

# AM I READY TO BUY A HOME?

YOUR REALTOR® CAN HELP YOU DECIDE



Martin ASSOCIATES

## YOUR DECISION TO PURCHASE A HOME IS A HIGHLY PERSONAL ONE, BASED ON BOTH TANGIBLE AND INTANGIBLE FACTORS.

*Along with your personal situation, local market conditions, financing costs, & 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 Realtor® can help you sort through these issues & 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?
- 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 your costs?



### COSTS OF HOMEOWNERSHIP

- Mortgage payments (based on various interest rate and term assumptions)
- Property taxes
- Homeowner's insurance
- Utilities
- Maintenance costs
- Any other special fees



### 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?





# 10 STEPS TO BUYING A HOME



## 1 DO YOUR RESEARCH

Start with asking yourself if you are ready to buy and own a home. Might seem like a simple question, but there is an actual process of buying a home and you may be surprised by the demands of home ownership.

## 2 THE CREDIT SCORE

The majority of home buyers need a mortgage to purchase a home. Lenders make the decision to issue a loan based on the likelihood they will be paid back. To do this, they look at your credit score. The higher your credit score, the better chance you have for obtaining financing.

## 3 GET PRE-APPROVED

"Pre-approval" means you have met with a loan officer, your credit files have been reviewed, and the loan officer believes you can readily qualify for a loan amount with one or more specific mortgage programs. You will then be provided a written commitment, telling you the maximum amount for which you qualify.

## 4 DETERMINE WHAT YOU CAN AFFORD

While getting a pre-approval is an important step, determining what you can afford is a personal decision. Remember, in addition to your loan payment (that includes principal, interest, taxes, and insurance) there are also utility bills to consider, and potentially maintenance and association fees.

## 5 DECIDE WHAT YOU WANT IN A HOUSE

Make a list of features and benefits you want in a home. Consider such things as pricing, location, size, schools, amenities, and design. Evaluate your priorities. Would you be willing to trade fewer bedrooms for a larger kitchen or a longer commute for a bigger lot or lower cost?

## 6 FIND YOUR REALTOR®

A local REALTOR® truly knows the local market. Chances are they have been in the houses you are looking at online and they understand why homes in certain neighborhoods are priced the way they are. They are also in the best position to help you find the house that most closely matches what you want in a home. Most importantly, a REALTOR® will be looking out for your interests.

## 7 MAKE AN OFFER

Once you have found a house that you would like to buy, you need to make an offer to the owner. The owner, in turn may accept the offer, reject it, or make a counter-offer. The owner's response will determine your next step.

## 8 INSPECTIONS

After your offer is accepted, it is routine to have a home inspection. Licensed inspectors will look for material physical defects, identify costly repairs and replacements that are likely required in the next few years. This is an opportunity to examine the property's mechanics and structures, ask questions and learn far more about the home than is possible with an informal walk-through.

## 9 PREPARING YOUR MORTGAGE

Provided you are satisfied with the home inspection, the next step is to move forward with your mortgage loan and finalize any repair negotiations between you and the seller. A closing date is finalized and the title company prepares the title examination.

## 10 THE CLOSING

Most lenders require a home owner's insurance policy and many buyers purchase title insurance (bought with a one-time fee at closing). Title insurance protects owners in the event that title to the property is found to be invalid. After signing the loan documents (and there are many), the sellers will receive the remainder of the payment from the closing attorney and you'll be handed the keys!



**Martin**  
ASSOCIATES

# WHAT YOUR BUYER'S AGENT DOES FOR YOU

## HELP ARRANGE FINANCING

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



## ASSIST IN FINDING THE RIGHT PROPERTY

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



## EDUCATE YOU ON MARKET CONDITIONS

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



## GUIDE YOU THROUGH MAKING AN OFFER

- Prepare a CMA so that you make an informed decision when offering a price.
- Advise you on what comparable properties are selling for.
- Explain common contract contingencies.
- Obtain appropriate seller disclosures.
- Prioritize your goals.
- Help create a negotiating strategy to achieve those goals.
- Ensure that you receive and understand all state and federally required disclosure forms.
- Handle the completion of the offer to purchase or sales contract.
- Educate you on the contents of the sales contract.
- Ensure that all appropriate additional forms are completed.



## REPRESENT YOU AND YOUR INTERESTS IN NEGOTIATIONS

- Assist you in getting the best property at the best price with the least amount of inconvenience based on current market conditions.
- 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

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



# QUICK TIPS FOR GETTING STARTED ON YOUR HOME PURCHASE

**Buying a home can be a complex process, but it doesn't have to be. With a little preparation, you can save a lot of time and hassle by having all of your documents ready when your mortgage professional needs them.**

## REQUIRED DOCUMENTS

To start with, the lender will need personal information to verify employment for you and your co-borrower (if there is one). They will also need information regarding all of your debts and assets. In order to expedite the paperwork process, start gathering the following items:

- Most recent paystubs for one month.
- W2s or 1099's from the last two years.
- Signed copies of your last two years' tax returns, including all schedules that were filed.
- Homeowner's insurance company name and number.
- Most recent bank statements for two months.
- Most recent statements from any retirement and investment accounts for two months.

## WHAT COSTS ARE INVOLVED?

Within 3 days of your application, your Loan Officer must provide you with a good faith estimate of closing costs. Along with any down payment, you will have to pay closing costs at your closing as well. This is a brief rundown of some of the fees that could be associated with your new mortgage:

- **Application/Processing Fee** – Charged by the loan officer to process your loan application.
- **Appraisal Fee** – Charged by the appraiser to determine the current value of the property.
- **Closing Fee** – Charged by the closing agency (escrow, attorney, title) to ensure the close of your transaction.
- **Credit Report Fee** – Charged by the credit reporting agency to provide your credit report to your loan officer and/or lender.
- **Title Search/Title Insurance Fees** – Charged by the title company to ensure the property is free from liens or title defects.
- **Origination Fee** – Paid to the originator to obtain a lower interest rate. This is usually expressed in the form of points. One point equals 1% of the loan amount.
- **Discount Points** – Paid to the lender to secure a lower interest rate.
- **Miscellaneous Fees** – VA, FHA, and USDA loans may have other fees associated with them. Private Mortgage Insurance (PMI), document preparation, notary, recording and tax service are other fees which may fall under this category.

*Let us help you evaluate your personal situation and assist you in finding the loan program that works best to meet your individual goals and needs.*

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# PRE-APPROVAL VS. PRE-QUALIFICATION



**"HOW DO I KNOW WHAT PRICE RANGE TO LOOK IN?"**  
**"HOW DO I MAKE SURE MY OFFER IS ACCEPTED?"**

These are two of the most commonly asked questions from first-time and experienced homebuyers alike. Some lenders offer both pre-qualifications and pre-approval. Here's the difference:

## Pre-Qualification

- Provides a "ballpark" estimate of your buying power.
- An informal estimate of the size and type of mortgage you may be approved for.
- Is based on summary information of your income and assets.
- Requires a satisfactory review of property, financial documents, and program requirements to issue final approval.
- Can help you narrow down your options and know what price range to begin shopping in.
- Is offered by most lenders at any time.

## Pre-Approval

- Provides proof to real estate agents and sellers that you're pre-approved for a specific loan amount.
- Is based on verification of your income, credit, and assets.
- Will confirm your specific loan amount and loan program.
- Does not require a satisfactory appraisal or title review until final approval.
- Gives sellers a clear financial picture and confirms your buying power in the market, giving you an advantage over other buyers.
- Most reputable lenders offer this service at no cost before you find a home.

One of the best places to start is by getting pre-approved by a lender upfront in the process.

Not only does it give you peace of mind knowing that your price range is already pre-approved by the lender, but it strengthens your position at the negotiating table, especially in a multiple-offer situation.

**See our ERA Martin Associates Vendor List for our local, reputable lender partners. Your ERA Realtor can recommend the right vendor(s) for your situation.**

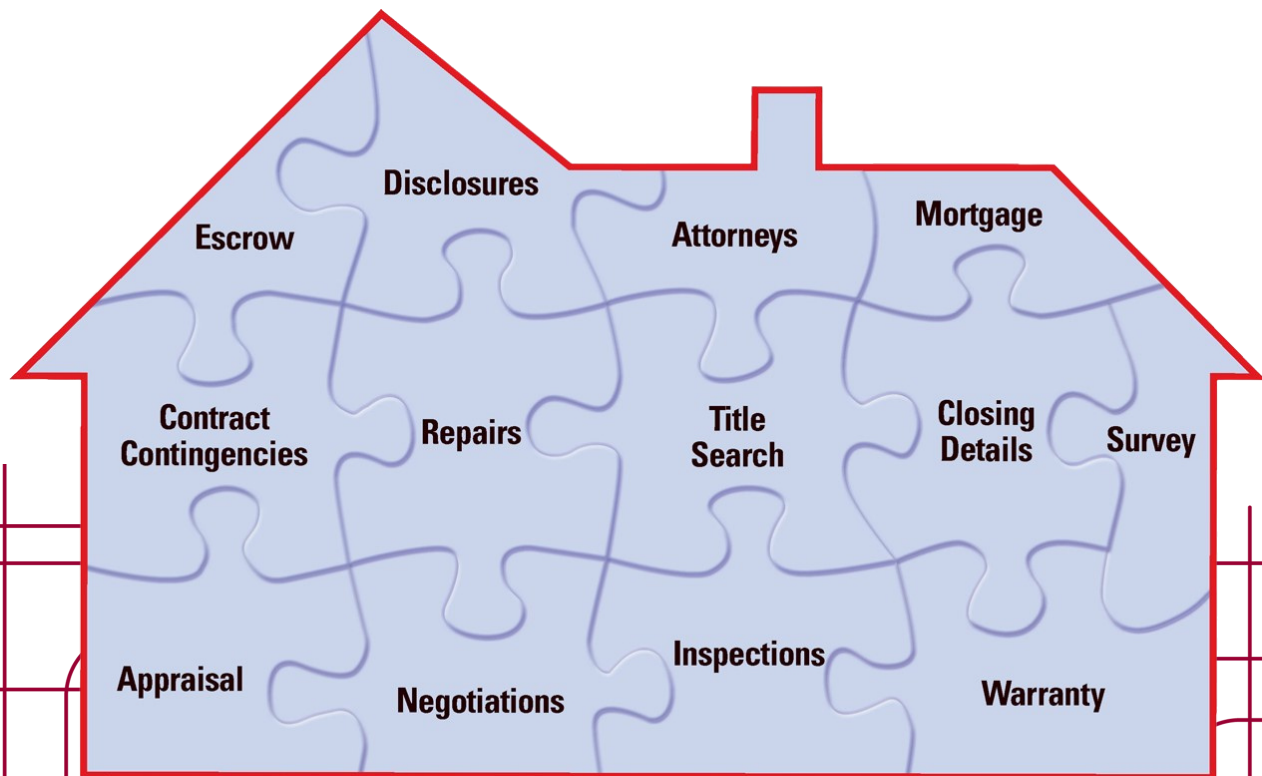


# CONTROL OVER THE TRANSACTION



## ERA MARTIN ASSOCIATES PUTS THE PIECES TOGETHER FOR YOU TO ENSURE A SUCCESSFUL CLOSING.

There is a lot that goes into buying a home in today's market. From helping you get pre-qualified by a trusted local lender to the settlement table, let your ERA Martin Associates agent handle all the details. Part of our job is to take care of all the steps from contract to closing, and keep you informed every step of the way. At ERA Martin Associates, we want to work for you, and we'll do everything we can to make you our client for life!



# THE NEGOTIATING PROCESS



**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 REALTOR® can assist you on both these points. When deciding what to offer for a property, current market prices are the most important factor. Your REALTOR® 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 reinstate 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.



# HOME INSPECTION CHECKLIST

**A professional home inspector will visually examine all parts of a house and property. Items on your inspection report will include:**

## **Foundations, Basements and Structures**

Basement floor and walls; proper drainage and ventilation; evidence of water seepage. Many home inspection organizations have set standards on certain areas of the home that the inspector looks at to determine the integrity of the essential internal and external structural components. Home inspectors are not structural engineers but can identify visual defects in these areas requiring repairs.

## **Exterior Siding, Windows, Doors**

Exterior walls, windows, and doors; porches, decks, and balconies; garage

## **Roof**

Roof type and material; condition of gutters and downspouts

## **Interior Plumbing System**

Hot and cold water system; the waste system and sewage disposal; water pressure and flow; hot water equipment. Are there any leaks or annoying drips? Are all the mechanical systems and fixtures working properly?

## **Electrical System**

Type of service, number of circuits, type of protection, outlet grounding, load balance. Do the outlets work? Does the house use fuses or is there a breaker box? Are there any visible signs of fraying on the wiring?

## **Central Heating System & Air Conditioning System**

Energy source; heating equipment; fans or pumps; ducts or pipes; thermostat; type of cooling equipment, capacity, distribution. Are the systems functioning properly? Note: the inspector may not be able to test the heat in the hot summer months, or air conditioning in the cooler winter months.

## **Interior Walls, Ceilings, Floors, Windows and Doors**

Walls, floors, ceilings, stairways, cabinets, countertops

## **Attic**

Structural, insulation, and ventilation information

## **Fireplace**

Notes about the chimney, damper, and masonry

## **Garage**

Doors, walls, floor, opener

## **Appliances**

Includes a wide range of built-in and other home appliances; smoke detectors; and television/cable hookups. Are they functioning properly?

## **Lot and Landscaping**

Ground slope away from foundation; condition of walks, steps, and driveway

## **Safety Hazards**

Inspectors can help identify many safety hazards or dangerous conditions, and can make recommendations on remedies or obtaining more information.

## **Other Inspections: Termite, Septic, Water Quality, Lead Paint, Mold, Chimney, etc...**

These items are normally not included on a typical home inspection, but may be needed for full knowledge of other systems in the home. We recommend having these inspections completed separately for your own protection, when applicable.

There are many inspection companies to choose from. ERA Martin Associates keeps a list of inspectors who are licensed, insured, and highly recommended. Please see your ERA agent for our full Vendor List and our recommendations.



# MOVING CHECKLIST

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.
- Organize a garage sale or donate items to charity.
- Remember to keep your receipts for tax purposes!
- 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

- Choose a mover and sign contract.
- Contact your homeowner's insurance agent about coverage for moving and secure more, if necessary.
- 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 the motor vehicles administration of your new address.
- If moving from a rental home, arrange for refund of your security deposit.

- Discontinue additional home services (housekeeper, gardener/lawn service, snow removal, and pool cleaner), if applicable.
- Start using up things you can't move, such as perishables.

## 3 WEEKS BEFORE

- Make travel plans, if necessary.
- 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.
- Be sure your homeowners insurance is in place on your new home.

## 2-3 DAYS BEFORE

- Confirm all final arrangements with your mover and other service providers.
- Talk to the title company, your lender, and your Realtor to verify that all necessary paperwork will be ready for closing.
- Obtain a written copy of your closing documents from the lender or title company, and review it with your Realtor.
- Check to make sure all fees, tax adjustments, and other charges are correct.
- Schedule a walk-through before closing to be sure your new home is ready.
- Gather all the documents you are expected to bring to the closing, such as:
  - Copies of any paid invoices or receipts related to the sale
  - Your drivers license or government-issued ID
  - Your closing costs, in the form of certified or wired funds

## CLOSING DAY

- Before you leave your old home, sweep out the house and make certain all your belongings are out.
- Be sure to get house keys, garage door openers, mailbox keys, etc from the seller at closing.
- If you have a Home Warranty in place, be sure it is registered and you have the contract information.

# THE TRUE COST OF Homeownership



## 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.

### HOMEOWNERS ASSOCIATION FEES

Fees or assessments for a condo or HOA 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?

# THE ROLE OF THE REAL ESTATE AGENT

Whether you are considering buying or selling a home, it is important that you understand the role of real estate agents and the types of agency relationships available to you. A Realtor who represents you as a buyer has certain obligations to protect you and your interests in the transaction, to disclose certain facts, and to keep your private information confidential. The seller's Realtor, or the Listing Agent, protects the interest of the seller.

## **SELLER AGENCY**

This is the "traditional" Agency relationship. Simply put, the listing agent represents the seller under a written Listing Agreement and owes the Seller duties of reasonable care, loyalty, disclosure, confidentiality, diligence and accounting.

## **BUYER AGENCY**

Just as a written Listing Agreement creates Seller Agency, a written Buyer Representation Agreement is required to create BUYER AGENCY. The Buyer Agent owes the buyer the duties of reasonable care, loyalty, disclosure, confidentiality, diligence and accounting. Additionally, the Buyer Agent should disclose any material facts or information about the property which are reasonably known to the Buyer Agent.

Buyer Agents are obligated to reveal to buyers:

- Any known willingness of the seller to accept a lower price.
- Facts relating to the urgency of the seller's need to dispose of the property.
- The Agent's relationships to the seller or interest in the property for sale.
- Facts affecting the value of the property.
- The length of time the property has been on the market and all other offers or counteroffers.
- Information that would affect the buyer's ability to obtain the property at the lowest price and on the most favorable terms.

## **DUAL AGENCY**

When a buyer client of a real estate company becomes interested in property listed by that company, the real estate company, or broker, becomes a Dual Agent (DUAL AGENCY). This means that the company has a legal obligation to represent both parties and a duty to maintain the confidentiality of information obtained from each party.

The duties of the Agent in a real estate transaction do not relieve the buyers or sellers from the responsibility to protect their own interests. All agreements should be read carefully to ensure that they adequately express your understanding of the transaction.



*Any Agent Can Help You Find A House...*  
**An ERA Martin Associates Agent  
 Can Help You Find Your Home!**



House hunting is about more than getting to know what you want and what you are getting into. At ERA Martin Associates, we want to make your entire Home Buying experience as smooth and easy as possible. Our REALTORS® bring years of experience, modern training, local insights, and innovative marketing to the table to get you in your dream home. We can't wait to help you find the perfect home - and we'll be by your side through every step of the process.

*Helping Delmarva Find  
 Home... All The Way  
 To The Shore!*

