



Summer 2016

BUYING GUIDE



#1 DON'T HANG BEHIND THE COMPUTER SCREEN TOO LONG

In many major markets, inventory is expected to be tight so you must act quickly to nab the home of your dreams.

No matter which real estate site you prefer, make sure to utilize the property alert system. When new inventory that meets your housing requirements is available you will instantly be notified via e-mail. "Why is this important?" you may ask. Having the ability to visit newly listed properties the day they go on the market gives you the opportunity to make the best offer. So make sure to sign-up to receive new listing notifications from your favorite real estate site and be the first to know about new inventory!

Plus, remember that what you see is not always what you get. A seller will want to only highlight the positive attributes of their home. As a result, what is observed online may only reflect half of a property's story.

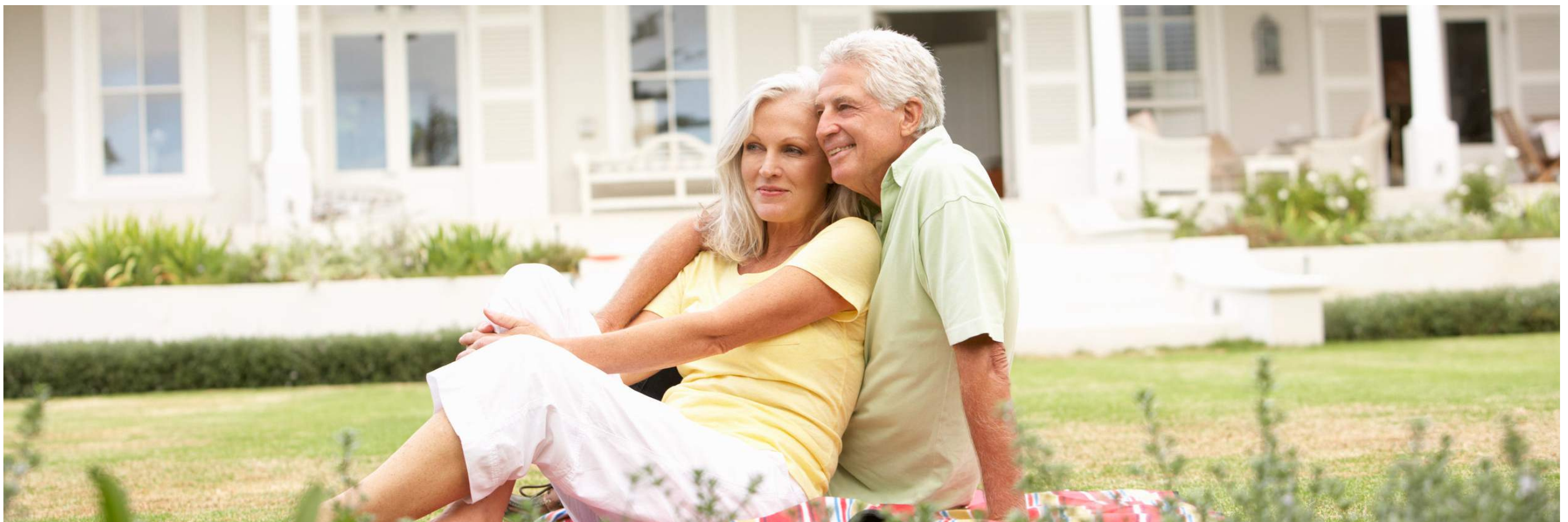
Did you know?

- *In 2015, buyers typically purchased homes for 98% of the asking price.*
- *Online home searches pick up in January, reach their peak in March and remain strong through August.*

#2 UNDERSTAND MARKET VALUES AND TRENDS

Whether you choose to hire a real estate agent or not, it is incredibly important to be knowledgeable of your desired market. The more you can educate yourself, the better your search will be. This will allow you to react quickly when needed and prevent you from purchasing in an area that might experience drastic changes a few years from now.

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#3 KNOW WHEN TO SWEETEN THE DEAL

When inventory is limited you may find yourself in a bidding war with another buyer. There are several ways in which you can overcome this hurdle and gain the attention of the seller.

Larger Earnest Money Deposit

Most buyers will put 1% of the total purchase price down as earnest money. However, it may be a good idea to increase your deposit if you are looking in a highly desired neighborhood or one with a limited housing supply. From a seller's perspective, you would not have as much to "lose" if you were to put 2% down versus someone only putting .5 - 1% down.

Include an Escalation Clause

If your real estate agent is confident a house will receive multiple bids, it may be beneficial to include an escalation clause in your offer. An escalation clause lets the seller know that if another offer is submitted, you will increase your offer at X price.

Although an escalation clause could help win you the home of your dreams, remain cautious with using one. Why? You will be laying all of your cards on the table which reveals how much you are actually willing to pay for the home. If no one ends up submitting an offer, the seller's agent will counteroffer at a higher price.

Include a Personal Letter

Moving does not negate the fact the seller, more than likely, has a sentimental attachment to their home. They will want someone to take care of and enjoy it just as much as they did. If you fall in love with a specific home, write a personal letter telling the seller why. Could you see your family expand there? Is it the perfect place for you and your partner as newlyweds? Is this where you see yourself retiring? If you decide to take this route, remember the most important thing which is to be genuine in your message.

Become Pre-Approved Rather than Pre-Qualified

The terms "pre-approved" and "pre-qualified" are used interchangeably far too often. However, the two are considerably different and could make or break a seller's confidence in your ability to purchase their home. In short, being pre-qualified is more like an initial assessment, where there is no fact checking on the lender's behalf. Becoming pre-approved requires a deeper assessment on your loan originator's behalf. They will pull your credit and verify important factors like income and tax returns. If you submit an offer with a pre-approval letter, you are showing the seller you are highly qualified to purchase a home and are in a favorable position if you find yourself in a bidding war with a pre-qualified buyer.

What exactly is earnest money?

In the simplest of terms, earnest money is a deposit you put down towards the purchase of a home. It will be credited toward your down payment at closing.

Earnest money is an extremely important part of the home buying process. It indicates to sellers you are "earnest" about your interest and qualification of purchasing their home.

#4 HAVE A HOME BUYING DREAM TEAM

Having the right people on your side during the purchase process is paramount to a successful transaction. Whether it is your real estate agent, mortgage lender or attorney, each individual plays a large role.

Licensed Real Estate Agent

There are a multitude of reasons why we strongly suggest hiring a realtor. A realtor will be able to handle the extensive amount of paperwork involved in the purchase process, along with negotiating terms and getting the best price for your home. They will have working knowledge of the desired area you are looking for and will be able to find the best houses based on your needs. Still not convinced? We suggest checking out our **6 Reasons to Hire a Real Estate Agent** infographic.

Attorney

Many people find hiring an attorney to be an unnecessary expense, but not doing so could cause a lot of legal headaches in the future. For instance, a seller may sign a brokerage agreement that does not handle a number of legal issues causing them to be liable for unforeseen issues like paying out commissions without a successful home sell.

Loan Originator

Buying a home may be one the largest purchases of your life so it is imperative you have a loan originator (LO) you can trust. A qualified LO will take the time to thoroughly review and evaluate your financial well-being so they can identify potential obstacles, discuss the best mortgage program for your situation and most importantly close your loan.

Home Inspector

Understanding the condition of your future home is just as important as any other part of the buying process. While a home may look move-in ready, a home inspector will examine features like insulation, roofing, electrical wiring, along with structural features. Although an inspection can unveil small to catastrophic issues that could terminate the deal, you want a complete understanding of what you are purchasing. To find out more on how a home inspection can give you peace of mind, **click here**.



If you are interested

*in purchasing a home or would like more information about the purchase process, simply fill out our **Fast Response Request Form** or call 888-644-1999.*

We look forward to working with you and making your dream of homeownership come true!