



Rademacher Team & Associates

~The Key To Your Real Estate Needs~

SOLD

Your Guide to Purchasing a Home

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CONGRATULATIONS

Buying a home is one of the biggest investments and financial decisions you can make. While it is a major commitment and responsibility, it is also a very exciting time in your life. We are proud that we will get to play a part in it and are excited about soon having the privilege of handing you the keys to your new home!

With that said, it's important to keep in mind that home buying is a complex process. We will be working hard to make sure that everything is as rewarding as possible, guiding you at every step and making sure that your needs and desires are met.

This guide was designed to inform you about all steps of the home buying process so that you can feel confident, make informed decisions and act as an educated buyer. It will also help both of us understand the things that you're looking for in a home so that our search can be as effective as possible.

Please take some time to review carefully all of the information presented here. If you have any questions about the topics discussed, we will be glad to go over them with you in detail. Since every real estate transaction is unique, you will most likely have questions or concerns not presented here. That's what we are for, to assist you at each step, to answer your questions, and to help you find the home you desire!



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Introduction

Thank you for the opportunity to let us represent you in the purchase of your new home.

Our Value Proposition

When you hire us as your Real Estate Professionals, you can expect honest feedback, consistent communication and unwavering loyalty and support from listing to closing. With over 25 years of real estate marketing experience, you can be totally confident that our laser-focused pricing strategy and marketing plans will effectively attract qualified buyers. Our goal is to provide you with a smooth, seamless purchasing process that will exceed your expectations - - that's our commitment to you.

This is absolutely the very best time to be a buyer. Timing is everything and here are four reasons to confirm your decisions to buy:

- Interest rates are at a historic low. Expect to get a great mortgage with a rate below 5%.
- Prices are still low and you are buying into an appreciating market.
- Sellers are motivated to get their homes sold as more inventory is coming on the market.
- The first step to purchasing a home is to select the right Realtor to effectively and profitably represent your interests.

Thank you for the privilege of allowing one of our professional team members to show you the best possible listings available.

ENCLOSED PLEASE FIND:

1. The Home Buying Process
2. Preparing for the Lender
3. Dos & Don'ts During the Loan Process
4. Pre-Approval vs. Pre-Qualification
5. Pre-Approval Myths
6. Buyer Plan of Action/Current Market
7. What to Expect When Writing an Offer
8. Getting to the Finish Line
9. Questions to ask your Realtor
10. Buyer Questionnaire



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The Home Buying Process

STEP 1 – Is now the right time?

- How long are you planning on living in your next home?
- Consider the benefits/drawbacks to owning a home

STEP 2 – Get pre-approved for a mortgage

- How much can you afford?
- What are the different loan programs available? (FHA, VA, Conv)
- Make sure your credit is in good shape

STEP 3 – Find your dream home

- What kind of home do you want? (single-family home, condo, etc.)
- How many bedrooms and bathrooms?
- Are school districts important?

STEP 4 – The escrow process

- The home inspection
- Reviewing disclosures
- Ordering the appraisal
- Securing financing

STEP 5 – Closing

- The final walk through
- Schedule the move
- Changing over utilities



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Preparing for the Lender

PERSONAL INFORMATION

- Full names of all purchasers as they are to appear on title.
- Social security numbers of all purchasers.
- Present residence address for all purchasers.
- Previous address for all purchasers going back two years if they have not resided in the present home for two years.
- Home, office, and cell phone numbers.

EMPLOYMENT INFORMATION

- Present Employer: Name, address and a contact person to send employment verification form.
- Explanation for any gap during 2 year history.
- Relocation letter for any transferees – giving date, salary, new location, and any relocation benefits.
- Previous Employer: Name, address, and a contact person, going back 2 years if not in present job 2 full years.
- Present Salary: Year to date pay stub and last 2 years' W-2s
- If any variable income, commission, part-time income, bonus, overtime, interest income, etc., is being used to qualify: 2 years signed federal tax returns and W-2s and/or 1099s.
- If self-employed: 2 years signed federal individual and corporate returns (if applicable). Also a profit and loss statement and balance sheet.
- Diploma or transcript if student during 2 year period.

OTHER INCOME

- Rental Income: Copy of lease which is current and at least one year in length.
- Alimony and Child Support (only if used for qualification): Copy of divorce decree and property settlement (ratified) setting out terms. Proof of payment will also be requested at application.
- Income From Notes Held: A copy of the ratified note.
- Retirement, Social Security and Disability Income: Copy of award letter and latest check showing amount of present payment. Copy of end of year statement if applicable.

ASSETS

- Bank Accounts: Name of bank, address, account numbers, types of accounts, and present balances. With checking, use average balances.
- Copy of two most recent statements of all accounts
- Stocks and Bonds: Copy of certificates or copy of recent (within 30 days) broker statement listing the holdings.
- Life Insurance: Cash value, only if being used for down payment.
- Vehicles: Year, make, and value. Copy of title if under 4 years old with no outstanding lien.
- Real Estate: Address and market value. If free and clear, deed of release, deed or mortgage payoff.
- Present Home: Copy of sales contract, settlement sheet and/or lease.
- Gift Letter: Form will be provided by financial representative. Donor Capacity must be verified. Receipt of funds must be shown in account.

LIABILITIES

- Credit Cards: Account numbers and outstanding balances.
- Loans (Auto, Mortgage, Personal, Student, etc.): Name of institution, address, account numbers, outstanding balances, monthly payments, months left on loan. Copy of next payment coupon. 12 months statements or canceled checks for present mortgage.
- Alimony and Child Support: Copy of Ratified Decree and property settlement setting out terms.

VA LOANS

- Certificate of Eligibility: To obtain certificate, you will need a DD-214 (Separation of Service) or if in the Service, you will need a Statement of Service signed by Commanding Officer or Personnel Officer (certificate must be updated prior to application).
- If in service, you will need Authorization to Live Off Base (DD-1717 from Housing Office)



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Pre-Approval Vs. Pre-Qualification

Before you begin your home search in earnest, we highly recommend that you work with a lender to get pre-approved for a home. Many home buyers will talk to a lender quickly and get pre-qualified, but this is not the same thing.

Pre-approved buyers are ahead in the home buying game. If you make an offer on a home and then apply for a loan instead of the other way around, you are at the mercy of the lender who now knows that you don't have time to shop around. A pre-approval letter from a lender will also give you an edge when multiple offers have been made on a house. Pre-approved buyers generally close escrow more quickly, since most of the paperwork has already been taken care of.

Pre-Qualification is only a loan agent's opinion that you'll be able to obtain financing. No verifications are made, so formal approval is not issued.

Pre-Approval means your loan application has been taken through a rigorous procedure, including a review of your credit report. Pre-approval saves you the time of looking at houses you can't afford.



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Will Mortgage Pre-Approvals Hurt My Credit Score

This is a very common myth buyers have regarding getting pre-approved. Getting pre-approved is 100% a benefit to you as the buyer because it will give you confidence to write offers and prevent any heartache down the road. In a competitive market like ours a good agent and a smart seller will not even consider looking at a financed offer without a pre-approval letter.

Credit Bureau Scoring

Credit bureaus use a subtle formula that they don't publicize to crunch your credit history down into a single credit score. One of the things that can cost you points on your credit score is to have a bunch of inquiries coming in very close to each other. So, should you worry about what mortgage pre-approvals will do to your credit reports? Probably not.

The most a single inquiry on your credit report will cost you is five points. Often, your score, which can range from 300 to 850, will suffer even less than that. Unless you are seeking a new mortgage and are right on the cusp between a good credit score and a fair credit score, five points shouldn't make any difference in your loan terms.

Making the Mortgage Process Easier

All of the credit bureaus understand the complex timing of getting a mortgage. Therefore, they have instituted measures to avoid reflecting pre-approval inquiries on credit reports. For instance, if you are shopping around for the best rate, and several mortgage companies make credit inquiries about you within 45 days of each other, all of those inquiries will be bundled into a single event with a miniscule effect on your credit report. Your credit report also does not include any credit inquiries made within 30 days prior to your loan application.

It is, therefore, nearly impossible that the mortgage process of pre-approval will cause enough damage to your credit score to hurt your mortgage terms, so don't worry if your real estate agent asks to see your letter of pre-approval. Getting pre-approved for the mortgage you want won't hurt you.



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Dos & Don'ts During the Loan Process

There are certain “Dos and Don'ts” which may affect the outcome of your loan request. These remain in effect before, during and after loan approval up until the time of settlement when your loan is funded and recorded. Many times credit, income, and assets are verified the hour before you have signed your final loan documents. Here is a list that you should comply with:

MAKE SURE THAT YOU DO NOT

-  Do any of the things that may alter your credit and may risk you obtaining your loan. Also, these things may put you in default of your Sales Contract, may put your ESCROW deposit at risk, and may put you at risk of being sued.
-  Quit your job or change jobs. If this is likely, consult with your loan officer and call this office should this occur.
-  Allow anyone to make an inquiry on your credit report except your lender.
-  Apply for credit anywhere else except with your lender. This causes more “hits” on your credit rating which can reduce your credit score.
-  Change bank accounts or transfer money within your existing accounts.
-  Co-sign for anyone, for any reason, for anything.
-  Purchase or attempt to purchase anything else on credit such as another car, truck, boat, furniture or other real estate.
-  Charge any abnormal amounts to your current credit cards or credit lines.
-  Send in late payments, or incur late fees for anything.
-  Wait longer than the time frame given per your contract to provide all necessary paperwork and information to your lender when requested.

MAKE SURE THAT YOU DO

-  Keep all accounts current, including mortgages, car loans, credit cards, etc.
-  Contact both your lender and your sales associates anytime a question may arise.
-  Make all payments on or before due dates on all accounts, even if the account is being paid off with your new loan.
-  Have any lender-required money/funds to your loan officer within 72 hours after home inspection is complete.
-  Return phone calls from your agent, loan officer, settlement company, or anyone else involved in your transaction within 2 hours of a message.



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Buyer Plan of Action / Our Current Market

In this market it takes a proactive and aggressive approach to find you the best home at the best price. Every buyer has access to the homes for sale in the Multiple Listing Service through various free websites such as Zillow or Trulia. The reason why more buyers choose to work with us than any other team is what we do above and beyond the Multiple Listing Service.

Door Knocking – One of the best ways we find our clients a great home not yet on the market is we constantly door knock through the specific area you as the buyer would like to live. We come across many potential sellers this way or a neighbor who knows of someone that would like to sell their home.

Telemarketing – Similar to door knocking, once you as the buyer identify the area you want to live in we will also call through those neighborhoods looking for potential sellers who are not yet on the market.

Expired, Cancelled, Withdrawn Listings – These are homes that were on the market at some point in the past 3 years and for whatever reason did not sell. Oftentimes these sellers would still like to sell their home without having to go through the hassle of fully marketing their home.

Database – We have a database of over 3,000 clients with whom we actively keep in communication. We also have many clients who, with the right buyer, would be happy to sell their home without having to go through the hassle of having their home on the market.

What to Expect From This Market

Navigating this market can be very complex at times. In your search for a home you mostly come across three different types of sellers. Each one will have different escrow timeframes, negotiation styles, pricing strategies, and timeframes for accepting your offer. Without knowing the different characteristics of the different types of sellers it can be very frustrating out there as a buyer.

Traditional Sales – These are sellers who have equity in their homes and are usually looking to close escrow in 30 – 45 days. When writing an offer on a traditional sale you will usually negotiate directly with the seller through their agent.

Short Sales – These are sellers who owe more than what they can sell their home for and therefore have to negotiate with their bank to receive a lesser amount. Typically the negotiation process with the bank can take 4-6 months to get an offer approved and the price is subject to change during this time. There is also a chance that the bank will reject the seller's request for a short sale and instead foreclose on it.

Foreclosures – These are the homes which have been foreclosed on and taken back by the bank also known as REO's (Real Estate Owned) or "bank owned". Like the traditional sale the bank will want to close escrow within 30 days upon accepting your offer. The banks are motivated to sell these homes quickly and will typically price them slightly below market value to get multiple offers and create a bidding war to drive the price up. Even though you may pay over the asking prices these can still be great values.



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What to Expect When Writing an Offer

Here are some things to consider to ensure your offer gets accepted:

What type of sale is it?

- Foreclosure, Short Sale, Traditional Sale

Is it priced right for the market?

- What is the buyer activity?
- Are there offers on the home?
- What other homes are for sale in the neighborhood?
- What has sold recently in the area?
- How long has it been on the market?

What is the seller's motivation?

- Are they price driven or are there other terms that are important to them such as a lease after sale?
- How long an escrow are they looking for?

Do you need concessions for closings costs?

- Closing costs such as title, escrow, and lender fees usually cost between 1-3% of the sales price.

Are there multiple offers on the property?

- This is not uncommon for homes priced right for the market and in great condition.
- Oftentimes the seller will ask for your "highest & best" offer. In other words, what is the highest price you will offer, such that if another buyer offered more you would not have any regrets because you gave it your best shot?



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Your offer is accepted. Now it's time to get to work. Before we can close on the purchase of your new home, we need to take a few more steps to make sure the purchase is a sound decision.

Step 1: Home Inspection / Property Survey

As the buyer, you have the opportunity to hire a professional inspector to evaluate the condition of the home. An inspection clause is included in the written contract given to the seller.

The goal of a home inspection is to give you an objective, independent and comprehensive analysis of the physical condition of your potential new home and check for any safety issues that might otherwise be unknowable.

A professional inspector will check on the structure, construction and mechanical systems of the house. This usually includes checking these areas:

-
- | | | |
|-------------------------------|----------------------------|-------------|
| • Electrical systems | • Water source and quality | • Ceilings |
| • Plumbing and waste disposal | • Lead paint | • Walls |
| • Water Heater | • Pests | • Floors |
| • Insulation | • Foundation | • Roof |
| • Ventilation | • Doors | • Radon gas |
| • HVAC System | • Windows | • Asbestos |
-

You will receive a written report of the inspection and an estimate of the cost of any and all repairs. If you choose to be present during the inspection, you can ask your inspector about unique features of the property and get his or her opinion on the necessary maintenance for different areas of the property.

Depending on the results of the inspection, you will have the opportunity to:

- Get out of the written offer if major problems are discovered
- Renegotiate the purchase price to account for necessary repairs
- Negotiate that repairs are made by the seller before final purchase of the property

Your lender may also require that a legal land survey be completed of any property on which they issue a mortgage so that they can obtain a clear lender's title insurance policy.



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A surveyor will determine:

- Whether the house is within the property borders
- Whether there are any encroachments on the properties by neighbors
- The extent to which any easements on the property may affect legal title

Step 2: Clearing the Home Title

Simply explained, "title" is the right to own, possess, use, control and dispose of property. When you buy a home, you are actually buying the seller's title to the home. A deed is the written legal evidence that the seller has conveyed his or her ownership rights to you.

Before the closing meeting when the actual transfer of ownership occurs, an attorney or title specialist generally conducts a title examination. The purpose of the title examination is to discover any problems that might prevent you from getting clear title to the home. Generally, title problems can be cleared up before settlement. But in some cases, severe title problems can delay settlement, or even cause you to consider voiding your contract with the seller.

Some "clouds on title" can be corrected relatively easily while others can become quite complicated to remove. You should insist on being kept informed of every step in the title examination process. If title problems are uncovered, it is important for you to understand your legal rights.

What is Title Insurance?

Title insurance is the best way to protect yourself against title defects that have occurred in the past, which may not appear until after you've taken ownership of the property.

Before a title insurance policy is issued, a title report is prepared based on a search of the public records. This report gives a description of the property, along with any title defects, liens, or encumbrances discovered in the course of the title search. It is different than casualty insurance in that you pay a onetime fee and it protects against past (as opposed to future) events.

Title insurance will protect you against title defects that were not discovered in the course of the title search. If such a defect were discovered later, your title insurance would cover you. If title problems are severe enough and not covered by insurance, you could actually lose your house. A title insurance policy protects you and your heirs against title defects for as long as you own your home.



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Step 3: Getting an Appraisal

Once you have determined that there are no defects on title and all inspection concerns have been resolved, it is time to order an appraisal.

An appraisal is an estimate of the value of a property made by a qualified professional. The appraisal of your prospective home is as important as your credit history in obtaining a mortgage. After all, the property you are purchasing serves as the collateral for the loan.

Although the primary goal of the appraisal is to justify the lender's investment, it also protects you from overpaying. Your lender will generally hire the appraiser and will charge you as the buyer a fee for the service. If the appraisal falls short of the amount you wish to borrow you may be refused a mortgage or offered a smaller amount on the mortgage. Your offer contract will be contingent on whether the appraisal comes in at or above the purchase price you and the seller have agreed upon.

Step 4: Closing

Once all of the purchasing steps and contingencies are cleared, it's time for closing!

Understanding the steps and terminology used for the closing procedures are key, and we are happy to help you with a quick run down of the process in our local area. There are a few things that you will need to do to prepare.

In order to ensure a smooth closing you will need to:

Obtain a homeowners insurance policy and provide this information to your lender.

Review the Closing Disclosures form that your lender or closing agent will provide you no later than 3 days before closing. This document will contain a detailed description of all costs associated with the transaction, including the exact dollar amount you will need to bring to closing.

Conduct a walk-through of the property prior to closing. This will give you an opportunity to see that the condition of the house is the same as it was at the time of contract. Additionally you will be able to ensure that any repairs agreed to by the seller, based on the inspection, have been completed.



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Questions to Ask Your Realtor

1. Will I receive daily updates on real estate activity in my area, including price changes, new listings on the market, and houses that have come back on the market?
2. Will I be able to adjust my search criteria on my own through your website?
3. Are you a full-time or part-time realtor?
4. Are you a single agent or do you work with a team?
5. Do you specialize in working with buyers or sellers?
6. Besides the MLS what other sources do you use to find homes for sale?
7. Do you have a call center marketing for potential sellers in the area I want to live in?
8. How many homes have you sold this year?
9. How many homes have you sold over the last 5/10/15 years?
10. Do you have a dedicated Transaction Manager watching over my file during escrow?
11. What is your availability to show me homes?
12. Do you have experience working with short sales and foreclosures?
13. Do you have a list of vendors that can help me with repairs?
14. Will you keep in touch with me after the sale or will I have to search for another realtor when it comes time to sell my home?



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Buyer Questionnaire



Contact Information:

Name: _____

Address: _____

Phone Numbers: (c) _____ (h) _____

Email Address: _____

Home Search Information:

FHA VA CONV CASH Down Payment: _____

Lender Info: _____

Price Range: _____

Areas: _____

Bedrooms: _____ Baths: _____ Sqft: _____

School District(s): _____

Notes: _____



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