

# BUYER'S GUIDE

LET'S FIND A HOME



*Cornerstone Realty*  
Making Your Dreams Our Goals

# **COST TO HOME BUYING**

## **DOWN PAYMENT**

This will depend on your loan program and your purchase price. It can vary from 0% - 20% or sometimes even higher. Typically, it is from 3% - 5%. The more you put down the less you will pay for PMI (private mortgage insurance).

## **CLOSING COSTS**

This would include all of your loan fees, pre-pays, title, transfer, and escrow fees that are agreed on in the purchase contract. Typically, this is 2% - 3% of the purchase price. For example, if the purchase price is \$300,000, closing costs would range from \$6,000-\$9,000. There are ways to work this into the purchase price if needed. Also keep in mind there is the appraisal fee which ranges from \$700-\$1500

## **INSPECTIONS**

These are completely optional but we highly recommend them!

- Pest Inspection \$375 roughly
- Home Inspections \$375-\$500 roughly
- Roof Inspection \$150 roughly

## **DEPOSIT**

The escrow deposit is also known as "The Good Faith Deposit." It is typically 1-2% of the purchase price that you put down upfront to show the seller you are serious about the purchase. The higher the escrow deposit, the more attractive the offer is to the seller. This is what you have at risk throughout the escrow.

Where does it go?

As soon as we have an executed contract, you have 3 days to get the Escrow Deposit to the title company. The title company holds it up until closing, then it will be counted towards your balance due at closing. You can submit your escrow deposit by check, cashier's check or wire transfer. If you are bringing \$0 in you will get refunded at the end.

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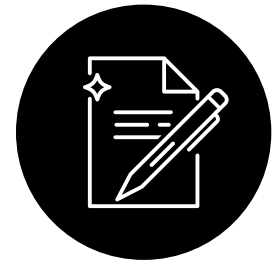
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# FINANCES

## FINANCING

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Meet with a lender to get prequalified. They will help you determine your buying power and discuss loan options with you. If you do not qualify at the time, they will guide you in the right direction to get qualified. If you don't have a lender in mind, we can give you some referrals. This is the most important step in the home buying process. Having your pre-approval letter in hand before you start searching will save you time and make sure you don't miss out on the perfect home opportunity. The pre-approval letter will accompany an offer.

## CASH

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If you've got the money in the bank and you are ready to purchase your home in cash, that's great. We can inform you as to your closing costs and we will need a proof of funds to supplement any offers. You can acquire a proof of funds from your financial advisor or your banker to show that you have a balance that meets the purchase price.

## QUESTIONS TO ASK YOUR LENDER

- WHAT INTEREST RATE CAN YOU OFFER?
- WHAT IS YOUR CLOSING TIMELINE?
- IS IT FIXED OR ADJUSTABLE?
- WHEN CAN YOU LOCK MY RATE?
- WHAT FEES CAN I EXPECT FROM YOU?
- WHAT TYPE OF LOAN IS RIGHT FOR ME?
- DO I QUALIFY FOR ANY DOWN PAYMENT ASSISTANCE PROGRAMS?





# MEET WITH A REALTOR

This is where we come in. Once you are prequalified, one of our agents will help you find a house that fits your budget and loan requirements. In this transaction your agent will represent you and will always have your best interest at heart.



# SEARCH

Once you've got your finances in order, the fun of looking for the perfect home begins! Your agent will set you up on an automatic search through the MLS (multiple listing service) which is the database that Realtors use to list and search for homes. The moment a home that fits your search criteria is listed for sale, it will be sent to your email inbox. If you ever need to adjust the search criteria, just let your agent know and they can make any change you need. Make sure to let your agent know which homes pique your interest so your agent can set up the showing(s). House hunting can be stressful. Try not to get discouraged. In Humboldt County we have a very low inventory and sometimes it can take a while to find "the one". Patience is the best option. This is a huge purchase, that you do not want to rush. Making sure you are comfortable and well informed, is our priority.

## CONSIDER WHAT'S A MUST-HAVE AND WHAT'S NEGOTIABLE

MUST-HAVES

WOULD BE NICE TO HAVE



# WRITING AN OFFER

IN ORDER TO WRITE AN OFFER, WE WILL NEED THE FOLLOWING INFORMATION:



## **PRE-QUAL LETTER OR PROOF OF FUNDS**

### **OFFER PRICE**

Your agent will help you determine the property's fair market value.

### **ESCROW DEPOSIT**

Usually 1-2% of purchase price.

### **FINANCING AMOUNT**

What percentage of the loan are you financing, and how much you are putting down?

### **SELLER CREDITS**

If you are asking the seller for any credits to help with closing costs that time is now.

### **FEES**

Escrow, Transfer Tax, and title policy are all costs of the sale. We can offer to pay, ask the seller to pay, or split 50/50.

### **CLOSING DATE**

If getting a mortgage, this is typically, 30-45 days from acceptance of offer.

### **INSPECTION PERIOD**

Typically the buyer shall have 17 days, unless otherwise stated on the contract

### **HOME WARRANTY**

It is 100% optional to purchase a home warranty. It is something you can waive, ask the seller to purchase, buyer pay, or split 50/50





# NEGOTIATIONS

Once we submit our offer the seller can do 1 of 3 things.

- 1) Accept as is
- 2) Reject Offer
- 3) Counter Offer

Once the seller responds you will also have the same 3 options to respond. We will go back and forth until we can come to terms.



Nothing is more frustrating than finding the perfect home for you, and then finding out that someone else thinks it's the perfect home for them too! However, this situation does happen in our market. There are many different techniques we can use to make our offer as attractive to the sellers as possible.

## TRICKS FOR HANDLING A MULTIPLE OFFER SITUATION:

- **Have your pre-approval letter or proof of funds in hand.**
- **Make a cash offer if you are able.** If not, make as large a down payment as possible, and use a reputable lender.
- **Offer more than the asking price.**
- **Keep your offer clean and simple.** Don't ask for contingencies that aren't necessary to closing the transaction.
- **Shorten the inspection period.** Asking for a 5 to 7 day inspection period instead of the traditional 17 lets the seller know that you aren't going to waste anyone's time.
- **Have your escrow deposit ready.** Offer an escrow deposit that sends the message that you are serious about your offer and have the funds ready to turn in as soon as your offer is accepted. You may want to include a copy of your escrow check with your offer.
- **Offer flexibility with your closing date.**
- **Remove contingencies**
- **Offer an additional escrow deposit after the inspection period.**
- **Consider an escalation clause.** Let the seller know if your offer isn't the highest, you will increase your offer, up to a set price, if the seller shows you a higher offer from another buyer. (Ask your agent how to go about including this in your offer)
- **Be diplomatic with negotiations after your contract is signed.** Remember that the seller has other interested parties to fall back on. Be cautious, if you start making additional demands or not following through with your promises after the contract is signed, the seller may hand you back your deposit and choose to work with another buyer.





# ACCEPTED OFFER

Once all parties come to terms on the contract, you will have an accepted offer. The day you have an accepted offer is day 0 of escrow. This will start the clock on your escrow period and inspection period. What do you do now?

- 1) Earnest deposit to escrow (this is protected by your inspection, loan, and appraisal contingencies)
- 2) Your agent will get the contract to the lender and escrow officer. You will need to get the lender any additional information or paperwork.



# INSPECTION PERIOD

Day 0 starts the clock on your inspection period. Your agent will ask you which inspections you would like and will get them scheduled ASAP. This is when you can do any and all inspections you deem necessary. Once all inspections are complete, you can do 1 of 3 things.

- 1) You are good with everything so you remove your inspection contingency and keep moving forward. (You sign off and say you are good with condition)
- 2) Submit a request for repair. This could be asking them to fix specific items or it could come as a price reduction or credit for closing costs.
- 3) Cancel. There is too much going on and you want out

Once you submit a request for repair it opens negotiations again and the seller can respond with a counter. Again, you and your agent will go back and forth with the sellers and their agent, until you can come to terms if needed.



# FINANCING PERIOD

WHILE ALL OF THIS IS GOING ON YOUR LENDER WILL BE WORK HARD TO GET YOU LOAN APPROVAL. THEY WILL COLLECT BANK STATEMENTS, PAY STUBS, TAX RETURNS, ETC.

## **APPRAISAL:**

An appraisal is an estimate of the value of the property by a licensed professional appraiser. The appraisal will be ordered by the lender and paid for by you we want this ordered ASAP. The goal of the appraisal is to verify the value of the property for the lender and to protect you from overpaying. The contract is contingent upon whether the appraisal comes in at or above the purchase price. If the appraisal comes back short, you and your agent will be back to the negotiating table.

## **OBTAINING A MORTGAGE:**

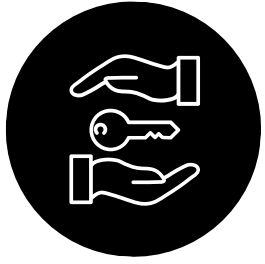
You have 3 days from the date of contract execution to begin the mortgage loan application. During the 30-45 days before closing, the lender will be finalizing your mortgage.

## **HOME INSURANCE:**

Your lender will require you to obtain a homeowner's insurance policy. You will need to get the lender this information before closing. Your agent will be able to help you get in contact with an insurance agent if you need help finding one.

**TIP: IT IS VERY IMPORTANT NOT TO MAKE ANY MAJOR JOB CHANGES, MAJOR PURCHASES, OR OPEN NEW CREDIT CARDS OR LINES OF CREDIT, AS ANY OF THESE ACTIVITIES COULD ALTER YOUR QUALIFICATIONS FOR A LOAN.**





# PREPARING TO CLOSE!



## **TITLE:**

The title company will conduct a title search to ensure the property is legitimate and find if there are any outstanding mortgage liens, judgements, restrictions, easements, leases, unpaid taxes, or any other restrictions that would impact your ownership associated with the property. Once the title is found to be valid, the title company will issue a title insurance policy which protects lenders or owners against claims or legal fees that may arise over ownership of the property. This will also be a part of your closing costs.

## **SIGNING LOAN DOCS & ESCROW INSTRUCTIONS**

You're almost there. Once everything is cleared with the lender you will need to sign your loan and escrow documents. Once these are signed the lender will give the clear to close after review.

## **CLEAR TO CLOSE:**

The magic words! It means the mortgage underwriter has officially approved all documentation required to fund the loan. All that remains is the actual closing process. The loan will fund, escrow will send all documentation to the county for recording, once recorded you are officially a homeowner.





# THANK YOU!

We hope you find this information helpful as you start your journey to becoming a homeowner.

One of our qualified agents would be honored to represent you and guide you through the process.

Our goal is to ensure that you are comfortable every step of the way.

Please don't hesitate to call, text or email with any questions or concerns.

