

# Choosing a Buyer's Representative

## Questions to ask

"I'm your ABR®"

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When it's time to buy a home, it's also time to select a buyer's agent to represent your interests in this all-important transaction. But how do you choose one?

Here are some of the most significant issues to consider and questions to ask when interviewing your Accredited Buyer's Representative.

### Interview Questions:

#### EXPERIENCE AND CREDENTIALS

How long have you been a buyer's agent? How long have you been an Accredited Buyer's Representative? What other real estate designations or credentials do you hold?

#### REFERENCES

Can you share the names and contact details for three past buyer-clients who can provide references?

#### KNOWLEDGE

What are your areas of specialized knowledge? Which types of housing or neighborhoods do you know best?

#### REPRESENTATION

Please explain what representation choices I have as a buyer. What is meant by fiduciary duties? Do you practice dual representation?

#### SERVICES PROVIDED

Please explain how you will assist me at each stage of the transaction. Do you have a written buyer representation agreement that details our obligations to each other?

#### COMPENSATION

How will you be compensated? If I hire you as my buyer's agent will I be subjected to any additional costs in my transaction?

#### FINDING PROPERTIES

Do you have full access to the Multiple Listing Service (MLS)? Will you try to find suitable properties beyond the MLS?

#### PERSONAL SUPPORT

Will you handle all aspects of my transaction, or will I be working with assistants? Who will be explaining the various forms, agreements and steps required to reach closing?

#### NEGOTIATING

Will you counsel me on a negotiating strategy and appropriate contingencies? How will you package my offer to the seller? Will you personally present my offer?

#### FINANCING

Will you provide guidance on affordability, mortgage options and how to choose a lender? Why should I consider becoming pre-qualified or pre-approved on a mortgage?

#### RELATED SERVICE-PROVIDERS

Can you provide referrals to providers of other services related to my transaction, including home inspectors, surveyors, movers, etc.?



# Alternative Buying Options

*Is a distressed  
property right for you?*

Distressed sales are a sad fact of the real estate market. While no one wants to see a homeowner lose their home, these properties also present unique opportunities for buyers. To determine whether you are a candidate for such a purchase,

it's important to learn all you can about distressed properties—and to work with a qualified buyer's representative who can guide you through each step of these complex, non-traditional transactions.

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## Foreclosure is a process, with buying opportunities at each stage:

### STAGE 1. PRE-FORECLOSURE –

a period of time that begins with the initial mortgage default and ends when the distressed property is sold.

### STAGE 2. FORECLOSURE SALE –

when the property is auctioned to the highest bidder, someone who also meets the terms of the sale.

### STAGE 3. REO (REAL ESTATE OWNED) –

if a foreclosure sale is not successful, property ownership is transferred to the lender.

### WHAT IS A SHORT SALE?

This is a situation in which a seller owes more on their loan than a sale of the property will produce, and they are unable or unwilling to make up the difference at closing. The seller may or may not be in pre-foreclosure. Banks may consider a short sale to a new buyer to reduce their losses.

### QUESTIONS TO ASK YOURSELF:

Your buyer's representative can give you specific guidance based on your situation and the type of distressed property you want to purchase. But for starters, consider these questions:

- ◆ Are you flexible on timing? Can you make a quick decision and/or accommodate months of possible delays?
- ◆ Is your purchase limited by any contingencies, such as needing to sell your current home first?
- ◆ Have you already secured financing?
- ◆ Do you have resources to repair and rehab the property, if needed?
- ◆ If you are buying the property for investment purposes, what is your action plan? Do you intend to rent or resell? Or perhaps inhabit the property until market conditions improve?

### NEXT STEPS

Your buyer's representative can assist you further in answering these and other questions which will help you determine whether this path to homeownership is right for you.

# What Do You Want and Need in a Home?

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Finding a new home can be exciting. But deciding what you truly want and need—and can afford—can be challenging. Making these decisions begins with setting priorities among many different preferences.

Most homebuyers invariably face trade-offs. Your buyer’s representative can play a key role in helping you sort out your options. He or she can also offer important insights specific to your local market.

## Here are many of the considerations you’ll want to discuss with your buyer’s rep:

### BASIC HOME FEATURES

- ◆ Do you prefer a single-family detached home, townhome, condominium, or other type of property?
- ◆ Desired number of bedrooms and baths
- ◆ Preferences regarding kitchen, dining, family rooms, etc. and preferred home layout
- ◆ High-priority home features, such as kitchen appliances, fireplace, etc.
- ◆ Other types of rooms needed (e.g., a home office or a hobby space)
- ◆ Storage spaces (closets, basement, an outdoor shed, etc.)
- ◆ Need for a garage or parking space, and if so, for how many cars?

### OTHER HOME PREFERENCES

- ◆ Ranch, two story, split level, etc.
- ◆ Age and style of home (Victorian, bungalow, modern, etc.)
- ◆ How important is energy efficiency or other green home features?

### NEIGHBORHOODS/LOCATION

- ◆ Commuting considerations (to work, shopping, etc.)
- ◆ Proximity to desirable features (such as a community center, exercise facility, school, hospital, etc.)
- ◆ Views—how important is to find your ideal view (overlooking a park, for example) or avoiding a bad one (a busy highway)?

### LOT CHARACTERISTICS

- ◆ Size and shape, including back, front and side yards
- ◆ Landscaping considerations—the need for open play areas, privacy, patio space, decking, etc.
- ◆ Home orientation—is it important for your home to face a particular direction?

### LIFE AT HOME

- ◆ If you’ll be sharing your home with children, pets, live-in parents or others, how does this impact your housing preferences? Both now, and in the future? (For example, pets may require a fenced-in yard; older parents may dictate one-floor living.)
- ◆ Proximity to neighbors

### RELATED COSTS

- ◆ Homeowner association fees?
- ◆ Property taxes

### TRADE-OFFS

- ◆ How much do you want to invest in a home beyond the purchase price, either financially or in terms of sweat equity, if you can’t find exactly what you want?
- ◆ Are you willing to consider other neighborhoods that provide better affordability?

### RESALE

- ◆ How long do you plan to live in this home? How does this impact the type of home you will buy, how much you’ll spend, and your choice of location?

# Customer or Client?

## What's the difference?

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In real estate transactions, buyer-clients are entitled to a higher level of service than buyer-customers. Becoming a client typically involves signing a Buyer Representation Agreement with a buyer’s representative, who then owes you fiduciary duties. This means that your buyer’s rep is expected to exercise discretion when acting on your behalf, including adhering to very specific responsibilities, obligations, and high standards of good faith and loyalty.

For example, if you’re a client, a buyer’s agent will seek to negotiate the most favorable transaction terms for you—and will not disclose any material facts about your situation that could hurt your negotiating position.

If, however, you are only a customer, a buyer’s rep may not be in a position to answer even basic questions, such as “Why are they selling?” or “Is this home priced competitively?” This is because they are acting instead as a sub-agent for the seller.

### YOUR SERVICES WILL VARY, DEPENDING ON YOUR STATUS.

If you are a <b>CUSTOMER</b> (no fiduciary relationship), an agent will:	If you are a <b>CLIENT</b> (fiduciary relationship), your agent will:
Maintain loyalty to the seller’s needs	Pay full attention to your needs
Tell the seller all that they know about you	Tell you all that they know about the seller
Keep information about the seller confidential	Keep information about you confidential
Focus on the seller-client’s property	Focus on choices that satisfy your needs
Provide just the material facts	Provide material facts as well as professional advice
Only provide price information that supports the seller’s listing price	Provide price counseling based on comparable properties and their professional insights
Protect the seller	Protect and guide you
Negotiate on behalf of the seller	Negotiate on your behalf
Attempt to solve problems to the seller’s advantage and satisfaction	Attempt to solve problems to your advantage and satisfaction

*\* Note that not every state requires a signed Buyer’s Representation Agreement to create an agency relationship. In some cases, an agency relationship can be formed if both parties simply behave as if one exists.*

The Accredited Buyer’s Representative (ABR®) designation is awarded by the Real Estate Buyer’s Agent Council (REBAC), a subsidiary of the National Association of REALTORS® (NAR).

To learn more about REBAC and access various homebuyer resources, please visit [REBAC.net](http://REBAC.net).



# → 5 Reasons to Sign a Buyer Representation Agreement

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If you’ve started looking for a home—and a real estate professional to assist you—your buyer’s representative may ask you to sign a Buyer Representation Agreement. What is this form? Why should you sign it?

A Buyer Representation Agreement is a legal document that formalizes your working relationship with a particular buyer’s representative, detailing what services you are entitled to and what your buyer’s rep expects from you in return. While the language used in the document is formal, homebuyers should view it as an important and helpful tool for clarifying expectations, developing mutual loyalty, and most importantly, elevating the services you will receive.

- 1. Receive a higher level of service.** If you’ve formalized an agency relationship with a buyer’s rep, you can expect to be treated like a client instead of a customer. What’s the difference? Clients are entitled to superior services, relative to customers. While the details vary from state to state, and from one buyer’s agent to another, you can generally assume that being a client means that you’ve formed a fiduciary, or agency, relationship with your buyer’s rep.<sup>1</sup>
- 2. Get more without paying more.** In almost every case, home sellers have already agreed to pay a buyer’s agent’s commission. If they haven’t, you can ask your buyer’s rep to avoid showing you any such homes. Or you can still view the home, knowing that you’ll need to factor your agent’s commission into any offer you may write. While buyers rarely pay real estate commissions, this is an important detail you’ll want to discuss with your buyer’s rep and clarify in their representation agreement.
- 3. Avoid misunderstandings.** A Buyer’s Representation Agreement clarifies expectations, helping you understand what you should and shouldn’t expect from your buyer’s rep, and what they will expect from you, which usually centers on loyalty.
- 4. Agency relationships are based on mutual consent.** While most representation agreements specify a time period, they can be terminated early if both parties consent. Most buyer’s reps are willing to end the agreement early if the working relationship isn’t going well. Some buyer’s reps also offer representation agreements for as little as one day, for the purpose of giving both parties a brief trial period to explore working together.
- 5. Strength as a team.** When you and your buyer’s rep work together within a formalized agency relationship, you have created a team dedicated to helping you achieve the best possible home-buying experience.

<sup>1</sup> Note that not every state requires a signed Buyer’s Representation Agreement to create an agency relationship. In some cases, an agency relationship can be formed if both parties simply behave as if one exists.

# Why Work with an Accredited Buyer's Representative?

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Buying a home may be the largest and most complex financial transaction you ever undertake. If you're ready to buy a home, wouldn't you prefer to work with the most qualified real estate professional you can find?

An **Accredited Buyer's Representative** stands out in the crowd. If your REALTOR® holds the ABR® designation, you can trust that they have the extra edge when it comes to **KNOWLEDGE AND EXPERIENCE.**



## → Why?

The ABR® designation is only awarded to licensed real estate professionals who complete specialized training that gives them the edge in understanding a buyer's perspective and protecting and promoting their buyer-clients' interests. Before earning the ABR® designation, buyer's reps must also demonstrate proven experience in representing buyers. Further, they are committed to maintaining their professional edge by staying current on the latest issues and trends in buyer representation.

**When you work with an ABR®, you'll be served, not sold.** Your interests become their interests. They'll make your home buying experience go as smoothly and successfully as possible.

### You can expect your ABR® to:

- Understand your specific needs and wants, and locate appropriate properties
- Assist you in determining how much you can afford (pre-qualify your mortgage)
- Preview and/or accompany you in viewing properties
- Advise you in formulating your offer
- Help you develop your negotiating strategy
- Provide a list of qualified vendors (inspectors, attorneys, lenders, etc.) for other services you may need
- Keep track of every detail throughout the transaction—to closing and beyond

**Not all buyer's representatives are equal.** Only a buyer's rep who has earned the Accredited Buyer's Representative designation has made the extra effort to raise the bar, with additional training and experience. If you work with an ABR®, you can feel confident that you'll receive the highest level of buyer-representation services.

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# Final Walk-through

## Checklist

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### GENERAL

- Have all agreed-upon repairs been completed?
- Has the associated paperwork been submitted?
- Have the sellers removed any contents that are supposed to stay?
- Is the home relatively clean and ready for new occupants?

### WALLS, CEILINGS AND FLOORS

- Are there signs of new damage? (water damage, gouges, stains, etc.)

### ELECTRICAL

- Do all light fixtures work?
- Does every outlet have power?

### PLUMBING

- Test each faucet. (On/off? Water pressure? Hot/cold water?)
- Check under sinks for leaks
- Do all toilets flush properly?
- Are any drains clogged?

### WINDOWS/DOORS

- Do all windows open, close and lock properly?
- Do they all have screens (if applicable)?
- Do all exterior and interior doors open and close properly?
- Do the locks work?
- If there's an electric garage door, is it operational?
- Do all cabinet doors/drawers open/close?

### APPLIANCES

Do all appliances included in the home operate correctly?

- Refrigerator
- Dishwasher
- Stove, cook-top, oven, microwave
- Garbage disposal
- Other specialized kitchen appliances (e.g., warming drawers, wine coolers, trash compactors)
- Exhaust fans (kitchen and bath)
- Heaters (bath)
- Ceiling fans

### HVAC

- Test the furnace and/or air conditioning system
- Are any vents blocked?

### EXTERIOR

Has there been any damage to:

- exterior walls or roof?
- driveway?
- landscaping?
- other structures on the property?

# 5 Steps to Obtaining a Mortgage

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**Today's stricter lending environment means that processing a mortgage application is more complex than ever, given the number of steps that lenders, underwriters, and mortgage insurers must all complete before home buyers truly have their financing in place.**

To help ensure the process goes smoother, you can also take steps of your own. It's a good idea to discuss the process with your Accredited Buyer's Representative (ABR®), even before shopping for homes. By planning ahead, you'll be in a much better position to negotiate and move forward on a purchase—and avoid any unpleasant surprises regarding your mortgage.

## 1. EVALUATE AFFORDABILITY

Lenders and mortgage insurers look at a variety of factors, but the two most important are your monthly mortgage payment and your total debt load, relative to your gross income. As a home buyer, it's also important to consider additional expenses, beyond your mortgage payment, that can impact how much home you can afford. Depending on your situation, these other expenses could include property taxes, mortgage insurance, homeowners insurance, home maintenance expenses, homeowner association fees, parking expenses, and utilities.

## 2. DISCUSS YOUR OPTIONS

Deciding what type of mortgage is best for you depends on your personal situation, your financial scenario, and your future plans. For example, if your down payment isn't large enough to qualify for a conventional loan, an FHA mortgage can be an excellent option. Alternately, you may qualify for an attractive program offered at the national or local level. Mortgage programs are always changing, so ask your ABR® about current options.

## 3. INTERVIEW LENDERS

Your ABR® can provide several recommendations, based on past home buyers' experiences. Rates and fees are typically very competitive between lenders, so it's often more important to focus on other factors, including the level of service provided and how well they've executed transactions for other buyers. The type of mortgage you are seeking may also impact your choice of lender, since some are more familiar with certain mortgage programs than others.

## 4. GET PREAPPROVED

Completing a loan application with one or more lenders will help confirm whether your intended mortgage financing plans will work out as hoped, or if you must modify your plans. It's important to understand since preapprovals are contingent upon the lender receiving full documentation, your preapproval does not guarantee that you have a mortgage. Still, it's an important first step that will also put you in a better negotiating position with sellers.

## 5. COMMIT TO A LENDER

As soon as you are under contract to purchase a home, commit to working with one lender to complete your mortgage application. You will probably be charged a fee at this point because this is when the lender starts incurring processing expenses on your behalf. Show your lender that you are serious about working in partnership with them by submitting all the required documentation as quickly as possible.

Following these five steps will greatly improve your results in getting a mortgage. Count on your ABR® to provide more detailed information on each step in the process and answer any questions you may have.



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# Using Web Sites

## Important Considerations when Shopping for Homes Online

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The Internet makes it easier than ever to begin shopping for a home online. By searching property listing sites, you can begin to get a better idea about property prices in different neighborhoods and which home features are most and least important to you. This sort of preliminary research can be helpful when you’re ready to work with a buyer’s rep and begin searching for a home in earnest.

However, when it comes to shopping for a home, the Internet can also feel overwhelming. Given the substantial number of property listing sites, including those sponsored by real estate companies and individual agents, you may quickly feel inundated in information—and notice that each site returns different results when conducting a home search. Many buyers are left wondering where they can go to see a complete picture of what’s available in their desired market.



### YOUR ABR® CAN HELP

It’s important to understand that even the largest listing site, **REALTOR.com®**, is not an all-inclusive multiple listing service (MLS). Your Accredited Buyer’s Representative (ABR®) is still an important source for property information. Because your ABR® has complete access to the local MLS, he or she can share listing information with you faster and easier than any public Web site, including houses that you might not find on your own. Your ABR® can also provide the most current details, such as whether or not a property is under contract, and expert insights on the dynamics impacting prices in local markets.

### Recommended Web Sites

Throughout your home search, these real estate sites can provide helpful information on properties, neighborhoods, and other important topics:

#### REALTOR.COM®

The property listing site of the National Association of REALTORS® and the most extensive online home-search tool, including millions of properties.

#### HOME FINANCE (LOCATED WITHIN REALTOR.COM®)

Get a mortgage estimate, compare monthly payments and calculate your purchasing power using a variety of online tools. This section of **REALTOR.com®** also includes helpful information on various types of home loans, the application process, and how to select a lender.

#### MOVING (LOCATED WITHIN REALTOR.COM®)

Obtain a moving quote and search for moving-related products and services in this special section of **REALTOR.com®**.

#### HOUSELOGIC.COM

Once you own a home, this site provides free information and tools to help consumers with home improvements, maintenance projects, taxes, finances, insurance, and even community involvement.

# Property Disclosures

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Buying a home can present hidden risks. While sellers must provide prospective buyers with complete and accurate descriptions of properties for sale, each state varies regarding the details sellers must legally disclose to buyers. No matter where you live, smart buyers also exercise personal responsibility, to whatever extent possible and reasonable, to help avoid unpleasant surprises.

The following list outlines numerous issues buyers should consider when purchasing property. Some are addressed by sellers’ disclosure documents, others are not. Your buyer’s rep can counsel you on the specifics in your state and discuss appropriate steps to discover and remedy potential property concerns.

## HOME CONDITION—STRUCTURAL

- ◆ Roof
- ◆ Foundation
- ◆ Interior/exterior walls
- ◆ Fireplace/chimney
- ◆ Floors
- ◆ Windows/doors
- ◆ Ceilings
- ◆ Garage
- ◆ Patio/deck

## HOME CONDITION—MECHANICAL

- ◆ Plumbing system
- ◆ Electrical system
- ◆ Heating and/or air conditioning
- ◆ Sewer and/or septic system
- ◆ Built-in appliances
- ◆ Other systems and fixtures

## ENVIRONMENTAL HAZARDS

- ◆ Asbestos
- ◆ Lead-based paint\*
- ◆ Meth lab
- ◆ Mold
- ◆ Radon

## OTHER CONDITIONS

- ◆ Termite or other pest infestation
- ◆ Flooding (including federally-designated flood plain\*)
- ◆ Utility or other easements
- ◆ Adjoining private roads (and obligation to maintain)
- ◆ Shared driveways, walls, or encroachments from or on adjacent property
- ◆ Stigmas (including registered sex offenders)

## OFF-SITE CONDITIONS

Odor, smoke, noise, and hazards affecting property due to proximity to:

- ◆ Highways
- ◆ Railroads
- ◆ Commercial/industrial facilities
- ◆ Military installations
- ◆ Superfund sites
- ◆ Toxic waste dumps

## LEGAL /FINANCIAL CONSIDERATIONS

- ◆ Possible or probable short sale or foreclosure
- ◆ Violation of building codes, zoning ordinances or other restrictive covenants
- ◆ Zoning (restricting buyer’s intended use for the property)
- ◆ Homeowners association obligations
- ◆ Tenancies, judgments or tax liens
- ◆ Proposed assessments or zoning changes
- ◆ Mechanics’ or materialmens’ liens

## OTHER OFF-SITE CONSIDERATIONS

- ◆ Neighborhood noise (e.g., barking dogs)
- ◆ Traffic
- ◆ Safety
- ◆ Availability of, or consequences from, public parking
- ◆ Zoning (impacting how nearby property will be used in the future)

## PREVENTIVE MEASURES

Buyers can take steps to reveal problems and reduce risk. Ask your buyer’s rep about the following options and other appropriate measures. Inspections and other preventive steps are especially important for distressed properties.

**Home Inspections:** A thorough home inspection should reveal structural or mechanical issues. Certain problems may require a separate evaluation by a trained specialist.

**Home Warranties:** Home protection plans can cover the cost of future repairs to malfunctioning home appliances or systems. Policy coverage and costs vary.

**C.L.U.E. Reports:** Comprehensive Loss Underwriting Exchange Reports provide details on insurance claims filed in the past five years, such as wind, water or mold damage—considerations that could impact the cost of insuring the home.

\*These items are subject to federal laws and must be disclosed in all states.

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Even though buyer representation is now largely available to home buyers across the country, it wasn't always so. As an advocate for home buyers, the Real Estate Buyer's Agent Council (REBAC) has played a key role in creating that change and helping buyers receive the same level of representation in real estate transactions that was previously only enjoyed by sellers.

Prior to the introduction of buyer representation (also called buyer agency), only sellers were represented in real estate transactions and received full fiduciary responsibilities from their agent, including loyalty, obedience, disclosure, confidentiality, reasonable care and diligence, and accounting.

Buyers were brought into a transaction with assistance from licensees who treated buyers as customers, not clients, because they were acting as agents or sub-agents for the seller.

Buyer representation aims to level the playing field by offering full fiduciary responsibilities to buyers, typically by signing a buyer representation agreement. Details vary from state to state regarding how agency relationships are established.



## KEY MILESTONES IN THE EVOLUTION OF BUYER REPRESENTATION INCLUDE:

**1988:** REBAC is founded by Barry Miller, a Denver-based REALTOR®. The organization supports buyer representation through advocacy and training, awarding the Accredited Buyer's Representative (ABR®) designation to agents who pass certain education and experience requirements.

**Mid-1990s:** Public interest in buyer representation grows. REALTOR® associations lobby for changes to many state's real estate regulations, away from sub-agency towards direct representation of buyers.

**1996:** The National Association of REALTORS® acquires REBAC and steps up efforts to advocate for changes in real estate license laws and agency practices.

By effecting substantial changes to the REALTOR® Code of Ethics, the National Association of REALTORS® has helped transform the way real estate brokerage is conducted across the country, ultimately providing better service to real estate home buyers.

REBAC continues to serve home buyers by providing valuable information resources on the buying process and helping connect home buyers with qualified buyer's representatives. You can learn more about buyer representation by asking your Accredited Buyer's Representative or visiting [REBAC.net](http://REBAC.net).

# Client Feedback Form

Our business relies upon the satisfaction and referrals of our clients. Please take a moment to tell us how we did by indicating how strongly you agree or disagree with the following statements about your buyer's agent:

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	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
<b>Needs and Goals</b> Listened to and understood our property objectives.					
<b>Property Search</b> Simplified and improved the process of locating properties that met our needs.					
<b>Responsiveness</b> Responded to inquiries within a reasonable time period.					
<b>Knowledge</b> Was able to answer all questions and offer additional expert guidance.					
<b>Negotiation Skills</b> Provided important market information that helped structure our offer, as well as valuable negotiating advice and support.					
<b>Transaction Management</b> Stayed on top of all important details and kept the transaction on track.					
<b>Referrals</b> Would recommend our agent to others.					

Please share any additional feedback or details:

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May we use your name and comments in our advertising materials?  yes  comments only  no

Name(s) \_\_\_\_\_ Your Buyer's Rep \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

Thank you for your business. Please let us know if we can be of further assistance.

# The Negotiating Process

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You’ve found a home that’s right for you and it’s time to make an offer. What steps are involved in negotiating a real estate purchase?

## STEP 1. RESEARCH AND PLANNING

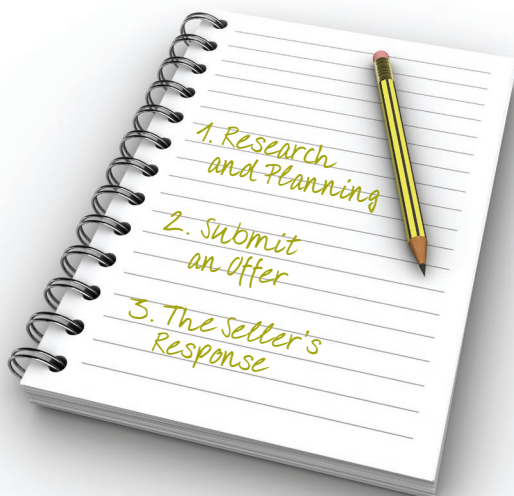
Depending on market conditions, you may have to act quickly, before another buyer steps ahead of you. That said, the best way to approach a home purchase is to arm yourself with facts and to plan a negotiating strategy. Your ABR® can assist you on both these points.

When deciding what to offer for a property, current market prices are the most important factor. Your ABR® can provide valuable assistance in this regard—counseling you on market conditions, price ranges, comparable properties, and appropriate negotiating strategies.

## STEP 2. SUBMIT AN OFFER

Real estate transactions require a written contract, which conveys an initial written offer. A check for earnest money usually accompanies an offer.

Your offer will specify price, plus all the terms and conditions of the purchase you want to negotiate. Your ABR® provides a valuable service by helping you use standard forms that are kept up-to-date with changing real estate laws, which vary from one state to another, and by explaining the negotiating impact of including various terms and conditions.



## STEP 3. THE SELLER'S RESPONSE

When your offer is presented, the seller’s options are to:

**Accept.** If, after reviewing your written offer, the sellers sign their unconditional acceptance, then you will have a binding contract as soon as you are notified of the offer’s acceptance.

**Reject.** If the sellers reject your offer, you are released of any obligation. The sellers cannot later change their minds and expect to bind you to a contract based on that offer.

**Counteroffer.** If the sellers like most aspects of your offer, they may present a written counteroffer that includes the changes the sellers want to make. You are then free to accept their counteroffer, reject it, or make your own counteroffer to their counteroffer. This process can repeat itself as many times as it takes for you and the sellers to agree on the sales contract. At this point, negotiations are over and the terms of the sale are final.

It is important to note that the negotiating process always moves forward; buyers cannot decide at a later time to accept a counteroffer that they previously rejected. If the property is still available, buyers must reinitiate negotiations by submitting a new offer.

## WITHDRAWING AN OFFER

Can you take back an offer? In most cases the answer is yes, right up until the moment your offer is accepted. In some cases, you can withdraw an offer before you’ve been notified of its acceptance.

If you want to withdraw your offer after acceptance, be sure to do so only after consulting a lawyer who is experienced in real estate matters. You want to avoid losing your earnest money deposit or a lawsuit for damages the sellers incurred because of your actions.

# Fair Housing *and* Your Buyer's Rep

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The Federal Fair Housing Act, enacted in 1968, is designed to prohibit discriminatory practices when buying and selling homes. Administered by the U.S. Department of Housing and Urban Development (HUD), the law prohibits housing discrimination against seven protected classes—race, color, sex, religion, national origin, familial status and/or physical and mental handicaps.

Fair Housing marked a significant step forward in protecting civil rights for all people. The law covers most types of housing, and includes compliance guidelines for landlords, property managers, builders and real estate agents. The chief concern for buyer's reps is that they not engage in steering, the act of directing home buyers (or tenants) to a particular area that is chosen by the agent, not the buyer.

## HOW DO FAIR HOUSING LAWS AFFECT YOUR HOME SEARCH?

Many home buyers want and expect their buyer's rep to help them make good choices in their home purchase. Consumers know that real estate agents are intimately familiar with certain neighborhoods, so it's logical that buyers would seek out their professional advice.

However, your buyer's rep may not be allowed to answer all of your questions, including questions about whether a neighborhood is safe, or the racial composition of an area, or whether the schools are good. Instead, buyer's reps are instructed to direct you to helpful sources of information so you can evaluate neighborhoods on your own.

This is because, under the Fair Housing law, it is unlawful for an agent to engage in any conduct that is discriminatory towards any of the seven protected classes. Whether a neighborhood is safe, for example, is a subjective decision. Your buyer's rep can suggest the best Web sites and other resources to gather related facts. But ultimately, buyers must form their own opinions about whether a home or a neighborhood is desirable to them.

## IT'S A BUYER'S CHOICE.

A real estate professional should never steer you toward or away from a particular neighborhood if the homes there fit your needs and are within your range of affordability. However, there is no law restricting buyers from making

choice-limiting decisions or ruling out certain properties or neighborhoods based on factors that are important to them. If you prefer a particular neighborhood, that is your choice, and you can share these preferences with your buyer's rep.

Ultimately, Fair Housing is designed to help all buyers achieve the dream of home ownership on their own terms. By researching neighborhoods that interest you, and giving serious consideration to your needs and preferences, you will be able to make a smart, informed home purchase—one you can enjoy for many years to come.



# Moving Checklist



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**Moving into your new home is a big job.** The further you plan in advance, the smoother it will go. This list contains most of the big tasks you’ll need to do and suggested timeframes. Depending on your situation, you might be able to delete (or may need to add) some items.

## 8 WEEKS BEFORE

- Call moving companies for estimates.
- Remove and dispose of unnecessary possessions.
- Start compiling an inventory of your possessions.
- Get a floor plan (with room dimensions) of your new home to help you decide which furnishings you want to keep and which room they will go in.
- Start a file of moving-related papers and receipts.
- Locate schools, healthcare professionals and hospitals in your new location.
- Arrange to transfer your children’s school records and family medical records.

## 6 WEEKS BEFORE

- Secure off-site storage.
- Choose a mover and sign contract.
- Contact your homeowner’s insurance agent about coverage for moving and secure more.
- Contact insurance companies (auto, homeowner’s, medical, and life) to arrange for coverage in your new home.

## 4 WEEKS BEFORE

Create a file of important papers, such as auto license, registration documents and title; any medical, dental and school records; birth certificates; wills, deeds, stock certificates, and other financial documents.

- Notify the following of your change of address:
  - Post office
  - Banks
  - Credit card companies
  - Relatives and friends
  - Insurance agent, lawyer, tax/financial advisor
  - Magazine subscriptions

- Notify utility companies of date to discontinue/transfer service and/or establish service at your new home. Also arrange for final readings and bills, including refunds on prepaid services.
  - Electric
  - Heating oil
  - Internet service
  - Natural gas
  - Telephone
  - Television
  - Trash collection
  - Water
- Notify your state’s department of motor vehicle of your new address.
- If moving from an apartment, arrange for refund of your security deposit.
- Discontinue additional home services (housekeeper, gardener/lawn service, snow removal, and pool cleaner).
- Start using up things you can’t move, such as perishables.

## 3 WEEKS BEFORE

- Make travel plans.
- Make arrangements with condo or homeowner’s association to reserve elevator usage time if moving into or out of a high rise building.
- Arrange to close existing bank accounts and open new accounts in new area.
- Arrange for child care on moving day.

## 2 WEEKS BEFORE

- Arrange special transport for your pets and plants.
- Contact your moving company and review arrangements for your move.

## 1 WEEK BEFORE

- Pack moving-essential boxes—important documents, travel clothes, personal items and prescription medications.

## 2–3 DAYS BEFORE

- Confirm all final arrangements with your mover and other service providers.



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# From Contract to Closing



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**Congratulations! A seller has accepted your offer. Before you can take possession of your new home, however, several important details must fall into place. Count on your Accredited Buyer’s Representative (ABR®) to explain each step in the process and answer your questions.**

**While each transaction is unique, the most important steps include:**

## COMPLETE A HOME INSPECTION

Assuming this contingency was in your offer, schedule a thorough inspection of the property with a qualified home inspector. If you like, your ABR® can help you identify several inspectors to choose from.

The inspector should provide you with a written report detailing any flaws found in the home, including information about the severity of his or her findings. If severe problems are found, your contingency clause should permit you to cancel the contract without obligation.

Alternately, you may want to negotiate performance and payment for any significant repairs noted in the inspection. But also remember that no home is perfect and small repairs and maintenance issues should not derail the transaction or require another round of negotiations.

## REQUEST ATTORNEY REVIEW

If specified in your offer, ask your attorney to review your sales contract and, if desired, schedule his or her participation in your closing.

## FINALIZE YOUR MORTGAGE

Securing a mortgage can be more complex and expensive than many consumers realize. Numerous documents and details must come together in a short period of time. Make sure you have promptly supplied your lender with everything they ask for so your financing is in place for closing day.

## GET READY TO MOVE

Moving may be the biggest job you face in buying a home. Be sure to get a jump on these preparations. First, decide how much help you’ll need. If you plan to hire a moving company, compare costs and make a reservation.

Other important details include coordinating dates to end service with all utilities and establish service in your new home. Make sure the post office has been notified of your change in address, as well as your bank, credit card companies, insurance agent, attorney, other key professionals, and family and friends.

## ATTEND A FINAL WALK-THROUGH

A pre-closing walk-through is a final check to ensure that the home is in the same condition it was during the inspection, and to make sure all contracted items, such as appliances, are still in the home. The timing of the final walk-through will vary, depending on practices in your market.

## PREPARE TO PAY CLOSING COSTS

When you applied for your mortgage, you received a good-faith estimate of closing costs. As closing approaches, you’ll need to determine exactly how much money you will be expected to bring to closing and what forms of payment are acceptable.





# Am I ready to buy a home?

Your buyer's rep can help you decide.

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## The decision to purchase a home is a highly personal one, based on both tangible and intangible factors.

Beyond your personal situation, local market conditions, financing costs, and future expectations must also be evaluated.

The following list of questions can help you decide if you are ready to move forward with a home purchase. Your Accredited Buyer's Representative (ABR®) can help you sort through these issues and provide essential local market perspectives.



### PURCHASING CONSIDERATIONS

- ◆ If you purchase a home, how long do you expect to live there?
- ◆ What can you afford to pay each month for housing-related expenses?
- ◆ What are the total costs of home ownership?  
This may include:
  - Mortgage payments (based on various interest rate and term assumptions)
  - Property taxes
  - Homeowner's insurance
  - Utilities
  - Maintenance costs
  - Any other special fees?
- ◆ Do you expect these housing-related expenses to increase or decrease? (changes in interest rates may be a bigger factor than others)
- ◆ What additional expenses are required to complete a purchase? (closing costs, moving expenses, etc.)
- ◆ How much will your home ownership costs decline after adjusting for interest expense deductions and property taxes (if applicable)?

- ◆ Are local market prices favorable to purchasing? What are your expectations on future prices?
- ◆ Do you qualify for any special purchasing assistance programs that can help reduce the cost of home ownership?

### RENTING CONSIDERATIONS

- ◆ If you are now a renter, what are your total housing expenses? (monthly rent, utilities, housing assessment, parking, etc.?)
- ◆ How does renting vs. buying factor into your long-term investing goals?

### OTHER FACTORS

- ◆ What are your personal preferences regarding the type of housing you wish to live in? How does location factor into your housing preferences?
- ◆ How do you expect your personal situation to change, in terms of future housing needs?
- ◆ What are your expectations concerning future employment?
- ◆ What are your long-term personal and financial goals, with regard to housing?

# Buyer Representation

*What buyers should know about compensation, loyalty and shared expectations.*

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Most real estate agents earn their living by representing buyers and sellers in property transactions. While commission rates and/or terms vary from one listed property to another, there’s no question about which agent and brokerage firm is representing the sellers. The yard sign alone makes that clear.

However, problems can surface on the other side of the transaction if a buyer (intentionally or unwittingly) does things that lead two different agents to believe they are representing that buyer.

*Examples include:*

- A buyer has been searching for homes with an agent’s help. On impulse, he attends an open house and starts talking to the hosting agent about what kind of home he is searching for, failing to mention that he is already working with another agent.
- A couple, early in their home search, notice two different houses for sale with two different agents. They call each agent, asking to see the homes.

In each of these cases, a buyer has demonstrated purchasing interest with more than one real estate agent. Depending on other details of the circumstances—and how your state defines the way agency relationships are formed—it is possible that a dispute could arise between agents regarding who should receive a commission if the buyer proceeds with a purchase.

This is one reason why it’s in everyone’s best interest, including yours, to **shop for an agent before you shop for a home**, and to formalize your relationship with a signed buyer representation agreement. Buyers have nothing to lose, because you can expect a higher level of service, typically for no additional cost.

In return for providing these services and assisting you with various transaction details, buyer’s agents expect you to remain loyal to them, making it clear to any other agents that you are already being represented.

Agency relationships are based on mutual consent, so if your buyer’s representative isn’t living up to your expectations, you can cancel the agreement.

**Most importantly, you should discuss expectations early on.** Each buyer’s agent has their own style and preferred way of working with clients. And each agent has their own buyer’s representation agreement, outlining their obligations to you and what they expect in return.

There are also certain things buyer’s reps are not allowed to do for you, such as advise you on which neighborhoods are better than others in terms of schools, crime rates or population demographics. Fair Housing Laws state they can only point you to sources of this information, helping you make your own decisions on these and other matters.

Taking time to discuss shared expectations at the beginning of your relationship is the surest way to avoid misunderstandings and form a strong partnership—one that allows your buyer’s rep to serve you to their greatest ability and help you achieve the best possible result in your home purchase.



<sup>1</sup> Note that not every state requires a signed Buyer’s Representation Agreement to create an agency relationship. In some cases, an agency relationship can be formed if both parties simply behave as if one exists.

# Rent-to-Own:

## *Is this a good option for you?*

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**Scenario:** A buyer is eager to purchase a home, but needs more time to qualify for a mortgage. A seller is eager to generate income on a vacant property. For this buyer and seller, a rent-to-own contract may be an attractive alternative to an immediate transaction.

Offered by individual sellers, and occasionally by developers of multi-unit properties, rent-to-own contracts typically include an up-front fee, plus monthly payments comprised of two components—rent and additional charges that count towards a down payment.

For example, assume you agree to buy a \$195,000 home, paying \$3,000 up front and monthly payments of \$1,400 (\$400 of which accumulates toward the sale price). At the end of a one-year contract, you’d have \$7,800 towards a down payment; \$17,400 after three years.

But if you decide not to proceed on the purchase, it is unlikely that any of your beyond-rent payments will be refunded. For this reason, buyers should only consider a rent-to-own option if they are very serious about purchasing a home, but need more time to arrange financing or have other legitimate reservations.

### **Rent-to-own contracts may be a good choice if:**

- ◆ A buyer wants to take advantage of an attractive selling price, but needs more time to save enough for the down payment.
- ◆ An interested buyer needs time to improve their credit history and qualify for a better mortgage interest rate.
- ◆ A buyer wants to make certain a house has no serious flaws, or wants to experience living in a neighborhood before becoming an owner. If this buyer decides not to proceed, they may forfeit the money credited to a purchase. But these losses could be small compared to the potential cost of multiple real estate transactions and/or property repairs in order to resell the house and find a different home.

In all cases, buyers should plan carefully and make every attempt to ensure they can complete a purchase transaction at the conclusion of the contract. It’s also essential to work with a qualified real estate attorney to make sure the contract terms are favorable to your needs and the seller is a legitimate owner.

### **Potential pitfalls**

**Interest rate increases.** If rates rise, higher monthly payments could make it harder to secure financing at the conclusion of the rent-to-own contract.

**Price changes.** If market prices decline, will you be stuck paying a premium price for the home? Conversely, if prices rise, does your contract provide protection from the seller seeking a different buyer?

**Late payments.** Some contracts say that if payments aren’t received on time, they don’t count towards the down payment.

**Foreclosure scams.** Make sure the seller isn’t going through foreclosure. You don’t want to make inflated payments, only to be served eviction papers when a bank takes possession of the property.

A rent-to-own contract isn’t right for every buyer. But in some cases it can be an attractive option. If you think rent-to-own may be right for you, your Accredited Buyer’s Representative can help answer your questions, find suitable properties, and direct you towards expert legal counsel.

# Traditional *versus* REO Transactions

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Defaulted properties are a sad fact of the real estate market. Mortgage foreclosures are a multiple-step process, presenting various buying opportunities. When a foreclosure sale is not successful, the lender assumes ownership and the property is now called real estate owned, or simply REO. If you are interested in purchasing an REO property, it's important to understand several distinctions between REOs and traditional transactions, outlined below:

<i>Traditional Transaction</i>	<i>REO Transaction</i>
<b>Seller</b> - is a homeowner or investor who wants the right price, favorable terms and timely closing.	<b>Seller</b> - is a lender, represented by an asset management company, that wants a quick sale at or above a bottom-line price.
<b>Listing Agent</b> - chosen by the seller.	<b>Listing Agent</b> - assigned by the asset manager.
<b>Occupancy</b> - the seller vacates the property on or before closing.	<b>Occupancy</b> - the property may be vacant, abandoned, or in foreclosure limbo; eviction of former owner/tenants may be needed.
<b>Property Condition</b> - sale-ready condition, possibly including upgrades to enhance its value; cash or credit at closing for repairs.	<b>Property Condition</b> - varies greatly. May be at risk for vandalism and damage; possible price reduction to offset repairs.
<b>Contingencies</b> - are negotiable and may include a property inspection, the sale of current home, mortgage approval, or final walk through.	<b>Contingencies</b> - property is offered as-is, where-is. An inspection and final walk through are allowed.
<b>Offers</b> - the buyer offers a sales contract, along with earnest money. The seller can accept, reject or counteroffer.	<b>Offers</b> - the buyer's sales contract must include proof of funds or pre-approval. The seller can accept, reject, counter, ask for highest and best offer, or make the offer subject to upper management approval.
<b>Negotiations</b> - include price, terms, closing date and contingencies. Goal is to create a win-win for the buyer and seller.	<b>Negotiations</b> - only includes price and closing date. Buyer is looking for a bargain; seller wants a bottom-line price and loss mitigation.
<b>Disclosures</b> - government-mandated disclosures along with a seller's disclosure.	<b>Disclosures</b> - government-mandated disclosures. No seller's disclosure, unless defects were found in prior inspections.
<b>Closing</b> - is negotiable; seller may agree to extend. Buyer can specify title company.	<b>Closing</b> - firm closing date, with per diem charged for late closing. Seller specifies title company.

**Each of these factors has important implications for buyers.** Before proceeding, ask your Accredited Buyer's Representative to help you understand your options and decide whether an REO purchase is right for you.

# Frequently-Asked-Questions About Closing

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## WHAT IS CLOSING?

Closing (also called settlement) is the legal transfer of property ownership. Usually, but not always, possession is transferred at closing. Sometimes the seller may ask to close the sale but retain possession, and pay rent to the buyer until vacating the property at a later date.

## WHO ATTENDS CLOSINGS?

Face-to-face closings are common in most states, although a few states do not require them. Your ABR® can provide details for your situation. The participants usually include:

- You, the buyer.
- The seller.
- The real estate agents representing the buyer(s) and seller(s).
- Attorneys for the buyer(s) and seller(s).
- The closing agent, the title insurance representative, and the escrow agent. Often one person fulfills all three roles, coordinating and recording the exchange of the documents and money, disbursing funds, and handling various closing details.

## WHERE IS CLOSING HELD?

Closings are usually held at a title company’s office. Their job is to confirm the current legal owner of the property, reveal any mortgages, liens, judgments or unpaid taxes on the property, and identify any restrictions that may affect the sale of the property. Any problems need to be corrected before a buyer can receive “good title.”

## WHAT DO I NEED TO BRING?

Your ABR® can advise you on what you’ll need to bring to closing, but typically buyers must provide:

- Payment of closing costs
- Proof of insurance
- Approval of inspections of the property

## WHAT HAPPENS AT CLOSING?

You’ll sign many documents. Rely on your buyer’s rep and your attorney to review these documents and answer any questions you may have. Frequently-used documents include:

**Closing statement (HUD-1)** – details all funds changing hands between the buyer and seller

**Truth in Lending statement** – a final summary of the terms of your loan

**Mortgage note** – a legal obligation to repay the lender according to stated terms

**Deed of trust** – the legal transfer of ownership; gives the lender a claim against your home if you fail to meet the terms of the mortgage note

**Affidavits** – any binding statements by the buyer or seller

**Riders** – any contract amendments that impact your rights

**Any additional documents required in your state.**

Once all documents are signed and all monies have been paid, possession is transferred and you receive the keys to your new home. Be sure to keep your closing documents in a safe place for future reference. Some of the expenses associated with your home purchase are tax-deductible.



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# Seminar Evaluation Form

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Thanks for attending our program. We hope you found the information beneficial. But we’re also interested in making future seminars even better. You can help! Please take a moment to share your feedback:

**1. Did the presentation cover the subjects you wanted to learn about?**      **NO**      **YES**  
1   2   3   4   5   6   7

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Did the speaker do an effective job of presenting the material?**      1   2   3   4   5   6   7

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**3. Were the handout materials beneficial?**      1   2   3   4   5   6   7

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**4. What suggestions would you offer for future programs (topics, facilities, etc.)?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Name** (Optional)

\_\_\_\_\_  
**Phone/Email** - Please provide if you’d like us to follow up.

*Thank you for your feedback!*

# The True Cost of Homeownership

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## One-Time Expenses

### Appliances

Will the appliances in the home need upgrading—now or in the near future? Don’t forget to check out the water heater and HVAC.

### Furniture

Moving from a one-bedroom apartment to a three-bedroom house often means you’ll need more furniture. Evaluate furniture needs and costs for your new home.

### Remodeling

Before purchasing a home that needs remodeling, ask a contractor to give you an estimate. Homeowners often underestimate the costs.

## Ongoing Expenses

### Principal, interest, taxes, and insurance (PITI)

If you have a fixed rate mortgage, the payment will remain the same for the life of the loan. Taxes and insurance may increase.

### Homeowner Association Fees

Fees or assessments for a condo, townhouse or single-family home with an association can increase yearly. Compare fees of similar properties line-by-line. Check what the fee includes; for example, utilities gas, electricity, garbage pickup, and water. Watch out for special assessments for capital repairs and improvements to common areas.

### Exterior maintenance

Replacing the roof, painting the siding or trim, sealing the driveway, sealing the deck, replacing windows, gutter cleaning or repair, septic and well maintenance are just some of the additional exterior maintenance costs in owning a home. Some jobs you can do yourself, but others require professionals. Don’t forget the tools that go along with home maintenance: power washers, compressors, heavy-duty ladders, and power tools.

### Interior maintenance

If you’ve been renting, your landlord probably picked up the tab for repairs and general maintenance. Once you own your home you’ll be footing the bill. You will need to maintain

appliances, plumbing and electrical systems, carpets, floor and wall coverings, and so on.

### Utilities

If you are renting, you’re probably used to budgeting for utilities. But the cost of heating a one-bedroom apartment can pale in comparison with the bills for an entire house. A real estate professional can help you find out about the current occupant’s costs but family size and usage impacts those numbers.

### Yard care and snow removal

Plan on buying a lawnmower and other landscaping tools or budget for a professional lawn service. Include a snow shovel or snow blower if you live in a cold climate.

### Pest control

Depending on location, be sure to schedule a termite inspection before you purchase a home. Purchasing a termite infestation bond may be in order. Even if there is no infestation at the time of the inspection, that’s no guarantee these or other pests won’t show up.

### Transportation Costs

Don’t forget to calculate transportation costs whether by public transportation or your own vehicle. Budget for gas, oil, insurance, tires, and regular maintenance. Will you need to purchase another car to take care of all of the family’s transportation needs?



# Formulating an Offer



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## You’ve found a home you’d like to buy. How much should you offer to pay?

To help answer this important question, your buyer’s representative will prepare a detailed Comparative Market Analysis (CMA) that examines recently-sold properties, active listings, pending sales and expired listings. Through their Multiple Listing Service (MLS), your agent has access to the most current information on properties in your area.

From the CMA and your agent’s personal knowledge, you’ll gain insights on the market in general and the specific property you’re considering—important details that should be factored into your offer. These include:

Market Facts	Property Facts
<b>Price of similar properties</b> - both list and sales prices for similar properties in the area	<b>Property condition</b> - is it in good condition or will you need to make substantial investments in repairs?
<b>Price trends</b> - current percentages of list price compared to sales price	<b>Length of time on the market</b> - a long time on the market may indicate a slow market, inappropriate pricing or some inherent problem with the property
<b>Supply and demand</b> - in a high-demand, low-supply market your offer may be competing with others	<b>Seller’s motivation</b> - a seller under pressure to close a deal may be more receptive than one who can wait until the “right offer comes along.”
<b>Absorption rate</b> - number of month’s supply of inventory. Smaller numbers (shorter time frames) indicate a more competitive market for buyers.	<b>Terms</b> - what terms and contingencies must be written into the offer? Terms that make your offer more attractive include an all-cash transaction, pre-approval for financing, quick closing, and few contingencies or seller concessions.
<b>Average time on market</b> - because listings expire or homes may be re-listed to appear “new” cumulative market time is critical	<b>Property history</b> - previous sales and financing history

*Count on your Accredited Buyer’s Representative to answer your questions and guide you through these and other important decisions when buying a home.*



# My Pledge of Performance

“I’m your ABR®”

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***Because I am committed to preparing you to be an educated buyer, I will:***

- Give you the most vital information on available homes
- Keep you aware of changes in the real estate market
- Arrange a tour of areas, schools and key points of interest
- Provide neighborhood information on municipal services, schools, churches, etc.
- Check applicable zoning and building restrictions
- Disclose all known facts about properties I show you
- Collect pertinent data on values, taxes, utility costs, etc.
- Point out strengths and weaknesses of all properties you choose to view
- Explain forms, contracts, escrow and settlement procedures
- Discuss loan qualification and processing

***Because I am committed to helping you save time, I will:***

- Provide ready access to all MLS-listed properties
- Assist you as needed on all unlisted properties
- Help you select for viewing only those homes that fit your needs
- Show you homes only in the price range most suited to your finances
- Provide you a list of qualified attorneys, home inspectors or other service providers
- Arrange for necessary property inspections with the service providers you select



***Because I am committed to helping you find the best value, I will:***

- Prepare studies of property values in chosen areas
- Perform a market analysis on chosen properties
- Discuss financing alternatives
- See that you get a complete estimate of all costs involved
- Advise on offers on properties
- Write and present your purchase agreement to the seller
- Negotiate on your behalf

***Because I am committed to you—my buyer—I will do all of this, plus:***

- Keep your personal information confidential at all times
- Stay in touch with you from the day you start your search until the day you move in
- Coordinate all aspects of the sale and closing
- Be reimbursed with a commission only when we successfully close a transaction (unless other terms, such as an hourly rate, have been agreed upon).

## Contact Information

Office phone: \_\_\_\_\_ Mobile: \_\_\_\_\_  
Fax: \_\_\_\_\_ Email: \_\_\_\_\_  
Agent signature: \_\_\_\_\_ Date: \_\_\_\_\_

Above content courtesy of Lynn Madison.

The Accredited Buyer's Representative (ABR®) designation is awarded by the Real Estate Buyer's Agent Council (REBAC), a subsidiary of the National Association of REALTORS® (NAR).

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# Which level of service do you want?

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## When it’s time to buy a home, you have choices—not only in the type of property you want to purchase, but also in the real estate professional you select to assist with your transaction.

Your relationship with an agent can take many forms and it’s important to understand the differences in the services you will receive.

Each state sets it’s own rules regarding how a customer or client relationship is established and each agent has some latitude in defining what services are (or are not) included. **Generally speaking, however, you’ll want to consider the following levels of services:**

Buyer as Customer	Buyer as Client	Buyer as Client of an ABR®
<b>Your agent will provide basic ministerial acts</b> such as identifying properties for sale, completing real estate contracts (at your discretion) and locating lenders, inspectors and closing attorneys.	<b>Your agent provides all ministerial acts and accepts fiduciary responsibilities</b> , meaning they must look out for your best interests and pay full attention to your needs.	<b>Your agent has received specialized real estate training</b> for working with buyers in fiduciary relationships and already has proven experience.
<b>Your agent is not required to keep any of your information confidential</b> and will not provide professional advice.	<b>Your agent will keep all your information confidential</b> , provide professional advice and negotiate on your behalf.	<b>Your agent’s ABR® designation means they can deliver</b> the “gold standard” in buyer-client services.
Works for seller.	Works for you.	Works for you.

**Ask your Accredited Buyer’s Representative (ABR®) to discuss these differences** in greater detail and answer any questions you have before you decide how you’d like to proceed in your home search. You’ll be glad you did!

# Why a Buyer's Rep Provides a Better New Home Buying Experience

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## Do you plan to purchase a new home?

It's an exciting and appealing option. But buying a newly constructed home typically entails considerably more steps and decisions than most existing-home transactions. It's hard enough to keep up with all the details, much less know how to make the best decisions. Your new home buying experience will be more successful and enjoyable if someone is looking out for your interests.

**Builders and their representatives may be searching for buyers to purchase their product, but only a buyer's representative will be 100 percent loyal to you, providing advice and guidance on:**

**Builders' reputations** - A qualified buyer's rep will be familiar with builders' reputations and references and should be able to help you make a good choice.

**Inventory** - Builders aren't obligated to show you every new home they have for sale, much less other builders' homes. In contrast, a buyer's rep helps you see the full range of new and existing homes on the market.

**Contract review** - A buyer's rep can alert you when a builder's deal seems one-sided and advise when legal counsel is needed.

**Disclosures** - Buyer's reps are familiar with desired property disclosures (environmental hazards, Megan's law, pests, pollution, etc.) and can help you obtain these from a builder.

**Upgrades** - Gain input from a buyer's rep on which upgrades are most likely to improve your home's resale value, as well as guidance on making sure your home's price doesn't exceed its appraised value.

**Inspections** - New homes are inspected for compliance with municipal building codes at several stages in the construction process. However, your buyer's rep can help arrange your own independent inspections, providing another level of assurance that any problems will be spotted and resolved.

**Financing** - Buyer's reps are familiar with a wide range of financing options. They can advise you on the merits of a builder's options (if financing is offered) or suggest other lending sources.

**Closing considerations** - A buyer's rep can alert you to issues that may not be addressed, including title insurance and protection against mechanics' liens.

**Sale of existing home** - If your purchase also entails selling a current home, you'll appreciate having someone representing your interests and coordinating details on both sides of your transaction.

These are just a few ways buyer's representatives can improve your experience when purchasing a new home. **To learn more, talk to your Accredited Buyer's Representative.**



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# Multiple Offers: Questions to Consider in a Seller's Market

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When home buyers outnumber sellers, the result can be a multiple offer scenario. If you're searching for homes in a competitive market environment, you'll want to take time to understand the dynamics of multiple offers and understand how this might impact your negotiating strategy. Some questions to discuss with your buyer's representative:

### **Will I know if I'm in a multiple offer situation?**

Not necessarily. Typically it works to a seller's advantage if buyers are told they are competing with one another. But a seller must give their agent permission to disclose the existence of other offers before this can be shared with your buyer's rep.

### **How will offers be presented to the seller?**

The seller decides how they want this handled, either individually or as a group presentation. Once presented, a seller can elect to accept (or counter) one offer, reject all offers, or reject all offers in conjunction with a request to resubmit a "highest and best" offer.

### **Will the details of my offer be kept confidential from other buyers?**

The only way to preserve confidentiality is to ask the sellers to sign a confidentiality agreement before presenting your offer (which also applies to their agent). However, if the seller decides to have a group presentation of offers, you'll either have to withdraw your offer or revoke the confidentiality agreement.

### **If my offer has the highest price, can I be confident that I'll beat out other buyers?**

No. Sellers can accept whichever offer they consider "best" and that may be based on other factors, like the certainty of closing (e.g., the buyer is already approved on their mortgage) or flexibility on closing dates.

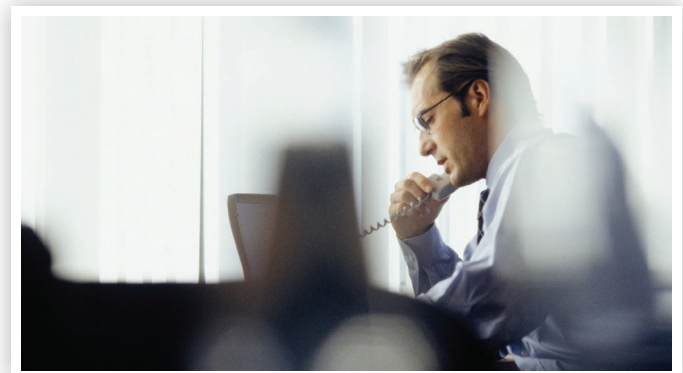
### **What are my options for writing a stronger offer?**

In addition to firming up your financing (or paying cash) and offering flexibility on timing, there are a number of other things you can do, including eliminating contingencies, increasing your earnest money deposit or paying closing costs, to name a few. Discuss your options with your buyer's rep.

### **If I don't want to compete with other buyers, can I withdraw my offer?**

Yes, as long as you deliver notification to the seller revoking your offer before they've accepted it.

Every home buyer benefits from having their interests represented in a real estate transaction, but in a multiple offer scenario, you'll gain even more if you're working with an **Accredited Buyer's Representative**. Discuss these and other questions with your buyer's rep so you can anticipate each step in the negotiation process and improve the likelihood of a successful outcome.



# Common Myths and Misunderstandings about Shopping for Homes

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## You’ve been searching for homes online, driving by interesting properties in your car, and found one that looks perfect. What do you do next?

Contact the agent featured on the yard sign and the online listing? While that may sound like the most logical step, it’s a common home buying mistake based on several myths and misunderstandings:

**Assumption: It’s best to contact the listing agent because they’re already familiar with the property.** Sure, the agent on the yard sign knows the property, but that’s because they’ve been hired by the owners to help sell it. That’s what listing agents do. Their job is to represent sellers in property transactions, marketing properties to potential buyers and helping sellers earn as much as possible on the sale.

Does that sound like an agent who will be looking out for YOUR best interests? Buyers will be better served if they avoid the listing agent (anything you tell them may hurt your negotiating position) and select a buyer’s agent to arrange a showing—someone who will represent your interests in a transaction.

**Assumption: I’ll save money on commissions if I work with the seller’s agent.** Not true. Commissions paid to the buyer’s and seller’s agents are predetermined and written into the listing agreement; in most cases, if the listing agent brings a buyer to the table (because the buyer contacted them directly) that brokerage will earn both sides of the commission.

That means buyers don’t necessarily save anything by going directly to the listing agent. More importantly, when a buyer approaches the listing agent, they’ve potentially lost a vital opportunity to receive loyalty, confidentiality and other fiduciary duties that buyer’s agents owe their clients.

**Assumption: All real estate agents are basically the same, so I might as well contact this one.** Again, not true. As in all professions, some real estate agents deliver a higher standard of service than others. One way to make sure you’re working with a professional who’s already received special training in representing buyers is to find an agent who’s earned their Accredited Buyer’s Representative (ABR®) designation—an official designation certified by the National Association of REALTORS®.



# 10 Steps: How to Make a Successful Relocation Move

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Moving to a new, unfamiliar community can be stressful and demanding. To make your transfer go smoother, consider these suggestions:

## 1. SELECT THE RIGHT REAL ESTATE AGENT.

**Working with a good agent is one of the most important aspects of a successful home purchase.** Key qualities to look for: experience with relocating clients, strong local market knowledge and solid communication skills. If your agent has earned the ABR® designation you’ll know they also have special training in representing buyers.

## 2. GET PRE-APPROVED (NOT JUST PRE-QUALIFIED) FOR YOUR MORTGAGE.

**Pre-approval means your application has already been processed and final approval is only contingent upon an appraisal and other issues.** Mortgage pre-approval puts you in a more favorable negotiating position with sellers and allows you to make faster decisions.

## 3. SEPARATE YOUR NEEDS FROM YOUR WANTS.

**The difference may seem subtle,** but this makes it easier to quickly narrow your options and find the best home for your needs.

## 4. KEEP COPIOUS NOTES.

**You’ll probably see many homes in a short period of time.** Detailed notes, photos, and listing sheets can help you recall each property after a busy “home shopping” trip.

## 5. THINK ABOUT SELLING WHILE BUYING.

**Transferees often face future relocations, so it’s important to consider a home’s resale value.** If your agent is pointing out a home’s flaws, they’re probably looking out for your future best interests.

## 6. LEARN THE MARKET.

**Buyers can gather an amazing amount of information online about the markets they’re considering** for their new home (although an experienced agent will always have a stronger pulse on local market prices than any website). Do your homework and rely on your agent to add key perspectives.

## 7. BE PREPARED TO MAKE FAST DECISIONS.

**Many markets now favor sellers or simply lack adequate home inventories,** causing buyers to quickly regret momentary hesitation on a desirable home. Consider making an offer right away, even if you plan to view additional properties.

## 8. BEFORE PLACING AN OFFER, REQUEST A QUICK CMA.

**Agents can produce a comparable market analysis** on any home in a matter of minutes. This is also where an agent with local market expertise can be a real plus.

## 9. BE PREPARED FOR EMOTIONAL UPS AND DOWNS.

**Negotiating an offer can be a draining experience.** Try to remain calm and maintain perspective as offers and counter offers are exchanged.

## 10. LEARN FROM HOME INSPECTORS.

**The level of detail in home inspections has improved dramatically.** If at all possible, attend the inspection in person. You’ll also gain many valuable tips about maintaining your home in the written report. As far as renegotiating on repair items, remember that in strong markets, sellers will be unwilling to make any concessions based on the inspector’s report.

# BUYING A HOME

## What Your Buyer's Agent Does *for you*

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### Help arrange financing.

1. Assist in locating sources of mortgage loans.
2. Help you examine how much you can afford but how much you may want to spend.
3. Assist in comparing different financing options.
4. Provide information on purchasing incentives that may be available.
5. Educate and discuss the differences between being prequalified and preapproved for a mortgage.



### Assist in finding the right property.

6. Identify your needs and wants in a property.
7. Find appropriate available properties.
8. Set up an automated e-mail alert system that immediately notifies you of properties that fit your requirements.
9. Sort through inaccurate information about homes in the area.
10. Provide ready access to all MLS-listed properties.
11. Network with other agents for properties not yet in the MLS.
12. Preview properties prior to showing.
13. Help select for viewing only those homes that fit your needs.
14. Aid in narrowing your search until you have identified your top choices.
15. Assist in analyzing the pros and cons of each property.
16. Disclose all known latent material defects.
17. Assist you in evaluating properties for suitability, affordability, and resale value.



### Educate you on market conditions.

18. Educate you on whether it is a buyers' market or a sellers' market.
19. Show statistics on what percent of list price the sellers are currently receiving.
20. Show trends, current average days on market, current absorption rate, and/or current months of inventory.



### Guide you through making an offer and represent you and your interests in negotiations.

21. Prepare a CMA so that you make an informed decision when offering a price.
22. Advise you on what comparable properties are selling for.
23. Explain common contract contingencies.
24. Obtain appropriate seller disclosures.
25. Prioritize your goals.
26. Help create a negotiating strategy to achieve those goals.
27. Ensure that you receive and understand all state and federally required disclosure forms.
28. Handle the completion of the offer to purchase or sales contract.
29. Educate you on the contents of the sales contract.
30. Ensure that all appropriate additional forms are completed.
31. Assist you in getting the best property at the best price with the least amount of inconvenience based on current market conditions.
32. Prepare you for multiple offer situations and develop negotiation strategies specific to multiple offers.



### Get you to closing and serve as your trusted real estate resource.

33. Recommend inspectors, lenders, attorneys, and other professionals as necessary.
34. Be an advocate and advisor during the closing process.
35. Review and discuss home inspection concerns.
36. Monitor and communicate required contract deadlines to ensure that you meet them.
37. Assist in coordinating communications between the listing agent, lender, attorneys, title company, appraiser, and other professionals.
38. Accompany you on the walk-through prior to closing to ensure the property is in the same condition as when you entered into the contract.
39. Remain a life-long trusted advisor regarding real estate questions, needs, or concerns.

Count on your Accredited Buyer's Representative (ABR®) to provide the highest level of buyer-representation services.

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# Buyer's Remorse: Negotiating Mistakes that Buyers Most Often Regret

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**When two parties enter into negotiations on a home, there are far too many opportunities for bumps and obstacles to get in the way.** What are the most common traps, and how can you avoid them? Consider these common stumbling blocks for successful negotiating, and ways to find a better path:

## 1. INADEQUATE PLANNING

**Before writing your first offer, clarify your priorities, strengths, and weaknesses—AND the seller's. A true negotiating strategy is about much more than price.**

Think beyond step one, anticipating possible responses and counter offers. With careful forethought and a little creativity, you'll feel much more confident about your negotiating plan and improve your odds of success.

## 2. GETTING EMOTIONAL

**Stick to the facts and remain as objective as possible.**

Feelings of personal insult or anger don't contribute anything of value to a negotiation. (In fact, it's more likely to cloud your ability to think clearly.) If a seller rejects some aspects of your offer, try to calmly and rationally understand their perspectives.

## 3. IMPATIENCE

**Sometimes the negotiating process takes time to unfold.**

Stay relaxed and focused on your purchasing objectives. You may need to be flexible and open to alternative ways to reach them.

## 4. FEAR

**While patience is a virtue, don't let fear paralyze your ability to make decisions.** If you find a house that's a good fit, don't be afraid to submit an offer. Too often, buyers delay action and the house goes under contract with someone else. (Buyers rarely make this mistake twice.)

## 5. BLIND SPOTS

**Your objective is to own a home.** Don't lose sight of that goal by putting too much emphasis on smaller obstacles and distractions that may present themselves during the negotiation process. Stay focused on the big picture.

## 6. LACK OF KNOWLEDGE

**Learn as much as you can from your buyer's rep about current market conditions.** Knowledge is power, which can be used to your advantage in shaping your negotiating strategy.

## 7. STUBBORNNESS

**Negotiations are ultimately about two parties reaching a win-win agreement.** Don't be completely unwilling to compromise. Instead, focus on joint problem solving.

Your Accredited Buyer's Representative can coach you further on these and other points specific to your buying situation, helping you approach your negotiations smoothly and successfully.



# What Buyers Should Know About Property Portals

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**If you’re like most buyers, you probably started your home search online.** What you’ve found, however, may have raised more questions than answers. That’s because various consumer-oriented portals operate in very different ways and produce very different results. Understanding the nuts and bolts of how listings are published online will help you gain access to the most complete and accurate information.

## THE SYNDICATION PROCESS

A seller’s agent starts the home marketing process by creating a “listing” that includes key details and selling points, as well as photos. This information is usually entered into the local multiple listing service (MLS). All agents within that MLS share access to the most current details on every listing and may, depending on rule requirements, republish listings on their own websites.

Because seller’s agents want their properties to be seen by as many consumers as possible, they typically use syndication services to republish listings on various consumer sites. Even though the listing agent created the original content, their ability to control future updates may be hit or miss. Additionally, some consumer sites sell listing information to other sites, in a process called resyndication, creating further distance from the original source.

## IMPROVING YOUR RESULTS

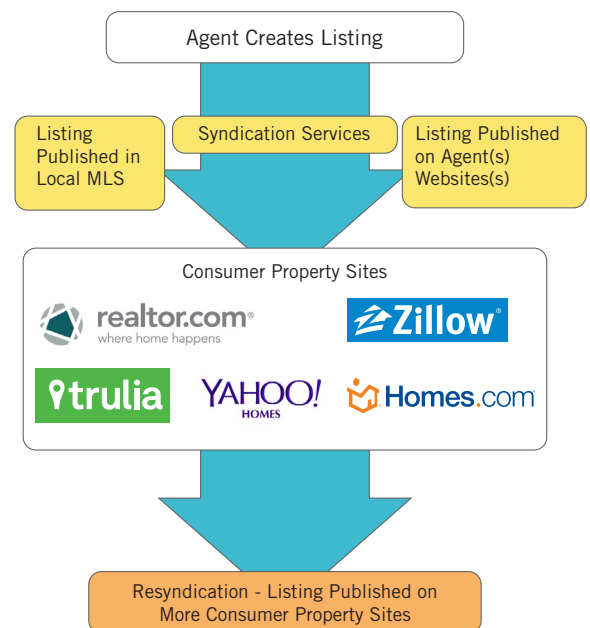
**Portals are hungry for as many listings and as much content as possible—that’s how they attract visitors.** But they may be less interested in, or capable of, keeping their content up-to-date. As a result, buyers often find properties that are no longer available for sale or otherwise inaccurate details, such as estimated values.

## THE SOLUTION?

**Work with and rely on a source who can offer the most current and accurate information.** Your buyer’s agent has real-time access to the most complete inventory of homes for sale, along with the most timely details on prices, market status, comparable sales, etc. Many buyer’s agents can also give their clients access to proprietary tools that provide emailed updates on qualified properties.

If your only option is a portal, rely on [realtor.com](https://www.realtor.com)®, which is more closely integrated with the MLS system than other property sites and does the best job of providing consumers timely, accurate listing data.

## How Listings are Published Online



# Home Maintenance Checklist

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**Congratulations! Most buyers feel considerable pride in becoming a home owner—but also recognize ownership includes many new responsibilities. To keep your home looking and performing its best, here are several of the most important jobs to remember.**

## SAFETY FIRST

Prevent accidents or injury by regularly checking these systems:

- Test fire extinguisher
- Replace batteries in smoke and carbon monoxide detectors each spring and fall
- Check the auto-reverse safety feature on your garage door
- Make sure your dryer vent is exhausting properly

## AVOID SERIOUS WATER DAMAGE

You’ll prevent substantial problems if you heed these warnings:

- Make sure your sump pump is working and seriously consider installing a battery back-up system
- Keep gutters and downspouts clean
- Make sure rain water flows away from the house
- Clean out any debris in window wells (and consider adding covers)
- Check for any small leaks by toilets, dishwashers, under sinks, etc.
- Ensure your roof is leak-proof by checking the attic for signs of water damage



## KEEP IT CLEAN

Occasional “deep cleaning” prevents dirt and grime from accumulating, keeping your home in tip-top shape. In addition to ongoing cleaning chores, don’t forget to periodically:

- Clean (degrease) your range-hood filter
- Clean and brighten tile and grout
- Wash walls and windows
- Wipe down baseboard molding, as well as trim surrounding doors and windows
- Deep-clean basements and garages at least annually

## ENERGY EFFICIENCY

You’ll reduce your power bill and keep appliances running longer if you:

- Change (or clean) furnace filters each month
- Vacuum the coils on your refrigerator twice a year
- Seal any drafty windows or doors

## OUTDOORS

While the weather is nice:

- Check for damage (cracks in the foundation, peeling paint, etc.) and make necessary repairs
- Winterize air conditioning systems (in cold climates) and cover outdoor units
- Fill any cracks in a blacktop driveway and reseal each fall

# How Much Should I Pay?

## Pricing Considerations

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Real estate agents frequently use a Comparative Market Analysis (CMA) to estimate a property’s probable selling price. CMAs help sellers decide on a listing price, whereas buyers use them to determine how much they want to offer for a property.

While sellers and buyers have naturally opposing price preferences, a CMA is designed to be a completely objective evaluation, based on recent and actual selling prices for comparable properties. Since real estate markets can change quickly, it’s essential to recognize that a CMA only provides a “snapshot” for a particular point in time.

The **comparable properties** included in a CMA should be similar, recently-sold homes. When selecting “comps,” the date of sale, location, and size of a home are the most important factors, but amenities, floor plan/style, age, number of bedrooms/bathrooms, garage size, improvements, and potential negatives may also be considered.

**When reviewing a CMA to structure an offer on a particular property, it’s also helpful to examine the following:**

**Competing properties** are substantially similar homes that are currently listed for sale. Since they haven’t sold yet, they’re usually distinguished from other “comps” in a CMA. Sellers know they are competing against these properties, so it’s important for buyers to factor them into their negotiating strategy.

**Absorption rates** are used to analyze the strength of a market, in terms of the supply and demand for current competing properties (the number of homes on the market relative to the number of homes sold). A low absorption rate indicates that sellers are in a stronger position whereas a high absorption rate is favorable for buyers.

**Days on market** may indicate how appropriately a property has been priced for sale, especially when compared to absorption rates. If, for example, the absorption rate is two months, but a competing property has been listed for over three months, a potential buyer of that property might have a stronger negotiating position.

**Sales price/list price ratios** for specific categories of homes may help buyers understand how much less than the listing price they can realistically expect to achieve.

**Each of these factors, and others, are important considerations in your negotiating strategy, particularly concerning price.** Your buyer’s agent is your best resource for professional insights on current market conditions. With their assistance, you’ll be in a better position to make an informed, realistic, and winning offer on your next home.

# Do-It-Yourself Home Energy Survey Checklist

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**When a home has particular energy-related problems, homeowners (or potential buyers) can begin the diagnostic process.** Although it is not a replacement for professional evaluation, the DIY approach can uncover problems for quick fixes or further investigation. Inspect the items on the list and make notes about problems. The list and notes will serve as a to-do list for tackling problem areas and prioritizing repairs and upgrades.

- Gaps along baseboards, flooring edges, junctures of walls and ceilings, anywhere that two different building materials meet can be sources of energy loss
- Insulation around electrical outlets and switch plates. Turn off power to an electrical outlet or switch, use a power tester to double-check to ensure that no current is flowing to the outlet, remove the cover plate and probe around the opened outlet with a stick or screwdriver; resistance indicates presence of insulation.
- Windows and doors—rattling indicates an air leak source
- Fireplace flue—if you can feel a draft, the fireplace flue may be open, or there may be gaps in the closed position
- Cellar door and attic hatch—the hatch should have the same amount and type of insulation as the attic floor
- Hot or cold spots on floors or in rooms—indicates possible insulation issues
- Drafts through mail slots and pet doors—to reduce energy loss, seal these openings
- Exhaust fans and hoods, dryer-vents—ensure appropriate airflow in moisture-heavy spaces
- Foundation seals, siding, mortar between bricks (especially building corners)—these are all areas that require periodic maintenance and are prime sources of air leaks
- Worn or improperly installed caulking and weather stripping—remove and replace
- Storm windows installed—creates extra layer of insulation
- Vapor barrier underneath insulation tightens the seal on the building envelope and improves insulation’s performance
- Attic vents should not be blocked by insulation
- Wrapping on water heater, hot water pipes, and furnace ducts is good, providing an extra layer of insulation
- Replacement of furnace air filters—most homeowners don’t replace them regularly, but doing so improves indoor air quality and extends the life of your furnace
- Ducts and seams—dirt streaks indicate leakages that should be sealed
- Lighting—to improve energy efficiency replace incandescent bulbs with CFL or LED bulbs
- Schedule annual HVAC inspections to maintain the best performance from your furnace and air conditioner
- Gaps or settling in wall insulation should be filled, most easily with blown-in insulation

# 7 Reasons to Hire an ABR®

“I’m your ABR®”

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**Buying a home is unlike any other purchase.** Before attempting to do this on your own, consider why it's smarter to work with an Accredited Buyer's Representative (ABR®).



## 1. A skilled professional will be covering your back.

In real estate transactions, having representation (either as a buyer or seller) means that an industry professional is obligated to protect and promote your interests, including keeping certain information confidential and sharing information with you that might benefit your position. Accredited Buyer's Representatives have gone a step further, completing specialized training in the best practices for buyer representation. An ABR® designee stands out in the crowd!

## 2. You'll simplify many complex aspects of your transaction.

Let's face it. If you aren't already familiar with complex real estate contracts, disclosure forms and mortgage applications, these documents can be confusing and daunting. Most buyers genuinely appreciate having a knowledgeable resource to answer their questions.

## 3. You'll be working with an up-to-date expert.

An ABR® designee has a keen understanding of buyers' concerns. Further, they are committed to maintaining their professional edge by staying current on the latest issues and trends in buyer representation.

## 4. You'll know your buyer representative has proven experience.

One qualification of earning the ABR® designation is proof of completed transactions with other homebuyers. It's impossible for an inexperienced real estate agent to obtain the ABR®.

## 5. You can improve your negotiating results.

Deciding on an offer price for a house is tricky business, requiring careful analysis of other comparable homes for sale, recently sold homes, and other market factors. Plus, your offer price is just one facet of your negotiating strategy. An ABR® designee can advise you on every negotiating detail, including counseling you on the pluses and minuses of including various contingencies.

## 6. You can get a higher level of service without paying more.

In the vast majority of circumstances, listing agreements are structured so that a buyer's agent's commission is paid out of the seller's proceeds. In the rare instance where this is not the case, you still have options. ABR® designees can explain those options before you begin your home search, helping you make informed decisions if you encounter such a scenario.

## 7. They're easy to find!

Every ABR® designee is included in an online directory, where you can search by location and review profiles for agents in your area. Go to [REBAC.net/buyers-rep](http://REBAC.net/buyers-rep) today!

# Avoid These Common Mistakes When Buying a Home

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**Buying a home is a big decision that involves thinking about many different needs and desires.** Your buyer’s representative will want to know as much as possible about your preferences in order to pinpoint your best options.

In addition to determining basic parameters (such as square footage and price range) it’s helpful to have a detailed conversation about your top priorities, in terms of features, location, and lifestyle. The questions below can help get your thoughts flowing.

## 1. Underestimating costs.

**The purchase price may be the biggest item, but buyers also need to factor in several other costs,** including property taxes, homeowner’s insurance, utility bills, home maintenance expenses, mortgage insurance (if your down payment is less than 20 percent) and possibly homeowner association fees. Buyers may also need to budget for some closing costs—either paid at closing, or wrapped into their mortgage.

## 2. Overlooking important financing details.

**For most buyers, purchasing a home involves securing a mortgage.** First, check your credit report and clean up any issues that might hurt your ability to get preapproved, or bump up the interest rate you’ll be charged. Then, request loan estimates from several lenders and compare them side-by-side to make sure you’re getting the best terms.

## 3. Not researching the neighborhood.

**It’s easy for buyers to imagine themselves living in a home, while overlooking what it’s like to live in a particular neighborhood.** Be sure to consider schools, parks, safety, proximity to transportation, shopping, restaurants, or anything else that’s important to you. Doing so will make your home feel like home in every sense of the word.

## 4. Ignoring resale value.

**While house hunting, the idea of selling your new home may seem like a remote and distant prospect.** Even if you imagine yourself living there forever, life often dishes out unexpected changes. It’s important to consider how other buyers might react to your home and avoid a purchase you may later regret due to undesirable or hard-to-modify features.

## 5. Not hiring an Accredited Buyer’s Representative.

**You may be aware of buyer representation, but did you know that only a select number of real estate professionals have earned the Accredited Buyer’s Representative (ABR®) designation?** By completing special coursework, demonstrating prior experience, and keeping up on the latest issues and trends, a REALTOR® with their ABR® designation is a proven and skilled professional who can help you achieve the best results!

# Neighborhood Considerations

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## Buying a home involves buying into an entire community.

It’s important to make sure your new neighborhood suits your needs and preferences every bit as much as the house you decide to purchase. After all, most houses can be modified, but neighborhoods can’t.

Your buyer’s rep will be able to assist you in many important aspects of your purchase, like locating suitable properties, negotiating, and executing essential transaction details. Along the way, they’ll be able to help

answer your questions, with the exception of certain questions concerning neighborhoods.

That’s because real estate professionals are required to abide by Fair Housing laws, which prohibit housing discrimination. Further, neighborhood preferences are highly subjective and personal. As a buyer, YOU need to decide if a neighborhood feels right for you. Your buyer’s rep can point you to excellent resources for background research, but it’s up to you to interpret that information.

**When considering a neighborhood, here are some of the most important questions to ask yourself:**

### 1. Schools

Are the public schools well regarded? What are the private school options?

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### 2. Crime

Will I feel safe in this neighborhood?

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### 3. Transportation

How easy is it to get around? Is there convenient access to highways and public transit? Are there problems with traffic, lack of parking, etc.?

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### 4. Demographics

Who else lives here? Will I be able to develop friendships? Will I feel welcome?

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### 5. Eating and shopping

What restaurants and stores are nearby?

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### 6. Recreation

Are there parks and other facilities for sports, entertainment, etc.?

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### 7. House of worship

Regardless of my faith, will I be able to find a new house of worship?

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# Advantages of Buying versus Renting

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**Deciding to buy a home is a highly personal choice that involves weighing numerous financial factors and individual preferences.** While renting may be easier on your budget and provide more flexibility to relocate for new work opportunities, there are a number of strong reasons to purchase a home, including:

## FINANCIAL FACTORS

**Build Equity** – For most mortgages, monthly payments include both principal and interest, with principal representing your actual ownership of the home. Over time, the principal portion of each monthly payment increases, helping homeowners build equity faster.

Owners can also build equity by making smart improvements, especially if the cost of the project boosts your home’s resale value by more than what you invest in the improvement.

**Tax Benefits** – If you itemize your federal income tax return, you can deduct property taxes and any mortgage interest paid during the tax year. You may also be able to take advantage of other local, state or federal incentives, such as home improvements that qualify for an energy tax credit.

**Potential Rental Income** – At some point, you may decide to convert your home into an investment property by leasing out some or all of your space. (For example, keep your first home for rental income when you decide to move to larger quarters.) Just be sure to investigate local rental property laws first.

## SUBJECTIVE CONSIDERATIONS

**Creative Freedom** – Your home is your space, and you can do whatever you want with it, just be mindful of zoning violations. Paint the walls, add a deck, create a workshop for your favorite hobbies, etc. When you own a home, you’re only limited by your imagination.

**Privacy** – In contrast to sharing space with roommates or other family members, owning a home provides a private “sanctuary.” Even if you’ve been renting your own apartment space, you may be craving a retreat from noisy (or nosy) neighbors.

**Sense of Belonging** – Buying a home involves a larger, longer-term commitment (than renting) that often extends beyond a house into a community, opening the door to participation in local events, meeting and supporting neighbors, and building deeper friendships.





# Understanding Your Agent's Safety Policies and Procedures

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**When it comes to personal on-the-job safety, real estate professionals are in a unique position. They often share their contact information and photo openly with others, they meet unknown clients, and they walk through vacant properties.** Because the nature of their business creates unusual safety concerns, it's critical for your buyer's reps to rely on certain protocols when working with every client, including you.

**While each agent is different, common safety procedures include:**

**Initial meeting place.** Instead of meeting you for the first time at a property, your buyer's rep may ask you to meet them in their office or another public location. Please don't be offended by this. After all, you wouldn't want to meet a stranger at an empty house, would you?

**Documentation.** At this first meeting, don't be surprised if your agent asks to make a copy of your driver's license, your mortgage pre-approval letter, or requests emergency contact details. These are common components of their client records and standard safety procedures.

**Driving.** Your agent may ask you to drive separately to tour a house. This is another standard safety precaution, intended to protect both of you. Besides, you may both have commitments immediately after the appointment.

**Touring homes.** Don't be surprised if your agent walks behind you while touring homes. This routine habit isn't only a safety precaution; it allows you to see the rooms first and get better views of the space. Also, your agent may decline to accompany you into basements, closets, or attics, but you should still feel free to have a look around.

**Vacant properties.** Your agent may only show you vacant properties during daylight hours, partly because they may be more vulnerable to defects (like loose floor boards or deck railings). This becomes especially important if the property has been vacant for an extended time, since this increases the odds of maintenance-related problems, or break-ins by squatters or wild animals.

**Neighborhoods.** If you ask whether a neighborhood is safe, recognize that Fair Housing laws prohibit real estate professionals from engaging in any behavior that could be viewed as steering people towards or away from an area. Instead, they can direct you to the best resources to make your own determination of where you'll feel comfortable.



# Is a “Rehab Mortgage” Right for Me?

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**If you’re interested in buying a home that requires significant repairs or upgrades, you may need help financing these additional expenses. The Federal Housing Administration (FHA) offers a unique program that may be a good fit for your needs, called Section 203(k) Rehab Mortgage Insurance.**

Traditionally, buyers have needed to fund these repairs themselves, or secure a home improvement loan (usually at a higher borrowing rate) in addition to a mortgage for the house purchase. With the 203(k) program, however, borrowers can wrap the purchase and rehabilitation costs into a single mortgage offered at a competitive rate. Borrowers can select between a fixed- or variable-rate loan, up to 30 years. Like other FHA loans, the down payment can be as low as 3.5 percent.

Several features and limitations of the program:

- Only owner/occupants and nonprofit organizations can use a 203(k) loan; investors aren’t eligible
- A wide range of eligible improvements are covered, from relatively minor work (costing at least \$5,000) to virtual reconstruction of the home (as long as the existing foundation system remains)
- The total value of the property must fall within the FHA mortgage limits for your area (found at [entp.hud.gov/idapp/html/hicostlook.cfm](http://entp.hud.gov/idapp/html/hicostlook.cfm))
- Your property’s value is considered the lesser of these two calculations: 1) the value before rehabilitation, plus the rehab costs; or, 2) 110 percent of the appraised property value after rehabilitation
- Section 203(k) loans can also be used to convert a property of any size into a one- to four-unit structure; while the program is primarily intended for independent structures, owners of condos and townhomes can use it for interior projects
- All work must be completed by contractors that have been pre-approved by FHA, called 203(k) Consultants. (This program is not intended for do-it-yourselfers)
- Properties must meet certain energy efficiency and structural standards
- Applications for a Section 203(k) loan must be submitted through an FHA approved lender; your buyer’s representative can help you find one in your area

## Limited 203(k) Mortgages

The FHA also offers a streamlined program that provides financing of up to \$35,000 in rehabilitation costs on top of an existing mortgage. It’s a simpler process that helps buyers make their home move-in ready. Or, current homeowners can use the funds to make repairs or improvements to prepare their home for sale.

To learn more about either 203(k) program, visit [hud.gov/program\\_offices/housing/sfh/203k](http://hud.gov/program_offices/housing/sfh/203k). Like any mortgage decision, shop around and compare costs before deciding on a loan that works best for you.

# Tell Me About Your Next Home

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**Buying a home is a big decision that involves thinking about many different needs and desires.**

Your buyer’s representative will want to know as much as possible about your preferences in order to pinpoint your best options. In addition to determining basic parameters (such as square footage and price range) it’s helpful to have a detailed conversation about your top priorities, in terms of features, location, and lifestyle. The questions below can help get your thoughts flowing.

1. How long do you imagine living in this home and who will be living with you (now and in the foreseeable future)?

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2. Describe your ideal location (e.g., on a quiet street, with a great view, or in a walking neighborhood). Why is this important to you?

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3. What style of home would you like to live in? Do you have a preferred floor plan, architectural style, etc.?

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4. What interior features are most important to you? (such as space for entertaining, a home office, high ceilings, hardwood floors, etc.)

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5. In terms of the exterior part of your home, what features are most important? (space for kids to play, privacy, sunny/shady, attached garage, etc.)

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6. Is it essential to have convenient access to certain other amenities, such as public transportation, schools, a fitness center, an expressway, etc.?

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7. Describe any need-to-have or need-to-avoid issues. (Non-negotiable requirements that can’t easily be added or modified later.)

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# 3 Important Differences Between Real Estate Agents

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One of the hardest parts of buying a home is understanding real estate terminology. It’s not just a matter of learning new words. You may also need to unlearn a few things you thought you knew. For example, did you know that “REALTOR®” is a trademark denoting membership in the National Association of REALTORS®, and cannot be used synonymously with “real estate agent?” Here’s how it works:



## Level 1. Real estate licensee

**All real estate agents must be licensed.** Each state sets its own requirements, in terms of the minimum number of hours spent in real estate education. Before receiving a real estate license, agents must also pass an exam that covers national, as well as state and local real estate laws, standards, and practices. After passing the exam, and affiliating with a real estate brokerage, a licensee can begin representing buyers and sellers in property transactions.



## Level 2. REALTOR®

**REALTORS® adhere to a higher set of standards.** The term “REALTOR®” is a registered trademark that can only be used by active members of the National Association of REALTORS®. The term REALTOR® identifies a real estate professional who is a member of the National Association of REALTORS® (NAR)—the largest trade association in the U.S., with over a million members—and subscribes to its strict Code of Ethics. The term REALTOR® can only be used to convey membership in NAR.

This is important to homebuyers because REALTORS® abide by a strict Code of Ethics & Professional Standards—duties that go beyond state licensing laws and help ensure fair and honest treatment to all parties to real estate transactions.



## Level 3. Accredited Buyer’s Representative (ABR®)

The National Association of REALTORS® also helps its members develop deeper real estate expertise by providing education, and conferring designations and certifications, in various areas of specialization, including buyer representation.

To earn the Accredited Buyer’s Representative (ABR®) designation, REALTORS® must take additional courses and demonstrate prior experience in representing buyer-clients in real estate transactions. The education emphasizes an agent’s fiduciary responsibilities to buyer-clients, including adhering to very specific duties, obligations, and high standards of good faith and loyalty throughout the transaction process.

**Most buyers prefer working with an ABR® designee,** once they understand these important differences between real estate professionals. It’s a choice that can significantly improve your home buying experience!

The Accredited Buyer’s Representative (ABR®) designation is awarded by the Real Estate Buyer’s Agent Council (REBAC), a subsidiary of the National Association of REALTORS® (NAR).

To learn more about REBAC and access various home buyer resources, please visit [REBAC.net](http://REBAC.net).



# 5 Dos and Don'ts on Property Tours

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Property tours are fun! You get to imagine yourself living in new spaces and, perhaps, learn something new about your priorities and preferences.

It's also relatively easy to make mistakes while touring properties—mistakes that could anger the seller, hurt your negotiating position, or worse. For the best results, follow these tips:

## ✗ 1. Don't bring an entourage.

Relatives and friends may enjoy tagging along or providing personal advice, but they're also a distraction, shifting the focus away from YOUR interests and concerns. Plus, the things they say and do could hurt your negotiating position.

If it's essential to include other decision-makers, discuss this in advance with your buyer's rep.

## ✓ 2. Do assume the owner is watching and listening.

Surveillance cameras are increasingly common and used to monitor buyers' behavior and comments on property tours. It's an easy and effective way for owners to safeguard their property and gauge a buyer's interest, for negotiating purposes.

Comments and movements outside the home, in the driveway or the yard, may also be scrutinized, with or without cameras. Owners have been known to watch from neighbors' windows or recruit neighbors to spy on their behalf.

## ✗ 3. Don't take photos or video (or use live-streaming services).

In today's world, people take photos wherever they go. When touring homes, however, remember that you're on someone else's property. Unless the owner has granted permission, you may be violating state laws.

Even if you're allowed to take pictures, don't share them on social media sites. It's another way to hurt your negotiating position and invade the owner's privacy. Wait until it's YOUR house.

## ✓ 4. Do use your imagination.

Every homeowner has different tastes. If a house doesn't reflect your style, what easy and potentially inexpensive changes can you make, including fixtures, window treatments, and paint?

Several paint companies offer augmented reality (AR) apps to view walls in different colors, via your phone. Similarly, some retailers provide AR apps for viewing virtual furniture in a room. Use these tools to help envision your own style in a home.

## ✗ 5. Don't help yourself to the bathroom.

Yes, it's fine to flush the toilets and test the water faucets. It's also okay to open cabinets, drawers, and closet doors. But check with your buyer's rep before "using" a toilet. The owner may have preferences regarding this. Better yet, schedule a pit stop before starting the tour.

# Don't Be a Victim of Real Estate Wire Fraud

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It's almost time to close on your new home! Your excitement is building... until you discover you've sent your closing funds to an offshore account and there's no way to get the money back. You've lost the house and everything you've saved to purchase it.

Don't think it could happen to you? Fake email messages are one of cybercriminals' oldest tricks. However, growing numbers of unwary buyers are becoming victims.

## How it happens

- 1 Hackers infiltrate the email account** of someone involved in a real estate transaction, potentially including the buyer or listing agent, a brokerage assistant, an attorney, or a representative of the title company.
- 2 Messages flowing in and out of the compromised account are monitored to collect critical details**, including the closing date, the property address, the buyer's name and email address, and the names of the real estate brokerages, title company, and financial institutions involved in the transaction.
- 3 When closing is imminent, a fake email is sent to the buyer**, including wire transfer instructions. Since the message is sent directly from the compromised email account and includes relevant and accurate transaction details, its authenticity is highly convincing.
- Once the money moves offshore, there's typically no way to get it back.**

## How to prevent it

- First, be highly vigilant and alert.** Your bank may refund fraudulent charges on your credit card, but they're rarely responsible for a wire transfer you authorized, even if you were tricked.
- If you receive an email message concerning wire transfers, don't proceed with a transfer** and don't trust any of the contact information contained in the message.
- Grab your phone and talk to your buyer's agent to verify the status of your closing** and obtain the contact details for your wire transfer. Then, call the intended recipient immediately before sending the funds, to confirm the wiring instructions.  
  
Person-to-person phone calls may sound cumbersome, but voice verification is the only reliable way to defend yourself against real estate wire fraud.
- As an additional preventive step, consider asking your bank to add voice verification or some other security procedure before any wire transfers are allowed** from your accounts. Granted, it's another step in the long process of buying your home, but when so much is at stake, it's worth taking steps to protect yourself.



# Appropriate (and Unreasonable) Inspection Repair Requests

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**The seller just accepted your offer on the house. Congratulations! Most buyers include a home inspection contingency in their offer. It’s a crucial step that will alert you to problems that may need to be addressed, like malfunctioning appliances or cracks in the foundation.**

Inspection reports can be long and extensive. Your buyer’s representative can guide you through the findings and help you decide on your next steps with the seller. What should you include in your repair requests? What’s asking too much?

As a general rule, problems with non-functioning systems and safety issues are legitimate negotiable repairs. Or, if you discover substantial structural defects or serious hazards, you may want to back out of the contract.

On the other hand, issues that have already been disclosed or a long list of nickel-and-dime requests will only generate ill will with the sellers and potentially derail the transaction.

**If your goal is to reach the closing table, it may be best to pass on these requests:**

## ✓ 1. Normal wear and tear.

Chipped paint on the baseboards. A cracked mirror. Scratches in hardwood flooring. Unless you’re buying new construction, most homes have a few cosmetic defects. Sellers are typically unwilling to negotiate on flaws that were visible when you made your offer.

## ✓ 2. Inexpensive repairs.

It would be nice if buyers could get sellers to take care of every small repair, from a torn window screen, or a cracked switch plate, to a burnt bulb in a ceiling fixture. However, common sense and intelligent compromise say it’s better to focus on big-picture items.

## ✓ 3. Smoke and carbon monoxide detectors.

Even though many municipalities have rules regarding these safety items, it may be preferable to pass on smoke and carbon monoxide detector requests. That way, instead of settling for cheap replacements, you can shop for a system that satisfies your long-term preferences while living in the home.

## ✓ 4. Landscaping modifications.

It’s unreasonable to expect sellers to trim foundation plantings, level out uneven walkway bricks, or repair a loose fence board. Again, these items were visible when you toured the home and will likely irritate the sellers, especially if extreme cold (or heat) makes it difficult to complete the requests.

## ✓ 5. Code updates.

In many locations, inspectors are obligated to list any item in the house that does not meet the current code requirements. That doesn’t necessarily mean the house needs to be brought up to code. Typically, these items are grandfathered into the purchase.

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