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**HOME**

**BUYER'S**

**GUIDE**

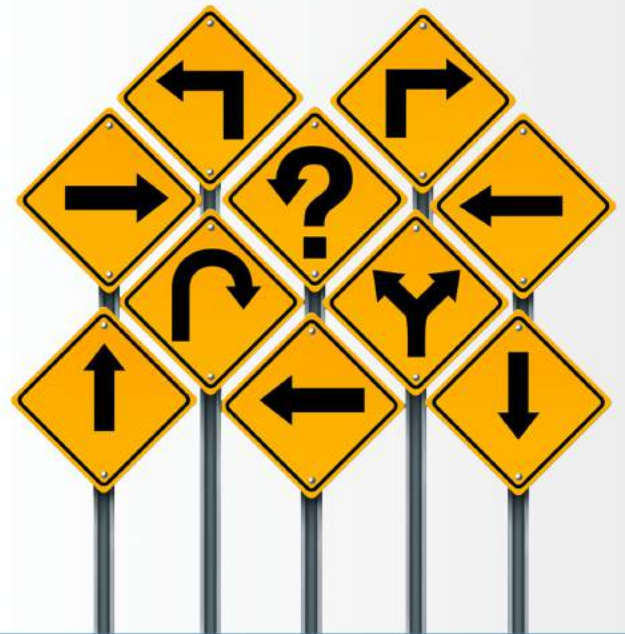


*Your Key to Real Estate*

AT PEARSON SMITH REALTY 



Buying a  
Home  
can seem  
***confusing*** . . .



but it doesn't have to be that way.

Holland Homes has put together this booklet to help you understand the process and get a better idea what to expect when buying a home.

I hope you find it helpful, and I hope I get the opportunity to be your agent during this exciting time!





# HOME BUYING PROCESS



## Loan Pre-Approval The first week

You'll need to be pre-approved for a loan by a lender to show a seller you are able to actually purchase the home.



## Home Search A few weeks

I'll let you know as homes come on the market meeting the criteria you choose. You can also search online to see if different types of homes might also meet your needs. We'll visit those you want to see. Some will require appointments, some are open at any time. I'll set things up and join you as you look around.



## The Sales Contract A few days

When you have found a home you like, you will need to decide what your offer should be. I'll guide you so that your offer and conditions are as good as they need to be to get the seller to agree, while avoiding paying too much. I will then draft up the contract for your approval. You will need to attach a check to the offer of about 1% of the sales price to show the seller you are in earnest (they return it if they reject the offer). I'll be there for you each step of the way during negotiations until there is a final "ratified" contract.



## Inspections & HOA Documents Contract + 30 Days

You will usually have about a week after the contract to review the home's condition in detail. I'll help you get a professional inspector for that. And you will also usually have inspections for termites, radon, and other items as in the contract. If the home is part of a homeowners association, the seller must give you a "disclosure packet" that will contain the details about the HOA (dues, budget, rules, etc.). If you don't like the HOA documents you can cancel the contract within 3 days of receipt.



## Appraisal Contract + Varies

Your lender will have a professional appraiser make sure the home is worth enough that they will loan you the money to buy it. I'll do all I can to help the appraiser agree with you on how much the home is worth.



## Settlement Contract + 45 Days

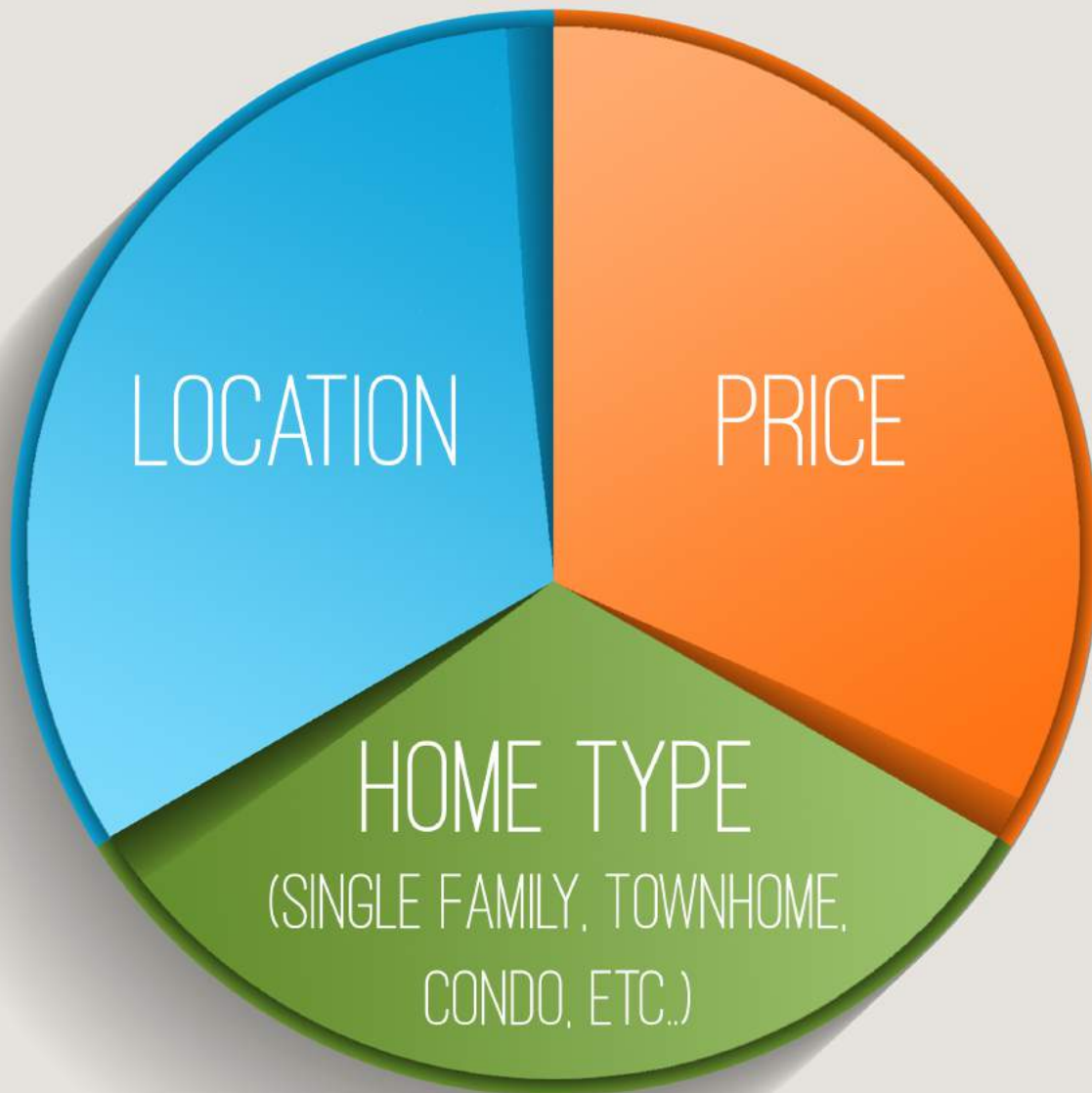
You'll do a final walkthrough of the home, sign the papers, and get the keys. Holland Homes will be there to help the process go smoothly.

This is, of course, only a high-level summary. My role as your agent is to explain things to you in detail as the process moves along, help guide you in making important choices, and be with you each step of the way from finding your new home to getting you the keys.



# BUYING A HOME

*“2 out of 3 Rule”*



Think about which two “pie pieces” are the most important for your new home. You get to choose two when looking for a home - the current market will decide the third.

# BUYING A HOME

## Common Expenses

### INSPECTIONS

*Radon Inspection*  
\$ 150

*Home Inspection*  
\$ 300 to \$ 600  
(Depends on size)



### DEPOSIT

*"Earnest Money" Deposit*  
1% Sales Price

*This is an average amount. Due with offer and returned if the offer is declined.*



### CLOSING

*Closing & Settlement Expenses*  
2.5% to 3% of Sales Price

*Termite Inspection  
Deed Recording  
Title Insurance  
Prepaid Taxes  
Prepaid Insurance  
Prepaid HOA*



**Don't Panic - Only Inspections and Deposit are due before "closing"**

# Working Together

## What I Do For You



### **Be Responsive and Available.**

You can reach me by phone, email, or text message. Usually, I'll respond right away. But I'll always return your message or call within 24 hours. You deserve nothing less.

### **Treat You with Respect.**

I'll respect your time and your inbox and won't send you endless canned e-mails and cat videos. I won't show up at your door uninvited. And I promise I won't stalk you. I'll be honest with you at all times, even if it's not what you really want to hear.

### **Be Accountable.**

I'll always be accountable to you. If you ever feel there is a problem while you're working with me, or if you don't think I've lived up to my commitments, tell me. I'll do everything I reasonably can to fix things to your satisfaction.

### **Explain Things.**

The home buying process can be confusing at times. I'll educate you and guide you throughout the process.

### **Home Searches and Offers.**

I'll create a custom automated home search within the MLS based on your desired criteria. I'll schedule and show you the properties you are interested in. Then before you make an offer I will do a competitive analysis of the home to help guide you on what similar homes are selling for. I'll draft offers you'd like to submit, negotiate on your behalf with the Seller's agent, but always keep in mind that you make the final decisions.

### **Paperwork and Coordination.**

After your offer is accepted I'll work with your lender, the seller, and the title company to smooth out the process through closing. I'll also arrange for the necessary home inspections, HOA documents (if needed), and home warranty matters (if applicable). I'll also keep track of when things need to happen, and work with you to make sure that you do what you need to when you need to per the contract.

### **Be at Closing.**

Not only will I go through the final walkthrough with you, I'll be there at closing to help with any last minute issues that stand between you and getting the keys to your new home.



# Working Together

## How You Can Help



### Determine Your Needs.

What features are important to you? Each person is different, and whether you want wooded seclusion, vibrant neighborhoods, access to Metro, or any of a thousand other things that could be important to you - letting me know will help us find the right home and save you time looking at homes that simply "aren't you".

### Coordinate Your Schedule.

Many homes require appointments to see, so it is important to schedule home viewings in advance. Plan on at least a day's notice to allow us to work with everyone's busy schedule. And I realize things change, so let me know if you can't make an appointment so we can release that time back to the Seller.

### Visit Homes with Your Agent.

Avoid going to see open houses or new construction without at least speaking with me first. It is important to let Sellers know you are represented by a professional agent - someone who is in your court, looking out for your interests. Likewise, if you see something on-line or driving by make sure you give me the address so we can research the property before you ever set foot in it.

### Be Imaginative.

You may see homes that are not decorated in your style. But a savvy buyer can see beyond the Seller's . . . let's say "unique" . . . paint, decorations, and furniture and imagine how they can make the home their own. If the home otherwise has the features you want, you can always add your own paint, furniture, and even appliances to make the place yours.

### Rely on Your Agent.

You don't always have to take my advice - you're in the driver's seat after all. But my job is to give you my professional opinion on homes, valuations, and negotiation strategies. So ask questions, talk about your concerns, use the Holland Homes on-line resources to look for homes, and remember that I represent *your* interests when it comes to finding and buying a home.





# **A MORE DETAILED OVERVIEW**

Not everyone wants things at just a high level.

For those of you who want a greater familiarity with the process and terms around buying a home, the rest of this booklet is for you. It walks you through the steps in more detail as we go from your new home being only a gleam in your eye to your getting the keys and stepping through the front door.



# *Get your house in order to get your house.*

There are a few things you need to do up front before you can really start the search.

## **Define Your Goals, Research Your Options, Make Your Plans**

Buying a home is a big step. So you need to think through what is important to you in your new home. Large or small, wooded or sunny, close to town or as far as possible – all these and more enter into the decision of what you want. Elsewhere in this booklet we've described the "2 out of 3" rule in house hunting, and figuring that out will also help focus your search. You'll also need to think through your current financial situation and estimate how much home you can afford. And that last part leads us to . . .

## **Loan Pre-Approval**

Unless you are paying "all cash" (a rarity, but if so good for you!), I recommend that you get pre-qualified for a loan before you start viewing homes with the serious intention of buying. The pre-qualification process involves meeting with a lender and discussing both your finances and the loan programs they offer. You'll be surprised at the variety of loans available to you (particularly if you're a first-time home buyer), and a good loan officer will work with you to find something that fits. I've provided some lender contact information in this booklet, but whether you use them or a lender of your own choosing, pre-qualification is important.

Why is it important? Not only will you have real information about what you can afford and be able to plan accordingly, as a pre-qualified buyer you'll be taken more seriously by a seller when you make an offer on a home. After all, sellers don't want to take their homes off the market unless they are sure the buyer has financing lined up such that the purchase can go through.



# *Finding your new home & sealing the deal.*



## **Home Search and Viewing Homes**

As with many things today, in searching for homes there is the “virtual” viewing and the “in real life” viewing. I recommend starting virtually, reviewing homes for sale using our website [yholland.com](http://yholland.com). You can see photos, get information, and sometimes see video tours. That way you can cover a lot of ground quickly and select among those homes that look interesting to you and those that simply won’t work at all. Whether you use our website or another (for example, [realtor.com](http://realtor.com) or [zillow.com](http://zillow.com)), the idea will be to gather some homes that meet your criteria.

After that, talk to Holland Homes to find out the process to view a particular home in real life. Some require advance notice, some are empty and open 24/7. You’ll also find out if the online records haven’t quite caught up with reality (homes can still show online as “on the market” even if they are under contract).

Regardless, nothing beats viewing a property in person once you’ve decided on a few likely candidates. We will arrange for you to tour the properties and will be there to help guide you as you look - pointing out things such as layout, design, workmanship and other important aspects that you will want to know.

## **The Sales Contract**

Once you’ve found a home you’d like to buy, it’s time to make an offer. I’ll work with you on that, including customizing the legal contract that actually forms the offer. The contract you offer will end up specifying a sales price, the closing date, the date you can occupy the home, your deposit amount, and other important conditions that apply. We will review all these together to make sure you understand and are comfortable with the offer.



Holland Homes will present your offer to the seller and/or the seller’s representative. At that point, the seller can accept your offer, reject it, or counter it to start the negotiation process. If negotiations start they will be led by me as your agent but with you making the important decisions (it is your offer, after all). Negotiations end when there is a final “ratified” contract, the seller declines to sell you the home, or you decide that you want to stop the negotiations.

# FINALIZE YOUR FINANCING

Once you have a ratified contract, it's time to go back to your chosen lender to finalize your mortgage details so you can close the deal. This includes your down payment, interest rate, regular payment schedule and any other financial conditions

associated with the closing. If you've already been pre-qualified, this phase of buying your new home should be a relatively straightforward matter that centers around finalizing the loan details and signing the mortgage papers.



## Inspections

Most contracts have a home inspection contingency. That means you have (usually) between 7-10 days after ratification to conduct a detailed inspection of the home. I'll arrange for a professional home inspector to do this, and together we will review the report. For example: whether the home is structurally sound, if the furnace works, whether there is water damage, cosmetic issues, etc. Depending on your contract (some waive problems below a certain dollar threshold) you will then have the right to

tell the seller to fix things or you can cancel the contract. Sometimes a mini- negotiation results, but in the end the seller either agrees to fix those things you want fixed or you can get out of the contract.

There are other inspections that will be performed as well. Inspections for wood destroying insects (e.g., termites) and radon gas are both customary and often required by lenders. Those and any other inspections required under the contract will take place prior to settlement and I will help you understand your rights should an inspection uncover something.

## HOA Documents

If you want to purchase a property that is part of a Homeowner's Association (HOA), the seller has to provide you a "disclosure packet" from the HOA. It will include information about the association, its finances, and its rules. As well as whether the property has any violations from the HOA. If you don't like any of what you see in the disclosure packet you can get out of the contract ("rescind" it) within three days of your receipt of the packet.



# The Appraisal



Most contracts also have an appraisal contingency. That is where your lender sends along a professional appraiser to inspect the home. The reason, of course, is because the lender wants to make sure that it doesn't loan you more money than the house is worth. I usually try and be there when the appraisal is performed so we can point out the sometimes hidden value in the home (e.g., a new roof recently put on) that the appraiser may not see on his or her own. If the home does not appraise for the purchase price, there are options that I will help you with. They range from your paying the difference between the appraised price and the agreed price in cash, to an agreed adjustment in the price, to your being able to get out of the contract. Which path is taken depends a lot on the circumstances, so we will want to work closely together on strategy and options should the home not appraise.

## SETTLEMENT

**The big day!** Prior to settlement I'll walk you through what to expect and will review the paperwork to make sure things are as expected. On the day of settlement, sometimes a day before, we'll meet and do a final walkthrough of the home to make sure nothing has really changed. Assuming everything is fine, you'll then go to a settlement office to sign the papers. (If things aren't fine with the walkthrough, I'll guide you on your rights and make recommendations on how to proceed.) The settlement office is usually a "title company" specializing in such things, but sometimes is a lawyer's office. I will also be there to make sure things go as smoothly as possible.

Traditionally the seller is there in the same office, but many closings lately take place in separate offices. The seller signs first, and you sign second.

What you will sign will be a variety of papers – including most importantly the deed to the home and your loan paperwork. The settlement will include paying your closing costs, legal fees, property adjustments, transfer taxes, and other expenses. This booklet contains elsewhere a list of what expenses to expect. Your loan officer will have told you earlier which can be rolled into your loan.

After all that the house is yours! You get the keys and (usually) can move in that day. Sometimes the date you can take possession is later (for instance if you rent back the property to the seller for a period of time to permit them to move out). If needed you can look to me for help with that too.





# HOME SWEET HOME



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