

the
freeman
team kc



Buyer's Guide

HOME SMART
LEGACY

Thanks for choosing The Freeman Team to help you buy your home! Below you'll find a guide to help map out our path to SOLD!

Step 1 - Buyer's Consultation

During our initial Buyer's Consultation we will:

Review your needs, goals and any concerns you may have.

Discuss current market conditions and how they may affect you.

Answer any questions you have about choosing The Freeman Team to represent you in the purchase of your home.

Introduce our Buyer's Guide and Buyer's FAQ.

Ready, Set, Go!

(Well, sort of...)How does the Buying process work?

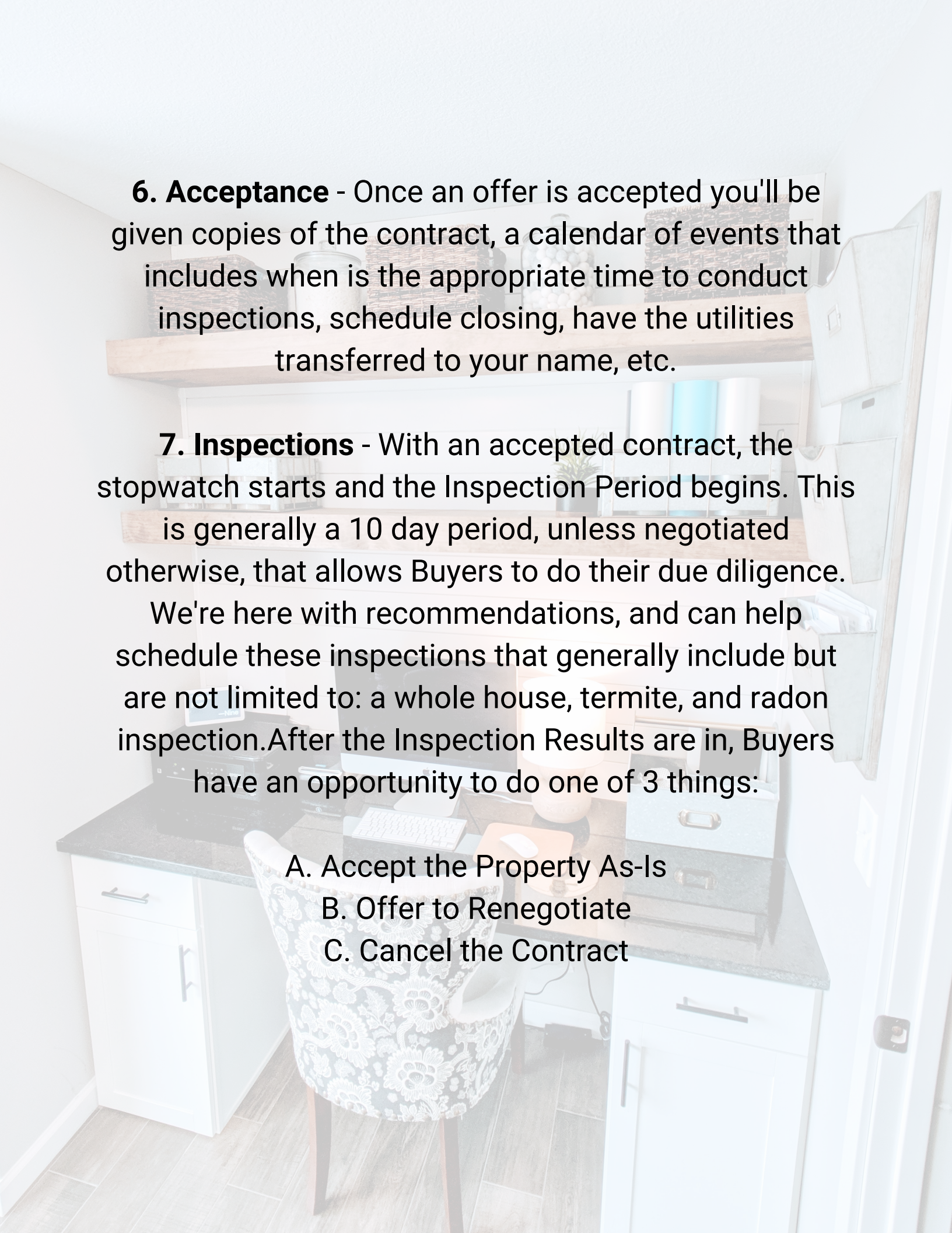
1. Goals - We want to know why you're looking to move? Need to be closer to work or family? Have a specific school district in mind? Need more room for the kids and/or pets? Want to downsize with less to take care of? All of these points will help us narrow your search.

2. Pre-Approval - Why is pre-approval always the first action step to the Buying Process? First off, it's crucial to understand your personal financial situation, and what amount of monthly payment or mortgage you'd be comfortable with. A qualified lending institution or lender will be able to help answer questions and guide you through this process. Fair warning...Be prepared to have at least 2 years back taxes, two months of payment stubs and bank statements, etc. at hand for the lender to verify. This can seem intrusive, but is designed to protect you from getting in over your head, and the banks from making bad loans. Secondly, in today's market all offers must be accompanied with a pre-approval or proof of funds if purchasing with cash. It's heart-breaking to fall in love with a home, only to lose it to another party because you don't have your pre-approval or proof of funds in hand!

3. Tools - Now that you know what price range of home will match your monthly mortgage criteria, it's time to shop! We have the tools that will help you stay current with listings that match your search criteria, with live refreshes from the MLS every 15 minutes. What's more, you can save your search criteria and choose to have notifications emailed or sent to your phone via text message as soon as new listing hits the market. This way you don't have to login and continually monitor the web 24/7.

4. Tours - The fun has begun! Once we've found a desirable home or set of homes, it's time to go tour. We'll sort out the pros and cons of what's available, and always keep an eye on the potential resale of the property, and how that may or may not influence your decision making.

5. Offers - Local area knowledge and experience helps to structure an offer so that you can be competitive, yet leverage yourself to get the best terms. Additionally, we'll review the real estate contract in detail and discuss how the contract will perform in terms of financing, timeline, buyer requests, closing, etc.

A modern home office with a desk, chair, and open door. The desk is dark wood with a white chair. There is a computer monitor, keyboard, and mouse on the desk. A lamp is also on the desk. The door is open to the right. The background shows a living area with a sofa and a coffee table.

6. Acceptance - Once an offer is accepted you'll be given copies of the contract, a calendar of events that includes when is the appropriate time to conduct inspections, schedule closing, have the utilities transferred to your name, etc.

7. Inspections - With an accepted contract, the stopwatch starts and the Inspection Period begins. This is generally a 10 day period, unless negotiated otherwise, that allows Buyers to do their due diligence.

We're here with recommendations, and can help schedule these inspections that generally include but are not limited to: a whole house, termite, and radon inspection. After the Inspection Results are in, Buyers have an opportunity to do one of 3 things:

- A. Accept the Property As-Is
- B. Offer to Renegotiate
- C. Cancel the Contract

8. Appraisal - Assuming the Inspection Resolution is satisfied, the bank will then order an appraisal of the property. If the appraisal comes in at or above the sales price of the contract, we're good to go.

However, if it's lower than the sales price of the contract, Buyer and Seller can choose to honor the contract price with the Buyer paying the difference, or they can agree to:

A. Use the appraised value as the new purchase price with the Seller making up the difference.

B. Meet in the Middle

C. Cancel the Contract

9. Closing - Assuming all goes well with the appraisal, it's time to get ready to move! We'll help you navigate the small details leading up to closing to ensure a successful experience.

10. Moving Day! - Congratulations you've bought a home!

BUYER'S FAQ

1. Who Pays the Commission? Most real estate transactions are structured to where the real estate commissions are paid out of the Seller's proceeds at closing. However, many companies charge an additional commission to the Buyers that is commonly used for transaction and/or processing costs. (Usually somewhere between \$250 and \$500.)

2. How do Closing Costs work? There seems to be some confusion about what closing costs are, and who is paying them! The Buyer and Seller each have their own closing costs associated with the closing of a real estate transaction. Generally, the Sellers portion of the closing costs are considerably less than the Buyers because the Seller is not obtaining or generating a new loan to purchase the house. Here's a breakdown of what makes up each: **Buyers** can include: loan origination fees, title fees, tax and insurance prorations, real estate marketing/processing fees, HOA dues, etc. **Sellers** can include: Title Policy and fees, prorated taxes and HOA dues, real estate marketing/processing fees, etc. Many Buyer's ask for closing cost assistance to be paid by the Seller. Current market factors will go a long way in determining whether or not Sellers will be willing to include such assistance. In some cases, a middle ground can be found.

3. How much \$ am I going to be out of pocket (prior to closing)? In most cases (financed loans) Buyers are

going to be responsible for: Earnest Money \$500 to \$1,000 or more

Inspections \$500 to \$1,000 or more

Appraisal \$400 to \$600 or more

Total = \$1,500 to \$2,500 out of pocket expenses prior to closing. *Buyers are given credit for their earnest deposit at closing.

4. Why do you keep talking about Net Sales Price? The

Net Sales Price is what the Seller would actually be receiving for their property after taking into consideration Seller Paid Closing Costs for the Buyer. It's important to see the offer in terms of net, so that we understand how Sellers will receive them.

Ex.) If a house is listed at \$250,000 and we want to make an offer for \$245,000 and ask the Seller to pay Buyer's Closing Costs of up to \$5,000, then our net offer to the Seller is \$240,000. Maybe the market is competitive, and you really wanted to offer a net of \$245,000 for the property as a starting point. Then the offer should be for \$250,000 with Seller Paid Closing Costs of up to \$5,000.

What if closing costs aren't the full \$5,000? The contract is written as "closing costs and/or prepaids".

Which means that the Buyers' lender can use that amount towards prepaid items as well. For most intents and purposes, the \$5,000 written in the contract as "closing costs and/or prepaids" is the amount that the Buyer will be given credit for, and the Seller will be out.

5. When do I get to take possession?

"At Funding" - A lot of us assume that we will get the keys or take possession at closing. However, most contracts today include the language that the Buyer shall take possession "at funding". At funding means when the title co. is in receipt of the funds from the Buyers' lending institution and/or has sent them on to payoff the Seller's mortgage. This process can sometimes take a few hours, but, if something goes wrong, it could take a day or more. This is why we advise people to close on a Thursday or earlier in the week, because if there is a hiccup on Friday, you might be out of luck until Monday. Which can be a huge problem! Especially, if you've got to be out of your current home and have all of your belongings on a truck expecting to move over the weekend.

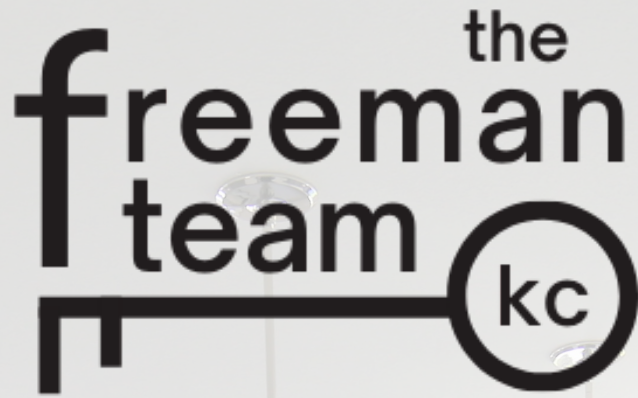
"At Recording" - "At recording" is a step further than "at funding". This means not only does the loan have to be funded, but that the Deed must be recorded at the county courthouse. This is seen more often in new construction, as builders that do many transactions a year are trying to guard themselves against giving possession prior to someones ability to "close".

6. What is all this about Radon?

You can Google what Radon is, but in short, it's a naturally occurring gas that the EPA says is the second leading cause for lung cancer.

In today's market, many Buyers are having their would-be homes tested for radon during the Inspection Period. Should the home "fail", or test positive for radon levels above the EPA acceptable guideline of 4.0 pCi/L, it is recommended that the home have a mitigation system installed. These systems generally cost from \$800 to \$1,200.

Many Sellers will agree to pay for this mitigation, as it is assumed any other Buyer that comes along is also going to request that it be done. However, in a hyper competitive Sellers market, the Seller may refuse to do so, especially if that Seller has multiple offers on their property for at our above list price.



**Thanks for considering The
Freeman Team!**

**Please let us know if we haven't
addressed any of your concerns
just yet, so we may do so.**

**We'd love to be a part of your
success story!**

