- Schedule transfer of utilities and movers
- Review closing disclosure and prepare funds required at closing
- Bring certified funds and I.D



# *Where to start*

## **Mortgage Pre-Approval**

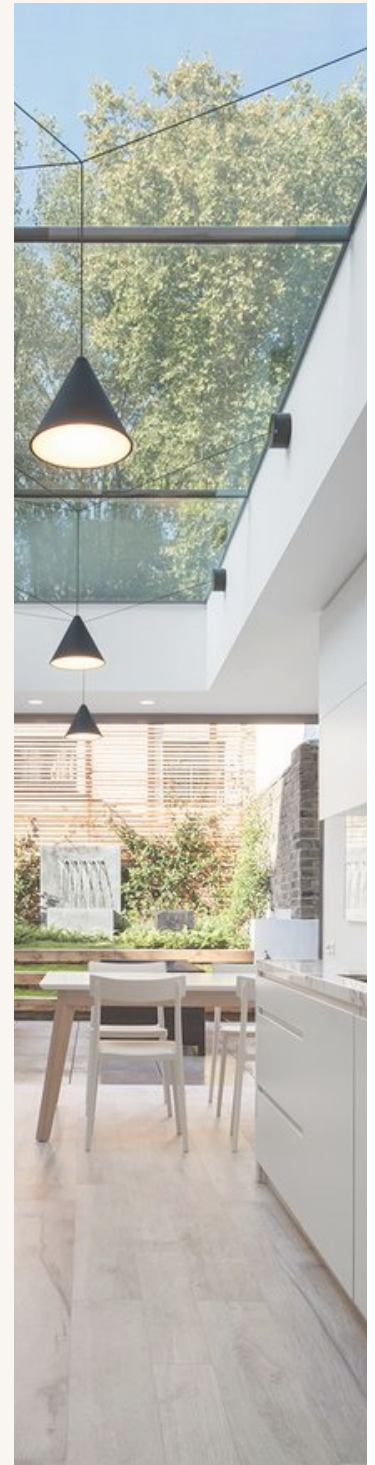
Apply for a mortgage with your favorite lender. They will issue a pre-approval letter outlining your purchasing power and any special financing requirements to be able to purchase your next home.

## **House Hunting**

We will work together to narrow down your home search to identify the perfect selection for you. Then, we will go view homes and work together to weigh out the options and find the perfect home for you.

## **Offer & Negotiations**

I will provide a market analysis so we can determine what a good offer in this market would entail. After we discuss what you feel comfortable with, I will then write up an offer to present to the listing agent, and then we may go into negotiations and counter offers. If accepted, option and earnest money will be required in 3 days. I'll go over the specifics here when we reach this point.





# Confirmation

## Home inspection

A home inspection will reveal whether there are any significant defects in the construction of the house or any major repairs required. The bank may require this, but if not, you may want to make it a condition of your offer so you'll know what you're getting into.

## Post inspection negotiations

After the inspector has completed their inspection, we will go over the report and discuss if you would like to request that the seller complete any repairs prior to closing. This is optional and may not be necessary if the home is in great condition. If the sellers do not agree to do the repairs, you then have the option to cancel the contract and will receive your earnest money back.



## Option Period ends

As specified in the contract, the option period is a negotiable period of time after the contract is fully executed (usually 7-10 days) where the buyer is to do their due diligence and work alongside their agent to set up inspections and take time to gather all documentation from the seller. The buyer pays for an inspection during this time and will receive a full report back from the inspector about the current condition and any issues/repairs that the buyer should be made aware of. While in the "option" period, the buyer has the option to back out of the contract for any reason and be refunded their earnest money- the buyer will lose their option money though.

# *L e g a l* *S y s t e m*

## **Title search**

The title company researches the legal status of the property and issues title insurance. Title companies ensure that the seller is the legitimate owner or representative of the property and will tell you if anyone else has legal claims (liens) on the property, such as for unpaid taxes or an unpaid mortgage by a previous owner. It is essential that you involve an independent title company, since you could be held liable for many unresolved debts by a previous owner

## **Appraisal**

Your lender will generally require a home appraisal. During this process, the lender hires an Appraisal Management Company to estimate the home's value using information about the condition of the home and the values of comparable properties nearby. As long as the appraised value supports the loan you have requested and there are no significant repairs to be made, it shouldn't hold up the loan.

## **Survey**

This is a technical drawing of the property and its structures. A survey can take weeks and needs to be ordered in advance to be ready in time for closing. Occasionally the seller will have a past survey on file that may be used, if not, it is negotiable whether the buyer or seller will pay for a new survey.



# *Final Steps*

## **Termite Inspection**

Separate from the home inspection, a pest inspector needs to evaluate the level of damage caused by termites and other organisms, such as mold. If the inspector finds a significant infestation, they could recommend extermination, which can be an added expense. You can negotiate with the seller about who will cover that cost.

## **Proof of Insurance**

All lenders will require that you buy homeowners insurance, which covers the cost of repairing or rebuilding the house in case of damage or catastrophe. Contact an insurance company to determine what information they will need to insure the home and obtain an estimate of its costs. Proof of adequate insurance coverage (hazard and maybe flood) will be needed before your loan can close.



# C l o s i n g

## Transfer of utilities and movers



- Arrange for movers
- Notify your utility services at both your current and future residence
- Research and contact service providers at your new residence (e.g. Internet, Cable, Phone)
- Complete change-of-address form at the post office
- Start using up items that cannot be moved, such as frozen food, bleach and aerosols
- Begin packing items you don't use often
- Arrange for home insurance
- Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost in the move
- Donate or sell items that you do not wish to move
- Pack an essentials bag
- Measure furniture and come up with a plan on where you want everything in the new home

## Final Walkthrough

Generally the sales contract includes a clause that allows you a walk-through inspection within 24 hours prior to closing. This gives you the chance to see that the seller has moved out, made agreed-on repairs and kept other terms of the agreement.

***Remember to:***

***Bring certified funds and I.D. to closing***

# FAQS

“What are the actual costs of homeownership?”

- Loan fees
- Title insurance charges
- Recording and filing fees
- Some upfront costs: down Payment  
Escrow fees
- Buyer’s portion of prorated taxes and other fees

(occasionally a seller will pay for a buyers closing costs if negotiated in contract and the seller is motivated to sell)

“Where can I get a down payment?”

## Homeownership expenses How often

### Before You Buy

Credit Report  
Home Appraisal  
Home Inspection  
Termite Inspection

One-time Fee  
One-time Fee  
One-time Fee  
One-time Fee

### During the Process

Origination Fees  
Closing Costs  
Title Insurance

One-time Fee  
One-time Fee  
One-time Fee

### After You Buy

Property Taxes  
Private Mortgage Insurance  
Homeowners Insurance  
Homeowners Association Dues  
Utility (Water, Gas, Sewage, etc.)  
Maintenance & Repairs  
Lawn Care/Landscaping

Monthly  
Monthly  
Monthly/Annual  
Monthly/Semi-Annual  
Monthly  
Ongoing  
Ongoing

What are closing costs?

### 1. Savings

### 2. Gift

- If you accept a gift, you'll need to get it clearly in writing that the person making the gift has no financial interest in or obligation toward the property. A bank will not accept it if your “gift” is really a loan.

### 3. Proceeds from sale of existing home

### 4. Special programs

- State and local governments offer down payment assistance to homebuyers. Many nonprofit organizations also offer down payment assistance.



# Home owner Tax Deductions

## **The mortgage loan origination fee**

(a fee charged by the lender to process the loan) is deductible if it was used to obtain the mortgage and not to pay other closing costs.

The Internal Revenue Service (IRS) specifically states that if the fee is for items that would normally be itemized on a settlement statement, such as notary fees, preparation costs, appraisal fees and inspection fees, it is not deductible.

## **Energy related credits**

Homeowners who install solar, geothermal or wind systems to generate electricity, or in some cases heat water, are eligible for a tax credit worth 30 percent of the cost of the system, with no upper dollar limit. This credit is due to expire in 2016.

## **Mortgage interest**

All interest paid and reported to you at the end of the tax year is deductible, unless your loan is more than \$1 million (\$500,000 filing separately).

## **Mortgage points**

You can deduct points in the year you paid them if the loan is to purchase or build your main home. Points on a refinanced loan must be deducted over the life of the loan.

## **Property taxes**

You can deduct the real estate taxes imposed on your property. You must have paid them either at settlement, closing or to a taxing authority (either directly or through an escrow account) during the year in order to deduct them.

# *Congratulations*

**Home ownership is a major milestone!**

As your real estate agent, your best interest is at the core of what I do. You can trust in me to represent you and guide you through this process so you can have the best experience possible.



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