



Buying a Home: Find a Realtor

Most people start their home buying search by looking at sites such as [Realtor.com](#), [Zillow](#) or [Trulia](#). That's completely fine and understandable, but step 1 to buying a home should be to hire a Realtor to represent you.

Searching online at Realtor.com, Zillow, Trulia, etc. on your own takes a LOT of time. A Realtor can set you up for automatic search via the MLS (Multiple Listing System). This means that each day, if there are new listings (or how often you want to receive the search results) you'll be emailed a list of all new properties that have come on the market and matching your criteria or price reductions which now put a property in your budget. This is a HUGE time saver. And if you're in a market where properties sell in a matter of days, it can be an enormous advantage to be able to get in and to see a property within a day or two of it going on the market.

So, how do you find and pick a Realtor? Well, hopefully you'll contact our team at 360-275-2868 or www.reidrealestate.com so we can meet in person and see if we would be a good fit together. Remember, not all Realtors are right for all people. You need to find someone who is not only great at his or her job, but someone you like, as you're going to be spending a lot of time with that person. So get together and have coffee and chat. See if you click. If so, you need to determine if that person has the experience, customer service and understanding of the market that you're looking for. Start out by noticing how quickly the Realtor responds to your initial phone call or email. If the Realtor doesn't get back to you within a maximum of 24 hours, that's a bad sign. This business moves fast and deals can be lost if your Realtor doesn't respond quickly on your behalf during negotiations.

Expect to sign a buyer representation agreement. Legally, before you disclose confidential information to your Realtor, you should have a signed buyer representation agreement. That helps to insure that your Realtor will keep private information confidential.



Get Pre-approved for a Mortgage

One of the first steps to buying a home is to get preapproved by a mortgage lender. There are many reasons for getting preapproved. It's important that you have an understanding of how much you can comfortably afford to spend on a home, what your monthly payments will be, what interest rate you'll be getting, and how much you'll be paying each month in taxes, etc. It also helps me, as your Broker to know how to structure your offer. I'll need to know what type of loan you'll be getting (VA/FHA/USDA/Conventional etc...). I'll also need to know if you'll be requiring the seller to contribute funds to your closing costs and how much your down payment will be.

[Click here](#) to view a great booklet that demystifies the mortgage process from a lender's prospective. We highly recommend all buyers read before applying for a mortgage. That said we also highly recommend that you work with a local West Sound mortgage lender/broker that is familiar with our area and the requirements.

Having a good mortgage lender is a crucial part of ensuring a smooth transaction. Working with a bad mortgage lender can make the process a living hell for everyone involved and put your purchase in jeopardy of not closing on time or at all. You also might end up regretting the lender you chose for years if you end up paying a higher interest rate than you should have if you had shopped your loan through various lenders. You could also lose out on your dream property because your mortgage lender was disorganized and couldn't get you fully approved during underwriting, etc. That's why it's important to work with the best. We recommend:

Our Recommended Lenders

Randy Tutterrow
Fairway Mortgage
360.731.3388
randyt@fairwaymc.com

Kathy Hite
1st Security Bank
360.471.7541
Kathy.hite@fsbwa.com

Donna Miller
Movement Mortgage
360.874.0451
Donna.Miller@movement.com

Paperwork You Need To Gather

Each lender has slightly different requirements regarding what documentation they need from you for the preapproval process, but in general, expect to provide the following items:

- A completed application. The lender will provide this to you directly
- The two most recent months (or a quarterly statement) of any asset information listed on the application. Generally: checking, savings, 401k, mutual funds, individual stock accounts, IRA's, etc.....
- 30 days of most recent paystubs
- Past two year's worth of W2 (ie. 2017 and 2018 W2)
- Past two year's worth of US Tax Returns (ie. 2016 and 2017 Federal Tax Returns)
- 2016 and 2017 Corporate Tax Returns (if self-employed and you own over 25% of the company)

Getting a Pre-Approval Letter

Generally, once you submit the above items to your lender, you should receive a pre-approval letter within 2-3 business days. The lender may ask for additional documentation. They are not trying to be difficult by asking for additional documentation, rather, after the housing bubble burst, underwriters became much stricter regarding the loan approval process so a lot more documentation is needed today than it was 10 years ago. In addition to receiving a pre-approval letter which shows the amount you can afford to purchase, you should ask your lender to show you what that preapproval amounts to in terms of a monthly mortgage payment plus any PMI, taxes, and insurance. That way you can make sure you are comfortable with what your monthly housing payment will be and reflected in the pre-approval letter. Once you have received your pre-approval letter, forward it to us for your file so we can have it when we are ready to submit an offer. This letter will provide instructions to me on financing terms that should be included in your offer (i.e. type of loan, seller contributions, etc.)

Get a Loan Estimate and Understand Your Closing Costs

In addition, mortgage lenders are required to provide you with a Loan Estimate (LE) within 3 days of receiving your pre-approval. The LE provides an estimate of the closing costs you'll need on top of your down payment and shows exactly what fees the mortgage lender is charging you. Make sure you understand these fees. Generally, we estimate closing costs to be approximately 2.5% of the purchase price of the property. **Here is a chart showing approximate closing costs in our area.** Your mortgage lender can provide you with more detailed estimates based on your exact pre-approval price. Remember, these closing costs are due at closing (except for the appraisal and inspection fees which are due on the day those services occur) and are on top of your down payment. Therefore, if you're buying a \$500,000 property and putting down 20% towards the loan you'll need to have \$112,500 cash available at closing (\$100,000 for your down payment and approximately \$12,500 for the closing costs).

Should You Shop Your Loan Around?

Absolutely. Every lender charges different fees and different interest rates so it's crucial you shop your loan around to at least two lenders, in my opinion. We recommend doing so within 10 days as the lenders will need to pull your credit report in order to give you an accurate preapproval letter. If your credit is pulled by various lenders multiple times it could affect your credit by a few points. If you do this within 10 days between having your credit pulled it generally won't affect your credit at all.

The Steps to a Perfect Loan

A quick overview of what you can expect from your home purchase process.



Estimated Closing Costs and Pre-Paid Expenses

Purchase Price	\$200,000	\$225,000	\$300,000	\$375,000
Loan Amount, based on 80% loan	\$160,000	\$180,000	\$240,000	\$300,000
Escrow/Closing Fee	\$575	\$650	\$725	\$800
Title Insurance Premium	\$600	\$640	\$680	\$720
Appraisal Fee	\$750	\$750	\$750	\$750
Processing Fee	\$995	\$995	\$995	\$995
Recording Fee	\$190	\$190	\$190	\$190
Credit Report	\$35	\$35	\$35	\$35
Tax Service Contract	\$70	\$70	\$70	\$70
Flood Zone Certification	\$8	\$8	\$8	\$8
Total Estimated Closing Costs	\$3,223	\$3,338	\$3,453	\$3,568
Prepaid Property Taxes/6 months	\$1,150	\$1,294	\$1,725	\$2,156
PrePaid Home Owner's Insurance/14 months	\$1,050	\$1,050	\$1,050	\$1,050
Total Estimated PrePaid Expenses	\$2,200	\$2,344	\$2,775	\$3,206
Other Fees				
Home Inspection	\$450	\$450	\$450	\$450
Total Settlement Costs	\$5,873	\$6,132	\$6,678	\$7,224

This document is intended only to provide an initial overview and estimate of basic closing costs for a residential home purchase. It is not a substitute for or related to a Loan Estimate. You should discuss all closing costs with your lender or mortgage professional.



Terms and Definitions Related to Buyer's Settlement Costs

Appraisal

A written estimate of a home's market value. The report is prepared by a licensed appraiser and allows a buyer and his or her lender to see how the agreed upon purchase price compares to nearby similar and recent property sales. Most lenders require an appraisal to ensure the lender that a home's value meets or exceeds the purchase price.

Credit Report

A lender's review of a borrower's credit history for purposes of determining a buyer's creditworthiness.

Earnest Money

A deposit made by a buyer to a seller at the time of contract for purposes of showing the buyer's good faith in a transaction.

Escrow

The company handling the sale/purchase transaction, including the receipt and transfer of purchase funds from the lender and buyer to the seller and transfer of legal title from the seller to the buyer.

Flood Certification

A document that states the flood zone status of a property. If the certificate states that the property is located in a flood zone, federal flood insurance is required.

Home Inspection

A licensed home inspector's examination of a property's condition. Inspections typically include an assessment of a property's roof, foundation, heating and cooling systems, plumbing, electrical work, water and sewage and some fire and safety issues.

Homeowner's Insurance Policy *BAL*

An insurance policy designed to protect a property against damages to the house itself of the possessions in the home. Some homeowner insurance policies also provide coverage against accidents that occur on the property.

Processing Fee

Charged by the lender for facilitating the loan through the lending process.

Recording Fees

The property deed and mortgage documents must be recorded with the county in which the property is located.

Tax Service

A service used by a lender throughout the life of the loan to confirm that a borrower pays his or her property taxes in a timely manner.

Title Insurance

An insurance policy guaranteeing the title to a parcel of real property is clear and properly in the name of the title owner, and that the owner has the right to deed the property (convey or sell) to another. Should a problem later arise with the title, (such as an inaccurate description), the title insurance company will pay the damages to the new title holder or secured lender or take steps to correct the problem. A Lender's Title Insurance Policy or Mortgage Insurance Policy protects the lender up to the amount borrowed from the bank and is usually purchased by the buyer. And Owner's Title Insurance Policy protects the buyer up to the purchase price and is usually purchased by the seller.



COMMON REAL ESTATE TERMS & ACRONYMS

CMA, ARM, Conventional Loan, HOA, are you confused yet? Don't worry; most people are confused by the myriad of Real Estate terms.

We recently came across this great article explaining 14 of the most common real estate terms and thought we'd add a few of our own to the list:

<https://www.businessinsider.com/14-real-estate-terms-explained-2014-1>

So you are entering the real estate world?

Whether you are trying to buy or sell a home (**or do both!**), you need to familiarize yourself with the lingo.

You don't want industry jargon to confuse you and keep you from missing something crucial. Here are 15 real estate buzzwords to keep you in the know.

1. Adjustable Rate Mortgage (ARM)

When applying for a home loan, you can get an adjustable-rate mortgage (ARM) or a fixed-rate mortgage. An ARM usually has a specific interest rate for a set time and then the interest rate fluctuates. Most of these mortgages have a cap on how high the interest rate may increase.

2. Amortization Schedule

First off, amortize basically means to reduce a debt. An amortization schedule is a detailed breakdown that illustrates how much interest and principal of the mortgage has been paid off and how much remains with each payment.

3. Closing

The final step in a real estate transaction, a closing is the transfer of the title of the property for money or other considerations.

4. Down Payment

The down payment is the amount of money that a buyer pays upfront in order to purchase a property. This amount is typically, between 5% and 25% of the value of the property.

5. Escrow

When a third party holds property, cash and the property title until all conditions of the property agreement have been satisfied. The third party, likely a lawyer, will then hand over the assets to the respective parties, as outlined in the agreement.

6. Fannie Mae/Freddie Mac

The Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) are two government-sponsored enterprises that purchase mortgages from lending institutions. Their purpose is to promote stability and affordability in the housing market.

7. Flipping

Flipping is a [way to invest in real estate](#) with the goal of purchasing a property to re-sell it. Investors profit from the resale of the property if its market value increases either through price appreciation or repairs and remodeling.

8. Good Faith Estimate

A good faith estimate is an approximation of the total cost of the purchase of property. It is provided before the mortgage loan is secured so the homebuyer can compare the offers of different lending institutions.

9. Lien

A [lien](#) occurs when a legal claim is put on a property in order to receive payment for debt or for services rendered. The holder of the lien can sell the property in order to recover the money owed.

10. Points

Mortgage points are upfront charges the lender may add to the overall price of the mortgage. One point is equal to 1% of the total amount of the loan.

11. Pre-Approval

Pre-approval from a bank locks in an interest rate for a specific amount of time. [It is an in-depth process](#) that requires a potential buyer to provide a lending institution with proof of income and debts. The lender will most likely check your credit report in this process.

If you're considering getting pre-approved for a home loan, it's smart to make sure your credit is in good shape before you apply. You can get a breakdown of your credit strengths and weaknesses using the [free Credit Report Card](#), which also updates two of your credit scores for free every month.

12. Prequalification

When a potential buyer is screened by a lender or third party to see how much the buyer can borrow as well as the terms of the loan. This is purely informational and does not obligate the lender.

13. Prime Rate

This is the interest rate that commercial banks offer to their best customers. This generally means large corporations that are the most creditworthy.

14. Underwater

When a property's market value is less than the balance of the money owed on the mortgage. This is usually associated with drastic falls in the market value of the property.

15. Underwriting

The process a lender undergoes in determining whether to extend credit. A lender makes its decision based on a variety of factors including the borrower's credit scores, credit history, income, other debt obligations and property value.



Buying a Home: Use the Checklist For Buying A Home



You've picked a Realtor (us!) and gotten pre-approved (yeah!). Now what? Now you need to get the big picture of what comes next throughout the entire home buying process which is why we've created a handy Checklist for Buying a Home [Click here](#) for your convenience. This gives you an overview of what you need to do along the way. But don't worry, we'll remind you of each step as we go along as well.

*In addition, real estate terms can often be confusing such as FHA, HOA, HUD, etc. Therefore, if these terms are new to you, consider **reading** ["common real estate terms and acronyms"](#).*



CHECK LIST TO DREAM HOME

YOUR NAME(S) _____ DATE: _____

ADDRESS: _____

EMAIL: _____ PHONE: _____

Things We need you to do now

☐ Find a mortgage broker/lender. We recommend comparing at least 3 lenders/mortgage brokers to see who will give you the best terms and rates. The following are some recommended Lenders:

Randy Tutterrow
Fairway Mortgage
360.731.3388
randyt@fairwaymc.com

Kathy Hite
1st Security Bank
360.471.7541
Kathy.hite@fsbwa.com

Donna Miller
Movement Mortgage
360.874.0451
DonnaMiller@movement.com

☐ Sign Buyer representation agreement and Affiliated Business Arrangement Disclosure. Return to us. We will send this to you via separate email once we've decided to work together.

☐ Discuss Disclosure and Consent to Dual Agency

☐ Review the estimated closing costs from your chosen lender

☐ Interview and Hire a Home Inspector. Our favorites can be found using the above link. The home inspector generally costs \$350-\$700 depending on whether you're buying a condo, single family home, size, location, age.

☐ Change privacy settings on Facebook and LinkedIn to the highest security setting possible, while still allowing people to Friend you. Do not post anything about your home search as it can be used against us during negotiations.

☐ Send a copy of your preapproval letter to me as well as the contact info for your mortgage consultant/broker.

- ☐ Keep me updated on your mortgage process and be sure to authorize your mortgage lender to keep me updated. DO NOT CHANGE Lenders without calling me first. There are steps required before you make a change.
- ☐ **Do not buy anything** expensive or open new credit cards. Pay all bills on time. Be very careful with your finances from now until we close (when the deed is recorded AND you have the keys to your new home).
- ☐ **Do not change EMPLOYMENT** during the purchase without discussing with your mortgage lender
- ☐ Decide whether you want a home warranty and if this is something you want to purchase or would like us to try and negotiate during the negotiation process.
- ☐ Online home search from <http://www.reidrealestate.com>. Ask me to share "Homesnap" application. When you're out and you see a For Sale sign you can pull up the site and it will show you interior photos of the property as well as how much it is.

Once a contract has been accepted

- ☐ Arrange for a home inspection asap. Ideally it should be conducted the day after the contract is signed. Notify us of the date/time so we can make sure it works with our schedule as well as clear it with the sellers and the listing broker. Clear your schedule to attend the home inspection if possible and bring your checkbook to pay the home inspector or ask if they take credit cards. Home inspections generally take about 2-3 hours.
- ☐ Deliver earnest money check asap (due within 2 days of mutual acceptance).
- ☐ Continue the mortgage approval process. When the lender asks for something (verifications/documents, etc...), get it to them asap, otherwise closing could be delayed.
- ☐ Gather home insurance quotes
- ☐ Review all HOA documents

Additional Notes

Buying a Home:



Time For Showings!

You've found properties on the MLS you're interested in seeing, We've set up your showings and we head out soon to see them!
Before we head out here are a few important things to know:

- *Most sellers require all buyers to be pre-approved before being able to see their home.*
- *Sellers usually require 24 hours notice prior to showings. They may also put other limitations on showings such as no showings after 6pm or on Sundays, etc.*
- *Some sellers will have Nanny Cams in their homes so be **aware of what you say and do**. Don't talk about how much you can afford, what kind of offer you want to make on the home, etc. while in the house in case someone is listening.*
- *Wear comfortable slip on shoes as we may be asked to remove our shoes in some homes.*
- *If a lot of sunlight is important to you in a home, then try to do showings during daylight hours.*
- *Dress for the weather. The walkway or driveway may be snowy, icy, muddy, etc. The house may or may not have AC or heat.*
- *Vacant houses may not have any utilities turned on.*
- *Don't assume we'll be able to use the restroom so plan accordingly.*
- *Focus on the property not their furnishings, artwork, etc. as you're buying the property not their stuff.*
- *Avoid touching furniture or personal items as we don't want to be responsible should something break.*
- *Remind children not to play with the toys and things they see in the house.*
- *The home inspection comes AFTER a contract is agreed upon and signed by both the buyer and seller. During a typical showing we should not be in the crawl spaces, attic, etc.*
- *If sellers are home, be careful not to give too much away about yourself and why you're buying as that information could hurt us later during the negotiation process.*
- *Bring drinks and snacks as looking at lots of homes can be grueling!*

Now let's go see some homes!



Buying a Home:

Finding the Home of Your Dreams



At this point, you're probably excited and full of optimism. You've gotten pre-approved, your checklist printed out and have (hopefully) started to complete it. Now comes the most important step. Finding the right home.

Before we start, make a list of your top 4-6 needs and a list of your top 4-6 wants. Examples of needs are:

- 3 bedrooms (because we have 2 kids and they will fight and drive us crazy if they have to share a room)
- In a certain school district/s
- Yard for the dog (because you're sick of walking the dog in the dead of winter)
- Central AC (because the kids are driving you crazy complaining about the heat)
- Updated and move in ready (because you don't even own a hammer)

These are the things you absolutely cannot live without. You won't even see a property unless it has every one of the above items. Get it?

Then, make a list of your wants. Examples of wants are:

- Hardwood floors throughout
- Ensuite master bathroom with double sinks
- Updated kitchen with granite and stainless steel
- Wood burning fireplace
- Rainbows over the home, flying unicorns, and pots of gold in every room

These are the things you'd really like but can live without if needed (unless your budget is \$40 million then we can probably find something with everything on your list).

Once you've made your lists, email them to us. That way when you see a property you love with the kitchen of your dreams, we can remind you that it doesn't have central AC so we don't waste time seeing it. Once that's done, we'll set you up for auto search on MLS. This means when homes become available you'll get an email with all of the new properties that have come on the market that day matching your criteria as well as any price changes which put homes in your budget that were previously over your budget.

When the email comes in we need you to:

1. *Check the MLS email frequently and review all of the properties that may have been sent to you for your review. Mark properties you want to see as Interested. That tells us to go ahead and set up a showing. Properties you want to think about longer mark as Maybe. Properties you definitely don't like mark as Not Interested. If you have any questions about a particular property, write those questions in the Comments field for that property in MLS.*
2. *If there's something you want to see, shoot me a quick email/text or call to let me know when you're available and what you want to see. That way I can set up the showings. Remember, most properties require 24 to 48 hours notice for showings so it's rare to be able to see a house or condo the same day.*

3. *Once I know when you are available, I can set up the showings and contact you where we are meeting and when.*
4. *Remember to wear comfortable slip on shoes for showings as we'll generally need to take them on and off at each property.*
5. *I will bring printouts for each property so no need for you to bring anything other than snacks or drinks if you think you might get hungry.*

At this point there should be no need for you to continue to look on other sites such as Zillow, Trulia, etc. as all of those properties should be showing up in your MLS feed. If one isn't for some reason let me know so I can tweak the search parameters of your MLS feed.

Now on to the showings! [Read this great article about how many showings it usually takes to find the ONE.](#)



Buying a Home:

I Want to Make An Offer On A Home I Love



Fabulous! You've found the perfect home and want to put in an offer. In today's market we need to put your offer in asap; ideally within a few hours. Before we can put an offer in on a home, there are a few things we need you to provide:

Full legal name: Please provide the full legal name of anyone who will be on the contract as well as their phone number, email address AND how you'll be taking title to the property. (See document "[6 Common Ways to Hold Title](#)")

Offer price: What price do you want to offer for the home? Let's have a discussion

Your walk away price: Don't expect to pay your initial offer price as it's rare for a seller to accept your initial offer without some negotiating back and forth. That's why it's called an initial offer. In addition to deciding what offer you want to put in to start, we need you to decide now how much you're willing to pay for this property and what your walk away price is before.

Closing date: Typically closing takes place 30-45 days from contract acceptance. Sometimes you can ask for a longer closing date depending on the seller's needs, but we wouldn't expect it. Therefore, if you want to move around June 1, plan on putting in offers around mid April or sooner. If you're paying 100% cash you can often close faster than 30 days (around 21 days), but 30 days is usually the required minimum if you're using a mortgage to buy the property.

Earnest money: How much earnest money are you comfortable putting down on this property? Typically, contracts ask for 1% of the purchase price as earnest money, although more is better, as your offer will be stronger. This earnest money is due within 2 days of mutual acceptance. The earnest money is part of your down payment.

Down payment: For the contract, we need to know how much you're going to put down for your down payment.

Closing cost credits: Do you want to ask the seller for concessions for your closing costs which would go towards the amount of closing cost fees you have to pay for on top of your down payment? Remember, in doing that in the seller's eyes that is a reduction in their proceeds. So if your offer is \$500,000 and you are asking the seller to pay 2.5% of the sale price towards your closing cost, that is \$12,500. To the seller it's as if you've offered \$487,500 and not \$500,000. Remember that when negotiating the price and asking for closing costs to be paid.

Home warranty: Do you want to ask the seller to provide a home warranty on the property?

Contingencies: Are there any other contingencies I need to be aware of? Do you need to sell your current home before we can buy this home? Do you plan on having your attorney review the offer (this should be completed PRIOR to submitting to seller)? Lastly, buyers sometimes want to know what happens if the contract is accepted and they have a change of heart or the inspection reveals a huge problem. [Read about "getting out of a signed contract"](#)

Once we've talked through the above and you've emailed us your answers, I'll prepare the contract and have you sign it via a program called Authentisign, or meeting with you in person for signatures. [Click here to view instructions on signing documents electronically via Authentisign or click this link to view video <https://vimeo.com/141422987>](#). I'll submit it to the seller's broker when I receive the signed offer. While negotiations sometimes go quickly, be prepared that it could take 24-72 hours to negotiate the offer if the seller is out of town, wants to sleep on it, if we're dealing with a bank owned property, etc. Every seller is different and some people can make decisions quickly whereas others need time to think things through. Patience is now the name of the game.

6 COMMON WAYS TO HOLD TITLE

1. A Single Man/Women

A man or woman who is not legally married (i.e. John Doe, a single man)

2. A Married Man/Woman, As His/Her Sold and Separate Property.

When a married man or woman wishes to acquire title in his or her name along, the spouse must consent by signing a quit claim deed or other similar instrument, thereby relinquishing all rights, title and interest in the property (i.e. John Doe, a married man, as his sole and separate property).

3. Community Property

The Washington Civil Code defines community property as property acquired by husband and wife, or either, during marriage, when not acquired as the separate property of either. Real property conveyed to a married man or woman is presumed to be community property unless otherwise stated. Under community property, both spouses have the Right to dispose of one-half of the community property by Will, but all of it will go to the surviving spouse without administration, if the other spouse dies without a will. If a spouse exercises his/her right to dispose of one-half, that half is subject to administration in the estate. (i.e. John Doe & Jane Doe, husband & wife, as community property).

4. Joint Tenancy

A joint tenancy estate may be defined as follows: "A joint interest is one owned by two or more Persons in equal shared, by a title created by a single will or transfer, when expressly declared in the will or transfer to be a joint tenancy." A chief characteristic of joint tenancy property is the right of survivorship. When a joint tenant dies, title to the property immediately vests in the survivor or surviving joint tenants. As a consequence, joint tenancy property is not subject to Disposition by will (i.e. John Doe and Jane Doe, Husband & Wife, as joint tenants).

5. State Registered Domestic Partnership & Same Sex Couples

Washington State allowed same sex couples to enter into Registered Domestic Partnerships beginning in 2007. Subsequent laws expanded the scope of this law. With the 2012 passage of Referendum 74, all existing domestic partnerships unless dissolved, will convert to marriages as of June 30, 2014. Any same sex partners who are entered into this registry will be considered a married couple after that date. The exception to this rule is for seniors (where one partner is at least 62 Years of age) due to possible Social Security concerns.

6. Tenancy In Common

Under tenancy in common, the co-owners own undivided Interests, but unlike joint tenancy, these interests need not be equal in quantity or duration, and may arise from different times. There is no right of survivorship; each tenant owns an Interest which on his or her death vests in his or her heirs or devisees (i.e. John Doe, a single man, as to an undivided 3/4th Interest, and George Smith, a single man, as to the undivided 1/4th interest as tenants in common).



FAQ

Can I Terminate a Real Estate Contract I've Already Signed?

We often get asked by buyers if they can terminate a real estate contract, they've signed due to a change of heart or because they found a different house they like better. First, consult your attorney for legal advice specific to your situation. However, often, if the contract has been executed, meaning both the buyers and sellers have signed it, in the state of WA there are a few ways to get out of the contract during the inspection period. Typically, once a contract has been executed there is an inspection period, often seven to ten days. During this time, the inspection will occur. In most contracts, there is a clause where if you are unhappy with something in the inspection report you, as the buyer, can get out of the contract and get your earnest money refunded to you. The buyer's Realtor will then create a form which the buyers and sellers sign asking for a refund of the earnest money. All of this has to happen before the end of the inspection period. Once the inspection period has ended, it is very difficult to get out of an executed contract for the purchase of a home.

Credit Dos and Don'ts

Good credit is critical to obtain the best interest rate and terms on a mortgage.

DO

Do Stay Current On Existing Accounts

One 30-day late notice can cost you.

Do Continue To Use Your Credit As Normal

Changing your pattern will raise a red flag and lower your credit score.

Do Call Your Mortgage Professional First

Before making any address or credit changes.

DON'T

Don't Apply For New Credit

Every time you have your credit pulled by a potential creditor or lender, you can lose points from your credit score. This includes co-signing for a loan.

Don't Max Out Credit Cards

Try to keep your credit card balances 30% below their limit during the loan process. If you pay down balances, do it across the board.

Don't Consolidate Your Debt

When you consolidate all of your debt onto one or two credit cards, it will appear that you are "maxed out" on that card and you will be penalized.

Don't Close Credit Card Accounts

If you close a credit card account, it may appear that your debt ratio has gone up. Closing a card will affect other factors in the score, including credit history.

Don't Pay Off Collections Or "Charge-Offs"

If you want to pay them off, do it through escrow at closing.

The Steps to a Perfect Loan

A quick overview of what you can expect from your home purchase process.



MORTGAGE APPLICATION

At this point in the process you'll need to fill out our online application (credit report included) and provide the following most up-to-date documents:

- 2 months paystubs
- 2 months asset statements
- 2 years federal tax returns
- HR contact information

While you'll likely need to provide more documents, this is a great start.

HOME SHOPPING

With pre-approval and real estate agent in tow, you begin shopping for your home. Keep in mind that during the pre-approval process estimated taxes, HOAs and assessments and insurance costs were assumed. Should you find a home with homeownership costs that exceed your assumed liability, you'll want to contact your mortgage professional.

SIGNING THE CONTRACT

After signing the contract, your loan file will be prepared and sent to the underwriter. Submitting the following in a timely manner will ensure a smoother process:

- Executed contract
- Earnest money
- Updated income and asset documents
- Other relevant documents your mortgage team will request

Your mortgage team will order your appraisal, property title, tax transcripts and many other verification reports.

CONDITIONAL APPROVAL

Once your loan is submitted and underwritten, you'll get a conditional approval returned.

So what's a conditional approval? This is an approval subject to items an underwriter needs to clear your loan to close. Documentation requests can range from an updated pay stub to a letter from your CPA explaining your self-employed earnings. Every loan scenario is different so requested documents will vary from loan to loan.

CLOSING

Once your final documentation is approved and your loan is cleared to close, your closing mortgage team will:

- Confirm your closing date and time
- Prepare your closing package
- Confirm all fees
- Send file to title company to prepare for closing day

Close your loan. Receive your keys. Celebrate!

BUYING A HOME:

What Can Cause a Lender to Change their mind and disapprove your mortgage?

Don't Spend Extra Money



This is very important so please read and take heed!

Your mortgage pre-approval was granted to you based on the amount of money in your savings account, checking accounts, retirement accounts, etc. and on the amount of debt you had at the time (car payments, student loans, your current mortgage if you already own a home, etc). If you buy a TV, a new car, new furniture, etc. and open new credit cards or co-sign on a loan, these will all affect your pre-approval status. Between now and closing any changes to your financial status could put your chances of being approved for a mortgage in jeopardy. **THE LENDER ALWAYS PULLS YOUR CREDIT ONE MORE TIME THE DAY BEFORE CLOSING.** Therefore, it is imperative that you spend as little money as possible between now and your closing date. In addition, be sure to pay all of your monthly bills on time going forward, don't open or close any credit cards, don't take extravagant vacations, etc. Often buyers think it won't make a difference if they buy a couch, new TV, etc and charge it to their credit card, but it very well could put your loan in jeopardy. So please do not buy **ANYTHING** big until after closing.

If in doubt as to whether a potential purchase will affect your ability to obtain a mortgage, please speak with your mortgage lender.



I hope this guide provides a map of the home-buying process.

1st Security Bank is committed to making home happen! And in doing so, we pride ourselves in finding you the right loan, a loan that fits your financial goals and your lifestyle.

We are an experienced team of individuals with a successful track record in home lending and intent on becoming your bank for life.

I personally promise you the quality of service you expect and deserve, and I look forward to serving you.

Pic.
Here

1ST SECURITY BANK

 Home Lending **Making Home Happen**

MEMBER FDIC  EQUAL HOUSING LENDER

The Loan Process

Step-By-Step

Select a Mortgage Professional

Before you take the big step of buying a home, you will have to decide what type of mortgage is best for you. You'll want the assistance of someone who knows the business, looks at your overall picture and is committed to providing you with a competitively-priced loan.

1

Get Pre-Qualified* and find out how much we can lend you for your home

An analysis of your income and debts will show how much we can lend you to purchase a house. And after we pre-qualify you, we'll present you with a pre-qualification letter. We'll also show you valuable ways to increase your buying power.

2

Choose the mortgage that's best for you

When deciding on a mortgage, many variables come into play that, if not considered, may cost you thousands of dollars. This is why it's best to analyze your financial situation in order to find a loan that fits your short- and long-term goals.

3

Apply for the loan

The sooner you provide all the necessary information needed to process your loan, the sooner you may be able to close on your new home. You can apply online 24 hours at www.fsbwa.com, or by calling your loan officer.

4

Close the loan

The final step in the process is closing the transaction. Documents must be signed, a down payment and various fees and costs will be due, and the title must be transferred. Once the sale is closed, the house and mortgage are yours!

5

1ST SECURITY BANK

 Home Lending **Making Home Happen**

* A Pre-Qualification is not a guaranteed approval of credit.
MEMBER FDIC  EQUAL HOUSING LENDER

Buying Your Home Step-By-Step

From the sale to closing, here is how we represent you step-by-step and help you move smoothly through the home buying process.



Definitions:

Appraisal – A professional estimate and opinion of the value of real property based on the analysis of facts derived from comparisons and market conditions.

Loan Conditions – Loan approvals are conditional and subject to “conditions” being met before the loan is fully approved and ready to be closed. These conditional items need to be collected, corrected or completed prior to loan closing.

Escrow – Independent third party whose duties include: following the instructions given in the purchase instructions; handling the funds and/or documents in accordance with provided instructions; paying all bills as authorized; closing the escrow only when all terms are completed in accordance with provided instructions and provide accounting for same.

Title Insurance – An insurance policy written to protect the lender against loss if title is defective. A separate owners’ policy can be purchased if you want to protect yourself from claims by others against your new home.

Title Report – A preliminary report disclosing condition of title on real property issued prior to the final title Insurance Policy.

Payoff Statement – Letter stating requirements and amounts necessary to clear underlying loan.

Home Inspection – A professional inspection that evaluates the structural and mechanical condition of a property.

Underwriting – Review of the file to determine if documentation and borrower details meet the guideline requirements for the loan program.

1ST SECURITY BANK

 Home Lending **Making Home Happen**

MEMBER FDIC  EQUAL HOUSING LENDER

Which Loans Are Best for You?

A qualified lender can determine which type of loan best fits your situation. Here is some information of various loan types and loan programs.

Fixed Loans

- Different terms available
- Fixed monthly payments over the life of the loan
- Lowest risk
- Your principal and interest payments will not change for the life of the loan
- Shorter fixed terms would build equity quicker and may have a lower interest rate

Adjustable Rates (ARM)

- Also referred to as 3/1, 5/1, 7/1 or 10/1 ARMs
- Starts out at a lower interest rate, then may adjust after 1, 3, 5, 7 or 10 years

FHA

- Lower down payment and interest rates
- May accept lower credit scores and will allow gift funds to be used for down payment and closing costs
- Insured by the Federal Housing Administration

VA

- Available for veterans who have served in the military, those on active duty, or for qualifying spouses of veterans
- Lower interest rates and down payment requirements
- VA loans may require a funding fee that can be financed into the loan. This fee is waived for disabled veterans
- No or low down payment options available †

USDA Rural Housing

- Lower interest rates
- USDA Rural Housing loans accept lower credit scores and little to no assets
- Insured by the USDA
- Zero down loans available and the guarantee fee may be financed

Interest Only **

- Lower monthly payments, but often a higher interest rate than a fixed loan
- Does not pay down the principal

Jumbo Financing **

- Higher loan limits available for financing of homes typically located in high-cost areas
- Both fixed- and adjustable-rate Jumbo loans are available

1ST SECURITY BANK

 Home Lending **Making Home Happen**

** Home financing option(s) are not guaranteed to be offered by 1st Security Bank, and may be brokered to another lender.

† A down payment is required if the borrower does not have full VA entitlement, or if the loan amount is greater than \$417,000.

MEMBER FDIC  EQUAL HOUSING LENDER

Rent vs. Own

Can You Really Afford to Buy a Home?



The benefits of owning your home are terrific: from interest rate tax deductions*, to building equity, and the plain old pride of owning the place where you live. Today, there are more and more loan programs that can help you qualify to buy your own home and stop throwing money away on rent.

The table below shows how much money you could be spending on rent and how fast it adds up.

WHERE-OH-WHERE DOES YOUR RENT GO?

Monthly Rent	After 1 year	After 3 years	After 5 years	After 10 years	After 15 years
\$700	\$8,400	\$25,200	\$42,000	\$84,000	\$126,000
\$900	\$10,800	\$32,400	\$54,000	\$108,000	\$162,000
\$1,100	\$13,200	\$39,600	\$66,000	\$132,000	\$198,000
\$1,300	\$15,600	\$46,800	\$78,000	\$156,000	\$234,500
\$1,500	\$18,000	\$54,000	\$90,000	\$180,000	\$270,000

Contact your loan officer and get Pre-Qualified today, so you will know what it will take to put you in your own home and stop throwing money down the rent drain.**

Helpful Tips for New Homebuyers

Mortgage DOs

Do make loan and other debt payments on time, especially in the months leading up to the filing of your mortgage application. It sounds simple, but every 30-, 60- or 90-day delinquency on a loan or credit card is going to reduce the credit score the lender ends up considering as part of the loan file. That score, in turn, will determine your available loan options.

Do reduce your credit card balances to 50% or less, as 30% of your credit score comes from your overall debt load. Simply canceling a card does not necessarily improve your credit score.

Do get the mortgage first if multiple financial obligations are going to pop up in the near future. Numerous credit inquiries, such as new applications for credit cards, can hurt a borrower's credit score, especially if they're filed in the months prior to the home loan review process.

Do increase the size of the down payment you're able to make depending on how much you have saved. It can be important to set aside funds for the down payment and/or closing costs.

Mortgage DON'Ts

Don't make major purchases during or prior to closing your loan (i.e. new car, appliances, etc.). This might impact your qualification ratios or necessary reserves. Keep your asset balances as close as possible to the amounts disclosed to us at the time of application, unless you have received specific directions from us otherwise. Confer with us as soon as possible if you feel you need to pursue any of these changes prior to closing.

Don't change jobs/employers without inquiring about the impact this change would have on the approvability of your mortgage loan. The lender will always do a Verification of Employment with your current employer prior to FUNDING the loan. This occurs after you have signed the final loan documents at closing.

Don't close, open or transfer any asset accounts without asking us about the proper documentation required for your loan file (i.e. if you transfer all the funds in your stock account to your savings account, documentation is required). Discuss with us ANY funds deposited into any asset accounts in excess of \$500 that are not normal transactions (i.e. social security, direct deposits, etc.).

1ST SECURITY BANK

 Home Lending **Making Home Happen**

MEMBER FDIC  EQUAL HOUSING LENDER

How Much Can You Afford?

Take the guesswork out of financing a home. It's simple: just complete this short questionnaire and you'll have your answer FAST.

Personal

Name _____

Home Phone _____

Address _____

Work Phone _____

Mobile Phone _____

Current House Payment: ☐ Rent or ☐ Mortgage \$ _____

Borrower Employer _____

Position _____

How long _____

Gross Monthly Income \$ _____

Co-Borrower Employer _____

Position _____

How long _____

Gross Monthly Income \$ _____

Liquid cash available for purchase today \$ _____

Sale proceeds \$ _____

Gift \$ _____

Monthly Obligations

Car payment \$ _____ Balance \$ _____

Car payment \$ _____ Balance \$ _____

Student loans \$ _____ Balance \$ _____

Credit Cards

Monthly payment

Balance due

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

Complete this
questionnaire and fax back
to (360) 443-4278,
or apply online at
kathyhite.com

APPLY NOW!

1ST SECURITY BANK

 Home Lending **Making Home Happen**

MEMBER FDIC  EQUAL HOUSING LENDER

LOAN APPLICATION BORROWER CHECKLIST

Income

- ✓ Paycheck stubs (last 30 days).
- ✓ Most recent W-2 for the past two years.
- ✓ Most recent tax returns for the past two years, including all schedules. If not complete, please send a copy of the extension
- ✓ If self-employed or income from sources other than W-2 wages, include K-1's, partnership and/or corporate returns (only needed if you own 25% or more)

Assets

- ✓ Bank statements (last two months, include all pages).
- ✓ Current mortgage statement for any property owned (if owned free and clear, please provide your current insurance policy).
- ✓ Two months statements of retirement/investment assets (investment portfolio: stocks, money market, 401(k), etc.)
- ✓ Other documentation may be required if applicable



1ST SECURITY BANK

 Home Lending **Making Home Happen**

MEMBER FDIC  EQUAL HOUSING LENDER

One Final Step

Now that you're aware of the requirements involved in obtaining a loan, here are a few things to keep in mind during the loan process:

- Try not to buy any items on credit or open new credit accounts
- Insure all payments are made on time, especially your mortgage
- Do not co-sign or start any new loan
- Relax. If you have any concerns, call us any time of the day or night so we can put your worries to rest!

Now you're ready!
Please contact me to get started.

P.S. I invest 100% of my time delivering first-class service to my customers, so if you know anyone who can benefit from my services, please pass along my contact information.

Pic.
Here

Thank you!



1ST SECURITY BANK

 Home Lending **Making Home Happen**

MEMBER FDIC  EQUAL HOUSING LENDER



Buying a Home: Your Earnest Money Check



Now that your offer has been accepted by the seller and we have an executed contract, it's time to drop off your earnest money check. Earnest money checks usually need to be dropped off within 1 business days of contract execution. So, what is earnest money? Click link below to read a great article explaining earnest money.

<https://www.realtor.com/advice/finance/understanding-the-earnest-money-deposit-2>

We will email you exactly how much your earnest money check should be made out for, who it should be made out to and where it should be dropped off. In the "For or memo" line of your check, put "EM check for (insert property address)." Put the check in an envelope and seal it. On the outside of the envelope write "EM check for (insert property address)" and your name. Generally the check is dropped off at the closing office or my office. Try to go during normal business hours to drop it off as you will need a receipt. When you get there, ask the receptionist to give you an earnest money receipt which you then need to email us, your lender, closing office. In addition, please contact me after you've dropped off the check so we can let the seller's Realtor know it's been dropped off.

If you will be delivering the earnest money check after normal business hours, please let me know so I can provide instructions for "after hours" delivery.

As a reminder, your earnest money check amount will be deducted from your final down payment and needs to be dropped off within 1 business days after contract execution.

BUYING A HOME

I have an accepted contract on a new home, now what?



Congratulations on having an accepted contract on a house, but now what?

It can take 1 – 2 days for all parties to sign and return the contract so be patient. Until we have an executed contract (which means everything has been signed by both the sellers and the buyers) we do not have an enforceable contract. Therefore, it's urgent that a signed contract be received by all parties asap. Once a signed contract is received, several things need to happen:

1. ***If you have the right to have your attorney review the contract.*** This needs to be sent ASAP to your lawyer so the attorney review can begin. Once your attorney receives the contract, he or she will begin the attorney review process. This involves looking over the contract and negotiating changes he or she wants to make. Expect to hear from your attorney within 1 – 2 days with any documents they need you to sign or changes to the contract they want you to look over. Always respond to your attorney as quickly as possible to keep the process moving forward.
2. ***The contract needs to be sent to your mortgage lender.*** Again, as your Realtor, I'll take care of this. This lets your mortgage lender know that you're under contract and starts the process for getting you approved for the mortgage (remember, right now you're only pre-approved). Be sure to respond promptly to your mortgage lender. They will ask you to fill out a lot of paperwork. Unfortunately, it's not optional; it's required and the quicker you can fill it out and get it back to them, the better. ***Also, I recommend you to read this quick two page document regarding the mortgage process***
3. ***You need to schedule the home inspection. Check out Step #9 for list of recommend home inspectors. This needs to be done asap.***
4. ***You need to write and drop off the earnest money check, see Step #7.*** Typically the earnest money check is made out to the closing company and is either in the form of a personal check, wired funds (CALL CLOSING OFFICE BEFORE WIRING) or a certified check (If wiring funds you'll need to speak directly with the closing office). Usually it is dropped off at our office within 1 business day of contract acceptance. When you drop it off, make sure you ask for a receipt. Hold on to the receipt, you may need it for your lender. After the above items have been done, I'll be in touch with you every few days with an additional next step. Think of it as a friendly way of giving you homework to ensure a smooth transaction and to help you make sure everything gets done on time.

Questions? Call/text/email me!

Estimated Closing Costs and Pre-Paid Expenses

Purchase Price	\$200,000	\$225,000	\$300,000	\$375,000
Loan Amount, based on 80% loan	\$160,000	\$180,000	\$240,000	\$300,000
Escrow/Closing Fee	\$575	\$650	\$725	\$800
Title Insurance Premium	\$600	\$640	\$680	\$720
Appraisal Fee	\$750	\$750	\$750	\$750
Processing Fee	\$995	\$995	\$995	\$995
Recording Fee	\$190	\$190	\$190	\$190
Credit Report	\$35	\$35	\$35	\$35
Tax Service Contract	\$70	\$70	\$70	\$70
Flood Zone Certification	\$8	\$8	\$8	\$8
Total Estimated Closing Costs	\$3,223	\$3,338	\$3,453	\$3,568
Prepaid Property Taxes/6 months	\$1,150	\$1,294	\$1,725	\$2,156
PrePaid Home Owner's Insurance/14 months	\$1,050	\$1,050	\$1,050	\$1,050
Total Estimated PrePaid Expenses	\$2,200	\$2,344	\$2,775	\$3,206
Other Fees				
Home Inspection	\$450	\$450	\$450	\$450
Total Settlement Costs	\$5,873	\$6,132	\$6,678	\$7,224

This document is intended only to provide an initial overview and estimate of basic closing costs for a residential home purchase. It is not a substitute for or related to a Loan Estimate. You should discuss all closing costs with your lender or mortgage professional.



Terms and Definitions Related to Buyer's Settlement Costs

Appraisal

A written estimate of a home's market value. The report is prepared by a licensed appraiser and allows a buyer and his or her lender to see how the agreed upon purchase price compares to nearby similar and recent property sales. Most lenders require an appraisal to ensure the lender that a home's value meets or exceeds the purchase price.

Credit Report

A lender's review of a borrower's credit history for purposes of determining a buyer's creditworthiness.

Earnest Money

A deposit made by a buyer to a seller at the time of contract for purposes of showing the buyer's good faith in a transaction.

Escrow

The company handling the sale/purchase transaction, including the receipt and transfer of purchase funds from the lender and buyer to the seller and transfer of legal title from the seller to the buyer.

Flood Certification

A document that states the flood zone status of a property. If the certificate states that the property is located in a flood zone, federal flood insurance is required.

Home Inspection

A licensed home inspector's examination of a property's condition. Inspections typically include an assessment of a property's roof, foundation, heating and cooling systems, plumbing, electrical work, water and sewage and some fire and safety issues.

Homeowner's Insurance Policy *BAL*

An insurance policy designed to protect a property against damages to the house itself or the possessions in the home. Some homeowner insurance policies also provide coverage against accidents that occur on the property.

Processing Fee

Charged by the lender for facilitating the loan through the lending process.

Recording Fees

The property deed and mortgage documents must be recorded with the county in which the property is located.

Tax Service

A service used by a lender throughout the life of the loan to confirm that a borrower pays his or her property taxes in a timely manner.

Title Insurance

An insurance policy guaranteeing the title to a parcel of real property is clear and properly in the name of the title owner, and that the owner has the right to deed the property (convey or sell) to another. Should a problem later arise with the title, (such as an inaccurate description), the title insurance company will pay the damages to the new title holder or secured lender or take steps to correct the problem. A Lender's Title Insurance Policy or Mortgage Insurance Policy protects the lender up to the amount borrowed from the bank and is usually purchased by the buyer. And Owner's Title Insurance Policy protects the buyer up to the purchase price and is usually purchased by the seller.



BUYING A HOME:

Get Your Down Payment Ready



Now that we're getting closer to your closing date, it's time to get your down payment ready! Remember that in addition to the down payment, you need approximately 3% of the purchase price on top of the down payment available in cash for the closing costs. Your lender should have provided you with an estimated cost to close.

If any of these funds are going to be gifted to you, be sure to let your mortgage lender know right away so he or she can get approval from the underwriter for the funds.

It's best if the down payment and closing cost funds are transferred into one account. This account must be disclosed to your mortgage lender and you must let him or her know this is the account you're going to be using for the down payment as the funds have to be tracked.

One business day before your signing date, the closing office will contact you with an estimate of the amount of money needed to close as well as the wire transfer instructions. Unfortunately, the total amount usually is not available farther in advance as the title company needs to receive final figures from your lender (if utilizing a mortgage). Amounts under \$50,000 can be paid for with a cashier's check, however, amounts over \$50,000 must be wire transferred. You'll wire transfer these funds in one lump payment at least a DAY BEFORE CLOSING. It is crucial that these funds be wire transferred the day before closing at the latest, as the Title company cannot accept it the day of closing.

While it would be nice to wire transfer the funds several days in advance, often the title company doesn't have the exact figures until the day before. Therefore, call your bank now and find out what you need to do to make a wire transfer. Most of the time you have to go into the bank personally to initiate the wire transfer. Also, find out what their cut off time is for wire transfers. Usually it's around 11am. That means you'll have to do the wire transfer by that time the day before closing in order for it to go into the title company's account on time. Once you've done the wire transfer, email me so I can make sure the title company received the funds.

At closing, any overage/extra money you paid will be refunded back to you at the very end of the closing via a check.

PLEASE NOTE: There have been a number of hackers and scammers lately trying to divert (ie. steal) closing funds to their personal accounts and away from the title companies. Generally, the wire transfer instructions will be emailed to you from the closing office. DO NOT FOLLOW WIRE TRANSFER INSTRUCTIONS SENT FROM ANYONE ELSE. ONLY FOLLOW WIRE TRANSFER INSTRUCTIONS SENT TO YOU BY THE CLOSING OFFICE. If you receive any email with changes to the wiring instructions....CALL the closing office to verify change. If you want to verify that the wire transfer instructions you received are legit, call the closing office and they can verify them with you via phone.

The Steps to a Perfect Loan

A quick overview of what you can expect from your home purchase process.



MORTGAGE APPLICATION

At this point in the process you'll need to fill out our online application (credit report included) and provide the following most up-to-date documents:

- 2 months paystubs
- 2 months asset statements
- 2 years federal tax returns
- HR contact information

While you'll likely need to provide more documents, this is a great start.

HOME SHOPPING

With pre-approval and real estate agent in tow, you begin shopping for your home. Keep in mind that during the pre-approval process estimated taxes, HOAs and assessments and insurance costs were assumed. Should you find a home with homeownership costs that exceed your assumed liability, you'll want to contact your mortgage professional.

SIGNING THE CONTRACT

After signing the contract, your loan file will be prepared and sent to the underwriter. Submitting the following in a timely manner will ensure a smoother process:

- Executed contract
- Earnest money
- Updated income and asset documents
- Other relevant documents your mortgage team will request

Your mortgage team will order your appraisal, property title, tax transcripts and many other verification reports.

CONDITIONAL APPROVAL

Once your loan is submitted and underwritten, you'll get a conditional approval returned.

So what's a conditional approval? This is an approval subject to items an underwriter needs to clear your loan to close. Documentation requests can range from an updated pay stub to a letter from your CPA explaining your self-employed earnings. Every loan scenario is different so requested documents will vary from loan to loan.

CLOSING

Once your final documentation is approved and your loan is cleared to close, your closing mortgage team will:

- Confirm your closing date and time
- Prepare your closing package
- Confirm all fees
- Send file to title company to prepare for closing day

Close your loan. Receive your keys. Celebrate!

Estimated Closing Costs and Pre-Paid Expenses

Purchase Price	\$200,000	\$225,000	\$300,000	\$375,000
Loan Amount, based on 80% loan	\$160,000	\$180,000	\$240,000	\$300,000
Escrow/Closing Fee	\$575	\$650	\$725	\$800
Title Insurance Premium	\$600	\$640	\$680	\$720
Appraisal Fee	\$750	\$750	\$750	\$750
Processing Fee	\$995	\$995	\$995	\$995
Recording Fee	\$190	\$190	\$190	\$190
Credit Report	\$35	\$35	\$35	\$35
Tax Service Contract	\$70	\$70	\$70	\$70
Flood Zone Certification	\$8	\$8	\$8	\$8
Total Estimated Closing Costs	\$3,223	\$3,338	\$3,453	\$3,568
Prepaid Property Taxes/6 months	\$1,150	\$1,294	\$1,725	\$2,156
PrePaid Home Owner's Insurance/14 months	\$1,050	\$1,050	\$1,050	\$1,050
Total Estimated PrePaid Expenses	\$2,200	\$2,344	\$2,775	\$3,206
Other Fees				
Home Inspection	\$450	\$450	\$450	\$450
Total Settlement Costs	\$5,873	\$6,132	\$6,678	\$7,224

This document is intended only to provide an initial overview and estimate of basic closing costs for a residential home purchase. It is not a substitute for or related to a Loan Estimate. You should discuss all closing costs with your lender or mortgage professional.



Terms and Definitions Related to Buyer's Settlement Costs

Appraisal

A written estimate of a home's market value. The report is prepared by a licensed appraiser and allows a buyer and his or her lender to see how the agreed upon purchase price compares to nearby similar and recent property sales. Most lenders require an appraisal to ensure the lender that a home's value meets or exceeds the purchase price.

Credit Report

A lender's review of a borrower's credit history for purposes of determining a buyer's creditworthiness.

Earnest Money

A deposit made by a buyer to a seller at the time of contract for purposes of showing the buyer's good faith in a transaction.

Escrow

The company handling the sale/purchase transaction, including the receipt and transfer of purchase funds from the lender and buyer to the seller and transfer of legal title from the seller to the buyer.

Flood Certification

A document that states the flood zone status of a property. If the certificate states that the property is located in a flood zone, federal flood insurance is required.

Home Inspection

A licensed home inspector's examination of a property's condition. Inspections typically include an assessment of a property's roof, foundation, heating and cooling systems, plumbing, electrical work, water and sewage and some fire and safety issues.

Homeowner's Insurance Policy *BAL*

An insurance policy designed to protect a property against damages to the house itself or the possessions in the home. Some homeowner insurance policies also provide coverage against accidents that occur on the property.

Processing Fee

Charged by the lender for facilitating the loan through the lending process.

Recording Fees

The property deed and mortgage documents must be recorded with the county in which the property is located.

Tax Service

A service used by a lender throughout the life of the loan to confirm that a borrower pays his or her property taxes in a timely manner.

Title Insurance

An insurance policy guaranteeing the title to a parcel of real property is clear and properly in the name of the title owner, and that the owner has the right to deed the property (convey or sell) to another. Should a problem later arise with the title, (such as an inaccurate description), the title insurance company will pay the damages to the new title holder or secured lender or take steps to correct the problem. A Lender's Title Insurance Policy or Mortgage Insurance Policy protects the lender up to the amount borrowed from the bank and is usually purchased by the buyer. And Owner's Title Insurance Policy protects the buyer up to the purchase price and is usually purchased by the seller.

BUYING A HOME:

What Can Cause a Lender to Change their mind and disapprove your mortgage?

Don't Spend Extra Money



This is very important so please read and take heed!

Your mortgage pre-approval was granted to you based on the amount of money you had at the time of the pre-approval in your savings accounts, checking accounts, retirement accounts, etc. and was based on the amount of debt you had at the time (car payments, student loans, your current mortgage if you already own a home, etc). If you go out and buy a TV, a new car, new furniture, etc....AND don't open new credit cards or co-sign on a loan. Between now and closing and changes to your finances could put your chances of being approved for your mortgage in jeopardy **AS THE LENDER PULLS YOUR CREDIT ONE MORE TIME THE DAY BEFORE CLOSING**. Therefore, it is imperative that you spend as little money between now and your closing date as possible. In addition, be sure to pay all of your monthly bills on time going forward, don't open or close any credit cards, don't take extravagant vacations, etc. Often buyers think it won't make a difference if they buy a couch, new TV, etc and charge it to their credit card, but it very well could put your loan in jeopardy. So please do not buy **ANYTHING** big until after closing.

If in doubt as to whether a potential purchase will affect your ability to obtain a mortgage, please speak with your mortgage lender.

Credit Dos and Don'ts

Good credit is critical to obtain the best interest rate and terms on a mortgage.

DO

Do Stay Current On Existing Accounts

One 30-day late notice can cost you.

Do Continue To Use Your Credit As Normal

Changing your pattern will raise a red flag and lower your credit score.

Do Call Your Mortgage Professional First

Before making any address or credit changes.

DON'T

Don't Apply For New Credit

Every time you have your credit pulled by a potential creditor or lender, you can lose points from your credit score. This includes co-signing for a loan.

Don't Max Out Credit Cards

Try to keep your credit card balances 30% below their limit during the loan process. If you pay down balances, do it across the board.

Don't Consolidate Your Debt

When you consolidate all of your debt onto one or two credit cards, it will appear that you are "maxed out" on that card and you will be penalized.

Don't Close Credit Card Accounts

If you close a credit card account, it may appear that your debt ratio has gone up. Closing a card will affect other factors in the score, including credit history.

Don't Pay Off Collections Or "Charge-Offs"

If you want to pay them off, do it through escrow at closing.



6 COMMON WAYS TO HOLD TITLE

1. A Single Man/Women

A man or woman who is not legally married
(i.e. John Doe, a single man)

2. A Married Man/Woman, As His/Her Sold and Separate Property

When a married man or woman wishes to acquire title in his or her name along, the spouse must consent by signing a quit claim deed or other similar instrument, thereby relinquishing all rights, title and interest in the property (i.e. John Doe, a married man, as his sole and separate property).

3. Community Property

The Washington Civil Code defines community property as property acquired by husband and wife, or either, during marriage, when not acquired as the separate property of either. Real property conveyed to a married man or woman is presumed to be community property unless otherwise stated. Under community property, both spouses have the Right to dispose of one-half of the community property by Will, but all of it will go to the surviving spouse without administration, if the other spouse dies without a will. If a spouse exercises his/her right to dispose of one-half, that half is subject to administration in the estate. (i.e. John Doe & Jane Doe, husband & wife, as community property).

6. Tenancy In Common

Under tenancy in common, the co-owners own undivided Interests, but unlike joint tenancy, these interests need not Be equal in quantity or duration, and may arise from different Times. There is no right of survivorship; each tenant owns an Interest which on his or her death vests in his or her heirs or Devisees (i.e. John Doe, a single man, as to an undivided 3/4th Interest, and George Smith, a single man, as to the undivided 1/4th interest as tenants in common).

4. Joint Tenancy

A joint tenancy estate may be defined as follows: "A joint interest is one owned by two or more Persons in equal shared, by a title created by a single will or transfer, when expressly declared in the will or transfer to be a joint tenancy." A chief characteristic of joint tenancy property is the right of survivorship. When a joint tenant dies title to the property immediately vests in the survivor or surviving joint tenants. As a consequence, joint tenancy property is not subject to Disposition by will (i.e. John Doe and Jane Doe, Husband & Wife, as joint tenants).

5. State Registered Domestic Partnership & Same Sex Couples

Washington State allowed same sex couples to enter into Registered Domestic Partnerships beginning in 2007. Subsequent laws expanded the scope of this law. With the 2012 passage of Referendum 74, all existing domestic partnerships unless dissolved, will convert to marriages as of June 30, 2014. Any same sex partners who entered this registry will be considered a married couple after that date. The exception to this rule Is for Senior (where one partner is at least 62 Years of age) due to possible Social Security concerns.



Buying a Home: Use the Checklist For Buying A Home

You've picked a Realtor (us!) and gotten pre-approved (yeah!). Now what? Now you need to get the big picture of what comes next throughout the entire home buying process which is why we've created a handy Checklist for Buying a Home [Click here](#) for your convenience. This gives you an overview of what you need to do along the way. But don't worry, we'll



remind you of each step as we go along as well.

*In addition, real estate terms can often be confusing such as FHA, HOA, HUD, etc. Therefore, if these terms are new to you, consider **reading** ["common real estate terms and acronyms"](#).*



CHECK LIST TO DREAM HOME

YOUR NAME(S) _____ DATE: _____

ADDRESS: _____

EMAIL: _____ PHONE: _____

Things We need you to do now

☐ Find a mortgage broker/lender. We recommend comparing at least 3 lenders/mortgage brokers to see who will give you the best terms and rates. The following are some recommended Lenders:

Donna Miller
Eagle Home Mortgage
360.874.0451
DonnaMiller@eaglehm.com

Kathy Hite
1st Security Bank
360.471.7541
Kathy.hite@fsbwa.com

Randy Tutterrow
Fairway Mortgage
360.731.3388
randyt@fairwaymc.com

☐ Sign Buyer representation agreement and Affiliated Business Arrangement Disclosure. Return to us. We will send this to you via separate email once we've decided to work together.

☐ Discuss Disclosure and Consent to Dual Agency

☐ Review the estimated closing costs from your chosen lender

☐ Interview and Hire a Home Inspector. Our favorites can be found using the above link. The home inspector generally costs \$350-\$700 depending on whether you're buying a condo, single family home, size, location, age.

☐ Change privacy settings on Facebook and LinkedIn to the highest security setting possible, while still allowing people to Friend you. Do not post anything about your home search as it can be used against us during negotiations.

☐ Send a copy of your preapproval letter to me as well as the contact info for your mortgage consultant/broker.

☐ Keep me updated on your mortgage process and be sure to authorize you mortgage lender to keep me updated. DO NOT CHANGE Lenders without calling me first. There are steps required before you make a change.

- ☐ **Do not buy anything** expensive or open new credit cards. Pay all bills on time. Be very careful with your finances from now until we close (when the deed is recorded AND you have the keys to your new home).
- ☐ **Do not change EMPLOYMENT** during the purchase without discussing with your mortgage lender
- ☐ Decide whether you want a home warranty and if this is something you want to purchase or would like us to try and negotiate during the negotiation process.
- ☐ Online home search from <http://www.reidrealestate.com>. Ask me to share "Homesnap" application. When you're out and you see a For Sale sign you can pull up the site and it will show you interior photos of the property as well as how much it is.

Once a contract has been accepted

- ☐ Arrange for a home inspection asap. Ideally it should be conducted the day after the contract is signed. Notify us of the date/time so we can make sure it works with our schedule as well as clear it with the sellers and the listing broker. Clear your schedule to attend the home inspection if possible and bring your checkbook to pay the home inspector or ask if they take credit cards. Home inspections generally take about 2-3 hours.
- ☐ Deliver earnest money check asap (due within 2 days of mutual acceptance).
- ☐ Continue the mortgage approval process. When the lender asks for something (verifications/documents, etc...), get it to them asap, otherwise closing could be delayed.
- ☐ Gather home insurance quotes
- ☐ Review all HOA documents

Additional Notes



COMMON REAL ESTATE TERMS & ACRONYMS

CMA, ARM, Conventional Loan, HOA, are you confused yet? Don't worry; most people are confused by the myriad of Real Estate terms

We recently came across this great article explaining 14 of the most common real estate terms and thought we'd add a few of our own to the list:

<https://www.businessinsider.com/14-real-estate-terms-explained-2014-1>

So you are entering the real estate world?

Whether you are trying to buy or sell a home ([or do both!](#)), you need to familiarize yourself with the lingo.

You don't want industry jargon to confuse you and keep you from missing something crucial. Here are 15 real estate buzzwords to keep you in the know.

1. Adjustable Rate Mortgage (ARM)

When applying for a home loan, you can get an adjustable-rate mortgage (ARM) or a fixed-rate mortgage. An ARM usually has a specific interest rate for a set time and then the interest rate fluctuates. Most of these mortgages have a cap on how high the interest rate may increase.

2. Amortization Schedule

First off, amortize basically means to reduce a debt. An amortization schedule is a detailed breakdown that illustrates how much interest and principal of the mortgage has been paid off and how much remains with each payment.

3. Closing

The final step in a real estate transaction, a closing is the transfer of the title of the property for money or other considerations.

4. Down Payment

The down payment is the amount of money that a buyer pays upfront in order to purchase a property. This amount is typically between 5% and 25% of the value of the property.

5. Escrow

When a third party holds property, cash and the property title until all conditions of the property agreement have been satisfied. The third party, likely a lawyer, will then hand over the assets to the respective parties, as outlined in the agreement.

6. Fannie Mae/Freddie Mac

The Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) are two government-sponsored enterprises that purchase mortgages from lending institutions. Their purpose is to promote stability and affordability in the housing market.

7. Flipping

Flipping is a [way to invest in real estate](#) with the goal of purchasing a property to re-sell it. Investors profit from the resale of the property if its market value increases either through price appreciation or repairs and remodeling.

8. Good Faith Estimate

A good faith estimate is an approximation of the total cost of the purchase of property. It is provided before the mortgage loan is secured so the homebuyer can compare the offers of different lending institutions.

9. Lien

[A lien](#) occurs when a legal claim is put on a property in order to receive payment for debt or for services rendered. The holder of the lien can sell the property in order to recover the money owed. Points Mortgage points are upfront charges the lender may add to the overall price of the mortgage. One point is equal to 1% of the total amount of the loan.

10. Pre-Approval

Pre-approval from a bank locks in an interest rate for a specific amount of time. [It is an in-depth process](#) that requires a potential buyer to provide a lending institution with proof of income and debts. The lender will most likely check your credit report in this process.

If you're considering getting pre-approved for a home loan, it's smart to make sure your credit is in good shape before you apply. You can get a breakdown of your credit strengths and weaknesses using the [free Credit Report Card](#), which also updates two of your credit scores for free every month.

11. Prequalification

When a potential buyer is screened by a lender or third party to see how much the buyer can borrow as well as the terms of the loan. This is purely informational and does not obligate the lender.

12. Prime Rate

This is the interest rate that commercial banks offer to their best customers. This generally means large corporations that are the most creditworthy.

13. Underwater

When a property's market value is less than the balance of the money owed on the mortgage. This is usually associated with drastic falls in the market value of the property.

14. Underwriting

The process a lender undergoes in determining whether to extend credit. A lender makes its decision based on a variety of factors including the borrower's credit scores, credit history, income, other debt obligations and property value.



Get Pre-approved for a Mortgage

One of the first steps to buying a home is to get preapproved by a mortgage lender. There are many reasons for getting preapproved. It's important that you have an understanding of how much you can comfortably afford to spend on a home, what your monthly payments will be, what interest rate you'll be getting, and how much you'll be paying each month in taxes, etc. It also helps me, as your Broker to know how to structure your offer. I'll need to know what type of loan you'll be getting (VA/FHA/USDA/Conventional etc...). I'll also need to know if you'll be requiring the seller to contribute funds to your closing costs and how much your down payment will be.

[Click here](#) to view a great booklet that demystifies the mortgage process from a lenders prospective. We highly recommend all buyers read before applying for a mortgage. That said we also highly recommend that you work with a local West Sound mortgage lender/broker that is familiar with our area and the requirements.

Having a good mortgage lender is a crucial part of ensuring a smooth transaction. Working with a bad mortgage lender can make the process a living hell for everyone involved and put your purchase in jeopardy of not closing on time or at all. You also might end up regretting the lender you chose for years if you end up paying a higher interest rate than you should have if you had shopped your loan through various lenders. You could also lose out on your dream property because your mortgage lender was disorganized and couldn't get you fully approved during underwriting, etc. That's why it's important to work with the best. We recommend:

Our Recommended Lenders

Kathy Hite
1st Security Bank
360.471.7541
Kathy.hite@fsbwa.com

Randy Tutterrow
Fairway Mortgage
360.731.3388
randyt@fairwaymc.com

Donna Miller
Movement Mortgage
360.874.0451
Donna.Miller@movement.com

Paperwork You Need To Gather

Each lender has slightly different requirements regarding what documentation they need from you for the preapproval process, but in general, expect to provide the following items:

- A completed application. The lender will provide this to you directly
- The two most recent months (or a quarterly statement) of any asset information listed on the application. Generally: checking, savings, 401k, mutual funds, individual stock accounts, IRA's, etc.....
- 30 days of most recent paystubs
- Past two year's worth of W2 (ie. 2017 and 2018 W2)
- Past two year's worth of US Tax Returns (ie. 2016 and 2017 Federal Tax Returns)
- 2016 and 2017 Corporate Tax Returns (if self-employed and you own over 25% of the company)

Getting a Pre-Approval Letter

Generally, once you submit the above items to your lender you should receive a pre-approval letter within 2-3 business days. The lender may ask for additional documentation. They are not trying to be difficult by asking for additional documentation, rather, after the housing bubble burst, underwriters became much stricter regarding the loan approval process so a lot more documentation is needed today than it was 10 years ago. In addition to receiving a pre-approval letter which shows the amount you can afford to purchase, you should ask your lender to show you what that preapproval amounts in terms of a monthly mortgage payment plus any PMI, taxes, and insurance. That way you can make sure you are comfortable with what your monthly housing payment will be at that pre-approval letter. Once you've received your pre-approval letter, forward it to us for your file so we can have it when we are ready to submit an offer. This letter will provide instructions to me on financing terms that should be included in your offer (ie type of loan, seller contributions, etc.)

Get a Loan Estimate and Understand Your Closing Costs

In addition, mortgage lenders are required to provide you with a Loan Estimate (LE) within 3 days of receiving your pre-approval. The LE provides an estimate of the closing costs you'll need on top of your down payment and shows exactly what fees the mortgage lender is charging you. Make sure you understand these fees. Generally, we estimate closing costs to be approximately 2.5% of the purchase price of the property. **Here is a chart showing approximate closing costs in our area.** Your mortgage lender can provide you with more detailed estimates based on your exact pre-approval price. Remember, these closing costs are due at closing (except for the appraisal and inspection fees which are due on the day those services occur) and are on top of your down payment. Therefore, if you're buying a \$500,000 property and putting down 20% towards the loan you'll need to have \$112,500 cash available at closing (\$100,000 for your down payment and approximately \$12,500 for the closing costs).

Should You Shop Your Loan Around?

Absolutely. Every lender charges different fees and different interest rates so it's crucial you shop your loan around to at least two lenders, in my opinion. We recommend doing so within 10 days as the lenders will need to pull your credit report in order to give you an accurate preapproval letter. If your credit is pulled by various lenders multiple times it could affect your credit by a few points. If you do this within 10 days between having your credit pulled it generally won't affect your credit at all.



Buying a Home: Your Earnest Money Check



Now that your offer has been accepted by the seller and we have an executed contract, it's time to drop off your earnest money check. Earnest money checks usually need to be dropped off within 1 business days of contract execution. So, what is earnest money? Click link below to read a great article explaining earnest money.

<https://www.realtor.com/advice/finance/understanding-the-earnest-money-deposit-2>

We will email you exactly how much your earnest money check should be made out for, who it should be made out to and where it should be dropped off. In the "For or memo" line of your check, put "EM check for (insert property address)." Put the check in an envelope and seal it. On the outside of the envelope write "EM check for (insert property address)" and your name. Generally the check is dropped off at the closing office or my office. Try to go during normal business hours to drop it off as you'll need to get a receipt. When you get there, ask the receptionist to give you an earnest money receipt which you then need to email us, your lender, closing office. In addition, please contact me after you've dropped off the check so we can let the seller's Realtor know it's been dropped off.

If you you'll be delivering the earnest money check after normal business hours please let me know so I can provide instructions for "after hours" delivery.

As a reminder, your earnest money check amount will be deducted from your final down payment and needs to be dropped off within 1 business days after contract execution.



Buying a Home:

Finding the Home of Your Dreams

At this point, you're probably excited and full of optimism. You've gotten pre-approved, your checklist printed out and have



(hopefully) started to complete it. Now comes the most important step. Finding the right home.

Before we start, make a list of your top 4-6 needs and a list of your top 4-6 wants. Examples of needs are:

- *3 bedrooms (because we have 2 kids and they will fight and drive us crazy if they have to share a room)*
- *In a certain school district/s*
- *Yard for the dog (because you're sick of walking the dog in the dead of winter)*
- *Central AC (because the kids are driving you crazy complaining about the heat)*
- *Updated and move in ready (because you don't even own a hammer)*

These are the things you absolutely cannot live without. You won't even see a property unless it has every one of the above items. Get it?

Then, make a list of your wants. Examples of wants are:

- *Hardwood floors throughout*
- *Ensuite master bathroom with double sinks*
- *Updated kitchen with granite and stainless steel*
- *Wood burning fireplace*
- *Rainbows over the home, flying unicorns, and pots of gold in every room*

These are the things you'd really like, but can live without if needed (unless your budget is \$40 million then we can probably find something with everything on your list).

Once you've made your lists, email them to us. That way when you see a property you love with the kitchen of your dreams we can remind you that it doesn't have central AC so we don't waste time seeing it. Once that's done, we'll set you up for auto search on MLS. This means when homes become available you'll get an email with all of the new properties that have come on the market that day matching your criteria as well as any price changes which put homes in your budget that were previously over your budget.

When the email comes in we need you to:

- 1. Check the MLS email frequently and review all of the properties that may have been sent to you for your review. Mark properties you want to see as Interested. That tells us to go ahead and set up a showing. Properties you want to think about longer mark as Maybe. Properties you definitely don't like mark as Not Interested. If you have any questions about a particular property, write those questions in the Comments field for that property in MLS.*
- 2. If there's something you want to see, shoot me a quick email/text or call to let me know when you're available and what you want to see. That way I can set up the showings. Remember, most properties require 24 to 48 hours notice for showings so it's rare to be able to see a house or condo the same day.*
- 3. Once I know when you're available, I'll set up the showings and contact you where we are meeting and when.*

4. *Remember to wear comfortable slip on shoes for showings as we'll generally need to take them on and off at each property.*
5. *I will bring printouts for each property so no need for you to bring anything other than snacks or drinks if you think you might get hungry.*

At this point there should be no need for you to continue to look on other sites such as Zillow, Trulia, etc. as all of those properties should be showing up in your MLS feed. If one isn't for some reason let me know so I can tweak the search parameters of your MLS feed.

Now on to the showings! [Read this great article about how many showings it usually takes to find the ONE.](#)

Buying a Home:

Time For Showings!

You've found properties on the MLS you're interested in seeing, We've set up your showings and we head out soon to see them!



Before we head out here are a few important things to know:

- *Most sellers require you are pre-approved before being able to see their home.*
- *Sellers usually require 24 hours notice prior to showings. They may also put other limitations on showings such as no showings after 6pm or on Sundays, etc.*
- *Some sellers will have Nanny Cams in their homes so be **aware of what you say and do**. Don't talk about how much you can afford, what kind of offer you want to make on the home, etc. while in the house in case someone is listening.*
- *Wear comfortable slip on shoes as we may be asked to remove our shoes in some homes.*
- *If a lot of sunlight is important to you in a home, then try to do showings during daylight hours.*
- *Dress for the weather. The walkway or driveway may be snowy, icy, muddy, etc. The house may or may not have AC or heat.*
- *Vacant houses may not have any utilities turned on.*
- *Don't assume we'll be able to use the restroom so plan accordingly.*
- *Focus on the property not their furnishings, artwork, etc. as you're buying the property not their stuff.*
- *Avoid touching furniture or personal items as we don't want to be responsible should something break.*
- *Remind children not to play with the toys and things they see in the house.*
- *The home inspection comes AFTER a contract is agreed upon and signed by both the buyer and seller. During a typical showing we should not be in the crawl spaces, attic, etc.*
- *If sellers are home, be careful not to give too much away about yourself and why you're buying as that information could hurt us later during the negotiation process.*
- *Bring drinks and snacks as looking at lots of homes can be grueling!*

Now let's go see some homes!



Buying a Home:

I Want to Make An Offer On A Home I Love



Fabulous! You've found the perfect home and want to put in an offer. In today's market we need to put your offer in asap; ideally within a few hours. Before we can put an offer in on a home, there are a few things we need you to provide for me:

Full legal name: *Please provide the full legal name of anyone who will be on the contract as well as their phone number, email address AND how you'll be taking title to the property. (See document "6 Common Ways to Hold Title")*

Offer price: *What price do you want to offer for the home? Let's have a discussion*

Your walk away price: *Don't expect to pay your initial offer price as it's rare for a seller to accept your initial offer without some negotiating back and forth. That's why it's called an initial offer. In addition to deciding what offer you want to put in to start, we need you to decide now how much you're willing to pay for this property and what your walk away price is before.*

Closing date: *Typically closing takes place 30-45 days from contract acceptance. Sometimes you can ask for a longer closing date depending on the seller's needs, but we wouldn't expect it. Therefore, if you want to move around June 1, plan on putting in offers around mid April or sooner. If you're paying 100% cash you can often close faster than 30 days (around 21 days), but 30 days is usually the required minimum if you're using a mortgage to buy the property.*

Earnest money: *How much earnest money are you comfortable putting down on this property? Typically, contracts ask for 1% of the purchase price as earnest money, although more is better, as your offer will be stronger. This earnest money is due within 2 days of mutual acceptance. The earnest money is part of your down payment.*

Down payment: *For the contract, we need to know how much you're going to put down for your down payment.*

Closing cost credits: *Do you want to ask the seller for concessions for your closing costs which would go towards the amount of closing cost fees you have to pay for on top of your down payment? Remember, in doing that in the seller's eyes that is a reduction in their proceeds. So if your offer is \$500,000 and you are asking the seller to pay 2.5% of the sale price towards your closing cost, that is \$12,500. To the seller it's as if you've offered \$487,500 and not \$500,000. Remember that when negotiating the price and asking for closing costs to be paid.*

Home warranty: *Do you want to ask the seller to provide a home warranty on the property?*

Contingencies: *Are there any other contingencies I need to be aware of? Do you need to sell your current home before we can buy this home? Do you plan on having your attorney review the offer (this should be completed PRIOR to submitting to seller)? Lastly, buyers sometimes want to know what happens if the contract is accepted and they have a change of heart or the inspection reveals a huge problem. [Read about "getting out of a signed contract"](#)*

BUYING A HOME

I have an accepted contract on a new home, now what?



Congratulations on having an accepted contract on a house, but now what?

It can take 1 – 2 days for all parties to sign and return the contract so be patient. Until we have an executed contract (which means everything has been signed by both the sellers and the buyers) we do not have an enforceable contract. Therefore, it's urgent that a signed contract be received by all parties asap. Once a signed contract is received, several things need to happen:

1. ***If you have the right to have your attorney review the contract.*** This needs to be sent ASAP to your lawyer so the attorney review can begin. Once your attorney receives the contract he or she will begin the attorney review process. This involves looking over the contract and negotiating changes he or she wants to make. Expect to hear from your attorney within 1 – 2 days with any documents they need you to sign or changes to the contract they want you to look over. Always respond to your attorney as quickly as possible to keep the process moving forward.
2. ***The contract needs to be sent to your mortgage lender.*** Again, As your Realtors, I'll take care of this. This lets your mortgage lender know that you're under contract and starts the process for getting you approved for the mortgage (remember, right now you're only pre-approved). Be sure to respond promptly to your mortgage lender. They will ask you to fill out a lot of paperwork. Unfortunately, it's not optional; it's required and the quicker you can fill it out and get it back to them, the better. ***Also, I recommend you to read this quick two page document regarding the mortgage process***
3. ***You need to schedule the home inspection. Check out Step #9 for list of recommend home inspectors. This needs to be done asap.***
4. ***You need to write and drop off the earnest money check, see Step #7.*** Typically the earnest money check is made out to the closing company and is either in the form of a personal check, wired funds(CALL CLOSING OFFICE BEFORE WIRING) or a certified check (If wiring funds you'll need to speak directly with the closing office). Usually it is dropped off at our office within 1 business day of contract acceptance. When you drop it off make sure you ask for a receipt. Hold on to the receipt you may need it for your lender. After the above items have been done, I'll be in touch with you every few days with an additional next step. Think of it as a friendly way of giving you homework to ensure a smooth transaction and to help you make sure everything gets done on time.

Questions? Call/text/email me!

BUYING A HOME



Schedule a Home Inspection

Once a contract has been submitted, schedule a home inspection asap. It can always be cancelled if we can't come to terms on the contract.

Ideally, the inspection should occur within the next 2-3 days, however, during the busy summer months, inspectors may be booked out up to a week or more in advance. It's important that the home inspection occur quickly as it often takes the inspector 1-2 days to write the report after the inspection. Once the report is written we still need some time to review the report and ask the seller for any credits or repairs before we proceed with completing your financing and move towards your closing day!

It is very important to attend the inspection which will take approximately 2-3 hours for a single family home. You should arrange to be off work for the inspection.

Legally I cannot schedule the home inspection for you so this is something you need to do. Some recommended home inspectors are:

True Tech Inspections

John Van Djyk

360-731-2602

truetechninspections@gmail.com

truetechhomeinspectionsservice.com

CP Home Inspections

Casey Pleskun

360-710-7668

casey@sphomeinspectionsllc.com

Ron Perkerewicz Inspection

Ron Perkerewicz

360-307-8512

www.inspectionandpermitservices.com/inspection

Always, confirm that the inspector is approved and holds an "active" license with the State of Washington:

<https://fortress.wa.gov/dol/dolprod/bpdLicenseQuery/lqsSearchResults.aspx>

Once the inspection is scheduled, let us know so we can confirm that day and time will work with the seller and our schedule, as we ALWAYS attend the inspection. Plan to bring your checkbook or credit card to the inspection to pay the inspector.

BUYING A HOME:

Tips for Attending the Home Inspection



Attending the home inspection is one of the most important parts of buying a new home as it's a huge financial investment with long term repercussions and you want to make sure the home you're buying is in good shape. Therefore, we feel strongly that buyers should always be at the home inspection. Yes, you'll get a written report after the inspection, but it doesn't give you nearly as clear of a picture of the condition of the house as being there to see any problems for yourself and ask the inspector follow up questions. Plus, unless you're extremely knowledgeable about home construction, it's difficult to understand what in the inspection report is a big problem or defect and what is really a minor issue. Instead, it's easy to get worked up about ungrounded outlets, but not realize that the water seepage in the basement is a much bigger and more extensive problem to fix.

Here is our list of tips for attending the home inspection:

1. Inspections generally take about 2-3 hours. Plan to be there the entire time.
2. The inspector isn't psychic. He can only see obvious defects and cannot see what is going on inside the walls with plumbing, electrical, etc. Therefore, having a clean inspection report doesn't mean you won't ever have a problem with a home. What can be seen will be reported.
3. Don't be afraid to ask questions of the inspector, especially if you don't understand what he is explaining to you. It's crucial you understand each issue and whether it's a minor issue or an expensive repair.
4. Bring a tape measure with you to take any needed room measurements as we may not be able to get back into the home until the walk through the day before closing.
5. Bring your checkbook with you as most inspectors require payment at the end of the inspection.
6. Inspection reports are generally emailed to you within 2 days after the inspection. As soon as you get the inspection report be sure to email it to me so we can look it over. We'll then set up a time to discuss any items we want to ask the seller to fix or give a closing cost credit to repair after closing, if required
7. Remember that the point of the inspection is to:
 - a. Discover safety &/or health issues
 - b. See if there are any structural issues
 - c. Discover any needed repairs to the working components. For instance we want to make sure that all of the appliances are working, that the furnace and AC units are working, etc.
 - d. We are NOT there to nit pick because we don't like the paint colors, there is a dent in the fridge door, the furnace needs to be cleaned, the gutters need to be swept out, etc. Remember, we are mainly concerned with safety, health or structural issues and things not working.



BUYING A HOME:

What Is The Inspection Time Period?



Now that a contract has been executed and earnest money dropped off, we are officially in the inspection time period, which is typically within 10 days of a mutually agreed Purchase & Sale Agreement. During the inspection time period, we conduct the inspection and negotiate any inspection issues. It is important to note, once the seller has received your response to the inspection there is a 3 day timeframe for the sellers to respond to inspection items. If the seller does not respond within the 3 days, then it is YOUR decision to either rescind the purchase or proceed with the purchase in 'as is' condition and proper notice must be given to the seller (seller's broker) within 2 business days. If the seller responds to your request with another other than acceptance of your request, then you have 2 days from seller's counter of your inspection response.

NOTE: If your home inspector recommends additional inspections you can request an additional 5 days to obtain additional inspections. We will assist you in your response.

In addition, it is important to keep in mind that the duty of a home inspector is to provide you with a detailed report of items that are safety, structural and health concerns as well as maintenance issues and recommendations to extend the life of the homes function and components.

If we cannot get all of the above completed during the time frame agreed upon in the contract, we can ask for an extension of the inspection time period.



BUYING A HOME:

The Appraisal

Congratulations!

If you've gotten this far it means you're past the inspection period and now it's time for the appraisal.

What is the appraisal?

An appraisal is completed by a licensed appraiser to provide evidence to the buyers lender that the value of the property is equal to or more then the purchase price.

Who orders the appraisal?

Your mortgage lender is the person who orders the appraisal

Who paid for the appraisal?

This is a buyer's cost, as part of obtaining the loan.

How much does an appraisal cost?

Typically an appraisal cost between \$750-\$950 but can be more, depending on the circumstances (rush, location, size)

A few tips about the appraisal:

- *You do not need to attend.*
- *The buyer's Realtor does not attend either.*
- *Once you pay for the appraisal, it generally takes about 2 weeks before the appraiser comes out to conduct the appraisal. After that it usually takes another week or so for the report to be written. Expect it take about 3 weeks from when the appraisal was ordered for it to be receive by your lender.*
- *Once the report is written, it's given to your mortgage lender. Your mortgage lender will then forward it to you and let you know whether the property appraised at the purchase price, below the purchase price, or above the purchase price.*
- *If the property appraised at the purchase price, nothing further needs to be done and the closing process will proceed forward as planned.*
- *If the property appraised for more than the purchase price, congratulations! That means we got you a great deal and you'll have instant equity in your home on the day you move in!*
- *If the property appraised for less than the purchase price, we have a problem. That means the bank will only give you a loan for the appraised value. In this case, we then go back and renegotiate the purchase price down with the sellers, ideally to the appraisal price. If they won't come down to the appraisal price, then you can choose to either walk away and get your earnest money back or bring the additional funds to closing. For instance, if the purchase price is \$500K, but the appraisal only came in at \$475K and the sellers won't go any lower than \$480K you have to decide if you're going to bring an extra \$5K on top of your down payment and closing costs to closing or walk away from the deal.*

Once we've talked through the above and you've emailed us your answers, I'll prepare the contract and have you sign it via a program called Authentisign, or meeting with you in person for signatures. [Click here to view instructions on signing documents electronically via Authentisign or click this link to view video <https://vimeo.com/141422987>](#). I'll submit it to the seller's broker when I receive the signed offer. While negotiations sometimes go quickly, be prepared that it could take 24-72 hours to negotiate the offer if the seller is out of town, wants to sleep on it, if we're dealing with a bank owned property, etc. Every seller is different and some people can make decisions quickly whereas others need time to think things through. Patience is now the name of the game.

BUYING A HOME:

Review the Title Report & Neighborhood Documents (HOA's)



If you're buying a condo, you need to review and approve or disapprove the condominium documents. These documents generally include the Declarations and Bylaws, the Rules and Regulations, the current year budget, the meeting minutes, and the re-sale certificate. If you're buying a single family home in a development/neighborhood that have Covenants, Conditions & Restrictions (CC&Rs) you may have the same documents, but not the 'resale certificate'.

The reason you need to review these documents is to ensure that the Association is healthy financially or if there could be potential problems, either with big upcoming maintenance issues or delinquent owners who aren't paying their HOA fees, etc. When you buy a condo, you're not just buying your particular unit, but you're also buying into the building. You need to figure out if the building is stable. When reviewing the documents look for rules such as:

- 1. Are there pet restrictions (number of pets, breeds, weights, etc.)?*
- 2. Can you move in any day/time or are there restrictions on when you're allowed to move in?*
- 3. Are there are move in fees or procedures such as needing to reserve an elevator?*
- 4. Can you lease your unit and, if so, for how long?*
- 5. Is more than 50% of the building renters? If so, there is a good chance your mortgage lender won't approve the loan as a building with too many renters is a risky investment*
- 6. Are there any current or pending special assessments that are over and above the normal dues.*

For all of the above reasons, it is strongly urge you to read each document thoroughly. Write down any questions or issues you'd like to know more about so we can ask for clarification or further documentation. Pay particular attention to the meeting minutes as this is often where you'll learn what's really going on in the building and any future plans for big ticket repairs.



BUYING A HOME:



Set Up Homeowner's Insurance

One of the things the mortgage underwriter will require you do at some point during the underwriting process is to set up Homeowner's Insurance, so it's better to get a start on this task now. For most people, your home is the biggest purchase you will ever make and you want to make sure it's properly insured.

Our biggest piece of advice is to shop your homeowner's insurance around because rates can vary dramatically we recommend starting with whatever company insures your car and getting a quote from them first as you'll likely get a discount for already having car insurance through them.



BUYING A HOME:

Get Your Down Payment Ready



Now that we're getting closer to your closing date, it's time to get your down payment ready! Remember that in addition to the down payment you need approximately 3% of the purchase price on top of the down payment available in cash for the closing costs. Your lender should have provided you with an estimated cost to close.

If any of these funds are going to be gifted to you, be sure to let your mortgage lender know right away so he or she can get approval from the underwriter for the funds.

It's best if the down payment and closing cost funds are transferred into one account. This account must be disclosed to your mortgage lender and you must let him or her know this is the account you're going to be using for the down payment as the funds have to be tracked.

One business day before your signing date, the closing office will contact you with an estimate of the amount of money needed to close as well as the wire transfer instructions. Unfortunately, the total amount usually is not available farther in advance as the title company needs to receive final figures from your lender (if utilizing a mortgage). Amounts under \$50,000 can be paid for with a cashier's check, however, amounts over \$50,000 must be wire transferred. You'll wire transfer these funds in one lump payment at least a DAY BEFORE CLOSING. It is crucial that these funds be wire transferred the day before closing at the latest as the Title company cannot accept it the day of closing.

While it would be nice to wire transfer the funds several days in advance, often the title company doesn't have the exact figures until the day before. Therefore, call your bank now and find out what you need to do to make a wire transfer. Most of the time you have to go into the bank personally to initiate the wire transfer. Also, find out what their cut off time is for wire transfers. Usually it's around 11am. That means you'll have to do the wire transfer by that time the day before closing in order for it to go into the title company's account on time. Once you've done the wire transfer, email me so I can make sure the title company received the funds.

At closing, any overage/extra money you paid will be refunded back to you at the very end of the closing via a check.

PLEASE NOTE: There have been a number of hackers and scammers lately trying to divert (ie. steal) closing funds to their personal accounts and away from the title companies. Generally, the wire transfer instructions will be emailed to you from the closing office. DO NOT FOLLOW WIRE TRANSFER INSTRUCTIONS SENT FROM ANYONE ELSE. ONLY FOLLOW WIRE TRANSFER INSTRUCTIONS SENT TO YOU BY THE CLOSING OFFICE. If you receive any email with changes to the wiring instructions....CALL the closing office to verify change. If you want to verify that the wire transfer instructions you received are legit, call the closing office and they can verify them with you via phone.



BUYING A HOME:

Give Notice To Your Landlord



If you're currently renting, you need to give notice to your landlord that you're going to be moving out. By WA law, you only need to give 20 days notice PRIOR to the next rent due date. For instance, if your rent is due on the 1st of December, you'll need to give notice no later than November 10th. Its best to keep a good relationship with your landlord and let them know asap that you are looking to purchase a house, for many reasons:

- 1. Your lender may be requesting verification of rent payment history*
- 2. You might need to extend your closing date and not vacate as soon as you had hoped.*

You might want to consider waiting on giving 'written' notice until the inspection and appraisal have been completed and you are assured there are no issues that would delay closing on your new home. AND you will have plenty of time to leisurely move from your rental apartment to your new home.

BUYING A HOME:

Schedule The Closing On Your Calendar



Now that you have an executed contract, it's important to schedule the closing on your calendar and arrange to take the day off from work. Here are a few things to know about your closing date as specified on your executed contract:

- It could change. While we hope closing occurs on your closing date, there are many factors which could cause it to be pushed back, such as a tight time frame for closing (anything 45 days or less) causing the mortgage company to need more time, etc. However, for planning purposes right now, count on your closing date being the final date.
- Closing generally takes place at a title company's escrow office. On average closing takes about 2 hours, but if there is a problem it could take more. For this reason it's important that you arrange to take the time off work. If you have a time preference, please let the closing office know.
- The exact signing time won't be scheduled until your mortgage officer gives the "Clear to Close" (CTC), meaning you've been completely approved for the loan without any conditions. This generally occurs 2 days to one week prior to your closing date and is when your loan documents will be ordered and sent to the closing office.
- The closing office cannot schedule your appointment for signing until they have received the loan documents from the lender.
- Once the closing office has the documents they will contact you to schedule a time for you to come into their office to sign. If you intend to wire your down payment & closing costs be sure to get the amount needed and wiring instructions from the closing office. Please read the [WIRING FRAUD](#) pamphlet!
- The day prior to closing you will need to wire transfer your down payment and closing costs to the closing company. The wire instructions for this transfer will come from the closing office. **Do not follow anyone else's instructions unless it comes from the closing office....if you receive an email with ANY changes on the wiring instructions, please pick up the phone and call the closing office to verify change.** There are many scams out there targeted at buyers where scammers will email you fake wire transfer instructions in an attempt to steal your money. Therefore, it is imperative that you only follow instructions sent from the closing office and NO ONE ELSE.
- Signing documents and 'closing' are 2 different events and rarely happen the same day. Typically after you have signed all the documents the closing office will send the documents for your lenders review and approval. Upon the lender approval they will release the funds to closing and record.
- The day you sign documents is a good day to call all the utilities and request that they be put into your name effective the day of closing.
- Once the lender has released funds to close & record then it's yours! According to the terms of the agreement the seller does have until 9pm of the closing day to vacate, but typically sellers will give keys upon receipt of recording numbers.
- Legally you can't move into the house until the end of closing once the bank funds the loan and transfers the funds to the seller.



BUYING A HOME:

What to Expect At Signing

It's signing time!

Once you've received the Clear to Close, which means that the lenders and underwriters have looked at all of the paperwork, your bank accounts, etc. and have approved the loan. we'll schedule the final walk through. This usually occurs the day before signing documents or right after signing.

The closing office is indicated on the face of the Purchase & Sale Agreement. Generally, the parties make every effort to close at a location close to the property being purchased. If your schedule requires that you sign in a location away from the property please let the closing office and me know as soon as possible. Signing will not be set until the Buyer's lender issues a clear to close (CTC) loan approval and closing office has received lender documents.

A few important reminders for signing:

- 1. Bring your photo ID with you (ideally a driver's license or passport)*
- 2. Bring copies of your earnest money receipts and wire transfer receipt for the deposit and closing costs*



BUYING A HOME:

Hook up your utilities



This is one of those annoying tasks that no one thinks about doing ahead of time, but is crucial. Call now and have utilities transferred into your name as of the date of closing/recording. Make sure to get the gas, water, sewer, garbage and electric changed into your name. Your Purchase & Sale Agreement mostly likely included the NWMLS Form 22K "Utility Addendum" that usually lists all the utilities servicing the property. However, it may not include the Cable TV or internet provider. If you aren't sure who services the area, drop me an email or call and I'll be happy to help.

You'll also want to call your TV and internet provider asap as most likely you'll need to set up an appointment with them to come out and install service and it can take weeks to get the appointment. If you're buying in a condo building, check with the HOA President or Property Management company to see if either cable or internet are included in your HOA fee. If not, find out if there is a certain provider you have to use or if you can use whomever you'd like.

BUYING A HOME



Schedule a Home Inspection

Once a contract has been submitted, schedule a home inspection asap. It can always be cancelled if we can't come to terms on the contract.

Ideally, the inspection should occur within the next 2-3 days, however, during the busy summer months, inspectors may be booked out up to a week or more in advance. It's important that the home inspection occur quickly as it often takes the inspector 1-2 days to write the report after the inspection. Once the report is written we still need some time to review the report and ask the seller for any credits or repairs before we proceed with completing your financing and move towards your closing day!

It is very important to attend the inspection which will take approximately 2-3 hours for a single family home. You should arrange to be off work for the inspection.

Legally I cannot schedule the home inspection for you, so this is something you need to do. Some recommended home inspectors are:

True Tech Inspections

John Van Djyk

360-731-2602

truetechinspections@gmail.com

truetechhomeinspectionsservice.com

CP Home Inspections

Casey Pleskun

360-710-7668

casey@sphomeinspectionsllc.com

Ron Perkerewicz Inspection

Ron Perkerewicz

360-307-8512

www.inspectionandpermitservices.com/inspection

Always, confirm that the inspector is approved and holds an "active" license with the State of Washington:

<https://professions.dol.wa.gov/s/license-lookup>

Once the inspection is scheduled, let us know so we can confirm that day and time will work with the seller and our schedule, as we ALWAYS attend the inspection. Plan to bring your checkbook or credit card to the inspection to pay the inspector.

BUYING A HOME:

Tips for Attending the Home Inspection



Attending the home inspection is one of the most important parts of buying a new home as it's a huge financial investment with long term repercussions and you want to make sure the home you're buying is in good shape. Therefore, we feel strongly that buyers should always be at the home inspection. Yes, you'll get a written report after the inspection, but it doesn't give you nearly as clear of a picture of the condition of the house as being there to see any problems for yourself and ask the inspector follow up questions. Plus, unless you're extremely knowledgeable about home construction, it's difficult to understand what in the inspection report is a big problem or defect and what is really a minor issue. Instead, it's easy to get worked up about ungrounded outlets, but not realize that the water seepage in the basement is a much bigger and more extensive problem to fix.

Here is our list of tips for attending the home inspection:

1. Inspections generally take about 2-3 hours. Plan to be there the entire time.
2. The inspector isn't psychic. He can only see obvious defects and cannot see what is going on inside the walls with plumbing, electrical, etc. Therefore, having a clean inspection report doesn't mean you won't ever have a problem with a home. What can be seen will be reported.
3. Don't be afraid to ask questions of the inspector, especially if you don't understand what he is explaining to you. It's crucial you understand each issue and whether it's a minor issue or an expensive repair.
4. Bring a tape measure with you to take any needed room measurements as we may not be able to get back into the home until the walk through the day before closing.
5. Bring your checkbook with you as most inspectors require payment at the end of the inspection.
6. Inspection reports are generally emailed to you within 2 days after the inspection. As soon as you get the inspection report be sure to email it to me so we can look it over. We'll then set up a time to discuss any items we want to ask the seller to fix or give a closing cost credit to repair after closing, if required.
7. Remember that the point of the inspection is to:
 - a. Discover safety &/or health issues
 - b. See if there are any structural issues
 - c. Discover any needed repairs to the working components. For instance we want to make sure that all of the appliances are working, that the furnace and AC units are working, etc.
 - d. We are NOT there to nit pick because we don't like the paint colors, there is a dent in the fridge door, the furnace needs to be cleaned, the gutters need to be swept out, etc. Remember, we are mainly concerned with safety, health or structural issues and things not working.



BUYING A HOME:

What Is The Inspection Time Period?



Now that a contract has been executed and earnest money dropped off, we are officially in the inspection time period, which is typically within 10 days of a mutually agreed Purchase & Sale Agreement. During the inspection time period, we will be there with you while the inspection is being done and then discuss inspection issues and negotiate any issues on your behalf with the sellers. It is important to note, once the seller has received your response to the inspection there is a 3-day timeframe for the sellers to respond to inspection items. If the seller does not respond within the 3 days, then it is YOUR decision to either rescind the purchase or proceed with the purchase in 'as is' condition and proper notice must be given to the seller (seller's broker) within 2 business days. If the seller responds to your request with anything other than acceptance of your request, then you have 2 days from seller's counter of your inspection response.

NOTE: If your home inspector recommends additional inspections, you can request an additional 5 days to obtain additional inspections. We will assist you in your response.

In addition, it is important to keep in mind that the duty of a home inspector is to provide you with a detailed report of items that are safety, structural and health concerns as well as maintenance issues and recommendations to extend the life of the homes function and components.

If we cannot get all of the above completed during the time frame agreed upon in the contract, we can ask for an extension of the inspection time period.

BUYING A HOME:

Review the Title Report & Neighborhood Documents (HOA's)



If you're buying a condo, you need to review and approve or disapprove the condominium documents. These documents generally include the Declarations and Bylaws, the Rules and Regulations, the current year budget, the meeting minutes, and the re-sale certificate. If you're buying a single-family home in a development/neighborhood that have Covenants, Conditions & Restrictions (CC&Rs) you may have the same documents, but not the 'resale certificate'.

The reason you need to review these documents is to ensure that the Association is healthy financially or if there could be potential problems, either with big upcoming maintenance issues or delinquent owners who aren't paying their HOA fees, etc. When you buy a condo, you're not just buying your particular unit, but you're also buying into the building. You need to figure out if the building is stable. When reviewing the documents look for rules such as:

- 1. Are there pet restrictions (number of pets, breeds, weights, etc.)?*
- 2. Can you move in any day/time or are there restrictions on when you are allowed to move in?*
- 3. Are there move in fees or procedures such as needing to reserve an elevator?*
- 4. Can you lease your unit and, if so, for how long?*
- 5. Is more than 50% of the building renters? If so, there is a good chance your mortgage lender won't approve the loan as a building with too many renters is a risky investment*
- 6. Are there any current or pending special assessments that are over and above the normal dues?*

For all the above reasons, you are strongly urged to read each document thoroughly. Write down any questions or issues you'd like to know more about so we can ask for clarification or further documentation. Pay particular attention to the meeting minutes as this is often where you'll learn what's really going on in the building and any future plans for big ticket repairs.



BUYING A HOME:

The Appraisal

Congratulations!

If you have gotten this far, it means you are past the inspection period and now it's time for the appraisal.

What is the appraisal?

An appraisal is completed by a licensed appraiser to provide evidence to the buyer's lender that the value of the property is equal to, or more than, the purchase price.

Who orders the appraisal?

Your mortgage lender is the person who orders the appraisal

Who paid for the appraisal?

This is a buyer's cost, as part of obtaining the loan.

How much does an appraisal cost?

Typically, an appraisal costs between \$750-\$950 but can be more, depending on the circumstances (rush, location, size)

A few tips about the appraisal:

- *You do not need to attend.*
- *The buyer's Realtor does not attend either.*
- *Once you pay for the appraisal, it generally takes about 2 weeks before the appraiser comes out to conduct the appraisal. After that it usually takes another week or so for the report to be written. Expect it take about 3 weeks from when the appraisal was ordered for it to be receive by your lender.*
- *Once the report is written, it's given to your mortgage lender. Your mortgage lender will then forward it to you and let you know whether the property appraised at the purchase price, below the purchase price, or above the purchase price.*
- *If the property appraised at the purchase price, nothing further needs to be done and the closing process will proceed forward as planned.*
- *If the property appraised for more than the purchase price, congratulations! That means we got you a great deal and you'll have instant equity in your home on the day you move in!*
- *If the property appraised for less than the purchase price, we have a problem. That means the bank will only give you a loan for the appraised value. In this case, we then go back and renegotiate the purchase price down with the sellers, ideally to the appraisal price. If they won't come down to the appraisal price, then you can choose to either walk away and get your earnest money back or bring the additional funds to closing. For instance, if the purchase price is \$500K, but the appraisal only came in at \$475K and the sellers won't go any lower than \$480K you have to decide if you're going to bring an extra \$5K on top of your down payment and closing costs to closing or walk away from the deal.*



BUYING A HOME:



Set Up Homeowner's Insurance

One of the things the mortgage underwriter will require you do at some point during the underwriting process is to set up Homeowner's Insurance, so it's better to get a start on this task now. For most people, your home is the biggest purchase you will ever make and you want to make sure it's properly insured.

Our biggest piece of advice is to shop around for your homeowner's insurance, because rates can vary dramatically. We recommend starting with whatever company insures your car and getting a quote from them first as you'll likely get a discount for already having car insurance through them.



BUYING A HOME:

Give Notice To Your Landlord



If you're currently renting, you need to give notice to your landlord that you're going to be moving out. By WA law, you only need to give 20 days notice PRIOR to the next rent due date. For instance, if your rent is due on the 1st of December, you'll need to give notice no later than November 10th. Its best to keep a good relationship with your landlord and let them know asap that you are looking to purchase a house, for many reasons:

- 1. Your lender may be requesting verification of rent payment history*
- 2. You might need to extend your closing date and not vacate as soon as you had hoped.*

You might want to consider waiting on giving 'written' notice until the inspection and appraisal have been completed and you are assured there are no issues that would delay closing on your new home. Also, you will have plenty of time to leisurely move from your rental apartment to your new home.

BUYING A HOME:

Schedule The Closing On Your Calendar



Now that you have an executed contract, it's important to schedule the closing on your calendar and arrange to take the day off from work. Here are a few things to know about your closing date as specified on your executed contract:

- *It could change.* While we hope closing occurs on your closing date, there are many factors which could cause it to be pushed back, such as a tight time frame for closing (anything 45 days or less) causing the mortgage company to need more time, etc. However, for planning purposes right now, count on your closing date being the final date.
- *Closing generally takes place at a title company's escrow office. On average, closing takes about 2 hours, but if there is a problem it could take more. For this reason, it is important that you arrange to take the time off work. If you have a time preference, please let the closing office know.*
- *The exact signing time won't be scheduled until your mortgage officer gives the "Clear to Close" (CTC), meaning you've been completely approved for the loan without any conditions. This generally occurs 2 days to one week prior to your closing date and is when your loan documents will be ordered and sent to the closing office.*
- *The closing office cannot schedule your appointment for signing until they have received the loan documents from the lender.*
- *Once the closing office has the documents, they will contact you to schedule a time for you to come into their office to sign. If you intend to wire your down payment & closing costs, be sure to get the amount needed and wiring instructions from the closing office. Please read the [WIRING FRAUD](#) pamphlet!*
- *The day prior to closing you will need to wire transfer your down payment and closing costs to the closing company. The wire instructions for this transfer will come from the closing office. **Do not follow anyone else's instructions unless it comes from the closing office....if you receive an email with ANY changes on the wiring instructions, please pick up the phone and call the closing office to verify change.** There are many scams out there targeted at buyers where scammers will email you fake wire transfer instruction, in an attempt to steal your money. Therefore, it is imperative that you only follow instructions sent from the closing office and NO ONE ELSE.*
- *Signing documents and 'closing' are 2 different events and rarely happen the same day. Typically, after you have signed all the documents, the closing office will send the documents for your lender's review and approval. Upon the lender approval they will release the funds to closing and record.*
- *The day you sign documents is a good day to call all the utilities and request that they be put into your name effective the day of closing.*
- *Once the lender has released funds to close & record, then it's yours! According to the terms of the agreement, the seller does have until 9pm of the closing day to vacate, but typically sellers will give keys upon receipt of recording numbers.*
- *Legally you can't move into the house until the end of closing once the bank funds, the loan and transfers the funds to the seller.*



BUYING A HOME:

Hook up your utilities



This is one of those annoying tasks that no one thinks about doing ahead of time but is crucial. Call now and have utilities transferred into your name as of the date of closing/recording. Make sure to get the gas, water, sewer, garbage, and electric changed into your name. Your Purchase & Sale Agreement mostly likely included the NWMLS Form 22K "Utility Addendum" that usually lists all the utilities servicing the property. However, it may not include the Cable TV or internet provider. If you aren't sure who services the area, drop me an email or call and I'll be happy to help.

You'll also want to call your TV and internet provider asap as most likely you'll need to set up an appointment with them to come out and install service and it can take weeks to get the appointment. If you're buying in a condo building, check with the HOA President or Property Management company to see if either cable or internet are included in your HOA fee. If not, find out if there is a certain provider you have to use or if you can use whomever you'd like.



BUYING A HOME:

What to Expect At Signing?

It's signing time!

Once you've received the Clear to Close, which means that the lenders and underwriters have looked at all of the paperwork, your bank accounts, etc. and have approved the loan package in its entirety, we'll schedule the final walk through. This usually occurs the day before signing documents or right after signing.

The closing office is indicated on the face of the Purchase & Sale Agreement. Generally, the parties make every effort to close at a location close to the property being purchased. If your schedule requires that you sign in a location away from the property, please let the closing office and I know as soon as possible. Signing will not be set until the Buyer's lender issues a clear to close (CTC) loan approval and closing office has received lender documents.

A few important reminders for signing:

- 1. Bring your photo ID with you (ideally a driver's license or passport)*
- 2. Bring copies of your earnest money receipts and wire transfer receipt for the deposit and closing costs*
- 3. Any funds needed for your closing costs &/or down payment (cashiers check, wired funds. No personal checks accepted)*

When both sellers and buyers have signed the documents will be returned to the buyer's lender for review (to be sure no signatures or initials have been missed). Upon lenders completion of review, they will issue a "release of funds and approval to record". When the closing office has received recording numbers from the county auditors office you will be notified that your purchase is FINAL!