
Guide to Buying
a Home
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Buyer's Roadmap

1

Initial Meeting
Determine your needs, wants & desires in a home. Discuss parameters.

2

Pre-Qualify for Loan
Your agent can recommend lenders to help you obtain the best financing. A loan pre-qualification letter is obtained from the lender.

3

Visit Properties
Your agent will show you available homes that suit your needs & will get your feedback to fine-tune recommendations. Your agent will also educate you about the current market.

4

Write the Offer
Your agent will write the offer for you. This may take 1-3 hours. Your agent will assist you in delivering your earnest money deposit.

5

Present the Offer
Your agent will highlight the strengths of your offer and you as a buyer when presenting your offer to the seller's agent. The seller will accept, counter or reject your offer.

6

Counter Offer
Any counter offers are reviewed, discussed & prepared with you.

7

Open Escrow
Once the offer is accepted, escrow is opened. Earnest money is deposited & a Prelim Title Report is ordered & sent to your agent & lender. Escrow instructions are sent to all parties.

8

Finalize Funding
A completed loan application is submitted to your selected lender with all necessary supporting documentation.

9

Contingency Period
You'll receive & approve Seller's Transfer Disclosure Statement. You'll approve the Prelim. Property is appraised; loan is approved.. Inspections are conducted.

10

Closing & Get Your Keys
After the funding has completed, docs signed, and transfer of title recorded with the county - it's time to celebrate. Congratulations!

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Setting Priorities

YOUR VISION

It is important to be cognizant of your lifestyle to help set priorities in your property search. Your sales associate will help guide you in this process.

THE VISION OF YOUR NEW HOME

In the initial buyer meeting, your sales associate will help you establish a search process to find a property that suits your lifestyle and needs. We will discuss price and neighborhood. We will take the time to analyze how you live, and where in the home you spend the majority of your time in order to establish lifestyle priorities.

For example, if you work at home, a space for an office may be essential. If you entertain often, you may want larger public rooms. If you are a gourmet chef, a well-appointed kitchen is important.

CREATE A WISH LIST, THEN PRIORITIZE

Let your imagination run when creating your initial list of parameters. Then prioritize your list carefully. You may have to make some trade-offs between the various items on your wish list.

QUESTIONS TO CONSIDER

As you narrow down your vision for your home, consider these questions:

- Why have you decided to move?
- When would you like to move?
- How long have you been looking?
- What do you like most about your present home?
- What do you like least about your present home?
- What are your hobbies and special interests?
- What neighborhoods do you like?
- What style of property would you like? (e.g., Victorian, Marina, contemporary)
- What condition? (e.g., fixer upper, new construction)
- What features are you looking for?
  - Property type
  - Bedrooms / Baths
  - Size
  - Separate dining room
  - Eat-in kitchen
  - Play area
  - View
  - Fireplace
  - Garden / Yard
  - Parking / Garage
  - Climate
  - Transit
  - Shopping
- Is your home currently on the market? How long? At what price?
- Are you the sole buyer or do you have partners?
- Are you ready to purchase now, or do you have to sell a property, let a lease expire or wait for any other reason?

Looking for Properties

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PROPERTIES ON THE MARKET

Begin by viewing properties already on the market. This helps both you and your sales associate define what you like and dislike and helps your sales associate refine properties to show you in the future. When possible, your sales associate will preview properties before showing them to you. Your sales associate will arrange for you to view new listings as they come on the market. You may need to make yourself available on short notice to secure desirable or well-priced properties.

PROPERTIES OFF THE MARKET

Our reputation in the brokerage community allows us to learn about properties before they are on the market, both at Corcoran Icon Properties and elsewhere.

SEARCHING ONLINE

When you register at CorcoranIcon.com, you gain access to a powerful property search that includes the entire MLS and allows you to save searches and favorites, and sign up for new match alerts by email.

OPEN HOUSES

You may wish to visit open houses on your own. Remember to tell the sales associate at the open house that you're working with us and give him or her your sales associate's business card.

BROKERS' TOURS

Each week, new listings are open to sales associates for viewing. If your sales associate finds a property that is appropriate for you, he or she will provide you with the address and arrange for a showing.

Evaluating the Property

There is more to home cost than sales price. Factors such as repair work needed (or recently completed) may have an impact on what your real expense or value will be. This should be taken into consideration when determining your offer price.

Additionally, market climate and competition may further impact the ultimate price and terms as well. Although a seller may furnish some inspections and reports, it ultimately is the buyer's responsibility to evaluate before making an offer. Your sales associate can provide invaluable guidance in this process. Some questions to consider:

- Are there any recent inspection reports?
- What is the condition of the plumbing, electrical system, the roof, foundation, and sewer lateral?
- What items of personal property are included in the sale? (e.g. appliances)
- Are there any signs of dampness or poor drainage?
- When were improvements made and were they done with permits?

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Financing Your New Home

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There are many critical factors involved in determining the best way to finance your home. Working with the right mortgage professional is key.

DETERMINING THE RIGHT PRICE RANGE

The first step in the buying process is to determine the price range. You will need to consider how much cash you are prepared to invest in your home and how much money you will need to borrow.

DETERMINING ADDITIONAL COSTS

Your sales associate will help you estimate your purchasing power and costs, but we highly recommend that you talk to your accountant and/or financial advisor to discuss your cash needs and your tax advantages.

DETERMINING CASH YOU WILL NEED

Your cash on hand will have to cover both the down payment and any closing costs associated with the purchase. Closing costs vary significantly based on the terms of any loan you may obtain, but are generally 1% to 2% of the purchase price. There are also moving expenses to remember. You should also take into consideration how much your property taxes and insurance will cost in addition to a monthly mortgage payment in determining the right price range.

PRE-QUALIFYING FOR A LOAN

An offer to purchase a property is given greater consideration by a seller when the offer is accompanied by a pre-qualification or a pre-approval letter from a reputable lender or mortgage broker. This gives assurance to the seller that you will be able to get financing and will not tie up the property needlessly. We can recommend several lending institutions from which you may obtain pre-approved financing.

POTENTIAL LENDERS WILL INQUIRE ABOUT 6 CRITICAL FACTORS:

1. Income
2. Available cash
3. Credit history
4. Debt level
5. Employment history
6. Price of the property you wish to purchase

Options for Financing

It's important to get the advice of your lender as to what financing option is right for you. Here are a few of the more common options:

FIXED-RATE MORTGAGE

Also known as traditional mortgages, these types of mortgages offer a fixed interest rate (and in turn a fixed monthly payment) for a longer period of time, usually 15-30 years. These are a good option for people who plan to live in their home for a long time and like a predictable payment schedule.

ADJUSTABLE-RATE MORTGAGE

These are shorter term mortgages. ARMs offer an interest rate that is fixed for a short period of time. After this initial period, the interest rate will adjust up or down, depending on how the market fluctuates.

INTEREST-ONLY PAYMENTS

Both fixed and ARM mortgages have this option. What this means: for a certain amount of time during the course of your loan, you are allowed to pay only enough to cover the interest portion of your payment. You may pay the principle amount if you wish, but you don't have to.

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Things to Avoid During the Closing Process

- **Avoid changing jobs.** A job change may result in the loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

- **Avoid switching banks** or moving your money to another institution. After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.

- **Avoid paying off existing accounts** unless your lender requests it. If your loan officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave you accounts as they are until your escrow closes.

- **Avoid making any large purchases.** A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.

Moving Checklist

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BEFORE YOU LEAVE

Address Change Notification

- ☐ Post office forwarding address
- ☐ Subscriptions (requires several weeks)
- ☐ Friends and relatives
- ☐ Bank

Insurance

- ☐ Notify carrier of new location for coverages: Life, Health, Fire and Auto

Change Over Services

- ☐ Gas, electric, water, phone, cable TV, garbage
- ☐ Newspaper

Gather Records (for a new city)

- ☐ Ask doctor and dentist for referrals; transfer needed prescriptions, eyeglasses, x-rays
- ☐ Obtain birth records, medical records, child school records, etc.
- ☐ Obtain pet records, tags

Movers

- ☐ Arrange for moving company.
- ☐ Clean rugs or clothing before moving; have them moving-wrapped.
- ☐ Check insurance coverage, packing and unpacking labor, arrival day, various shipping papers, method and time of expected payment.
- ☐ Plan for special care needs of infants or pets.

ON MOVING DAY (TO A NEW CITY)

- ☐ Carry enough cash to cover cost of moving services and expenses until you make banking connections in your new city.
- ☐ Carry jewelry and documents yourself—or use registered mail.
- ☐ Plan for transporting pets; they are poor traveling companions if unhappy.
- ☐ Let a close friend or relative know the route and schedule you will travel, including overnight stops; use him/her as message headquarters.
- ☐ Double check closets, drawers, shelves, etc. to be sure they are empty.
- ☐ Leave all old keys needed by new tenant or owner with REALTOR® or neighbor.

AT YOUR NEW ADDRESS

- ☐ Check on service of telephone, gas, electricity, water and garbage.
- ☐ Check pilot light on stove, hot water heater and furnace.
- ☐ Have appliances checked.
- ☐ Visit city offices and re-register to vote.
- ☐ Register car within five days after arrival in state or a penalty may have to be paid when getting new license plates.
- ☐ Apply for state driver's license.
- ☐ Register children in school.
- ☐ Arrange for medical services: doctor, dentist, veterinarian, etc.

Terms You Should Know

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Appraisal: An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

Annual Percentage Rate (APR): The borrower's costs of the loan term expressed as a rate. This is not their interest rate.

Beneficiary: The recipient of benefits, often from a deed of trust; usually the lender.

Closing Disclosure (CD): Closing Disclosure form designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. This form will be given to the consumer three (3) business days before closing.

Close of Escrow: Generally the date the buyer becomes the legal owner and title insurance becomes effective.

Comparable Sales: Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly called "comps."

Consummation: Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to a seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable state law. Consummation is not the same as close of escrow or settlement.

Deed of Trust: An instrument used in many states in place of a mortgage.

Deed Restrictions: Limitations in the deed to a parcel of real property that dictate certain uses that may or may not be made of the real property.

Disbursement Date: The date the amounts are to be disbursed to a buyer and seller in a purchase transaction or the date funds are to be paid to the borrower or a third party in a transaction that is not a purchase transaction.

Earnest Money Deposit: Down payment made by a purchaser of real property as evidence of good faith; a deposit or partial payment.

Easement: A right, privilege or interest limited to a specific purpose that one party has in the land of another.

Endorsement: As to a title insurance policy, a rider or attachment forming a part of the insurance policy expanding or limiting coverage.

Hazard Insurance: Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended coverage for personal property.

Impounds: A trust type of account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

Legal Description: A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire parcel of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.

Lien: A form of encumbrance that usually makes a specific parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

Loan Estimate (LE): Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs and risks of the mortgage loan for which they are applying. Initial disclosure to be given to the borrower three (3) business days after the application.

Mortgage: The instrument by which real property is pledged as security for repayment of a loan.

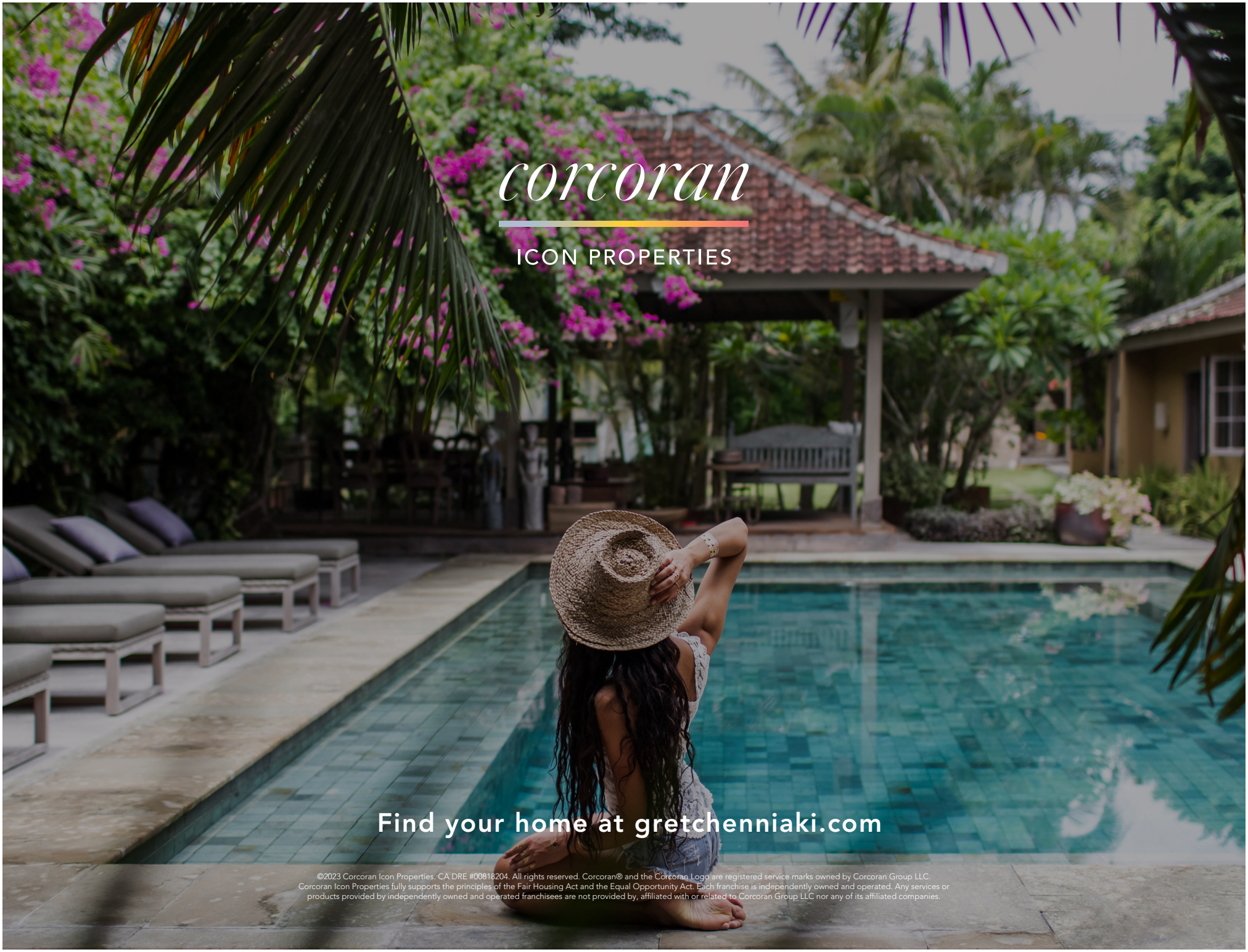
PITI: A payment that includes Principal, Interest, Taxes, and Insurance.

Power of Attorney: A written instrument whereby a principal gives authority to a sales associate. The sales associate acting under such a grant is sometimes called an "Attorney-in-Fact."

Recording: Filing documents affecting real property with the appropriate government agency as a matter of public record.

Settlement Statement: Provides a complete breakdown of costs involved in a real estate transaction.

TRID: TILA-RESPA Integrated Disclosures



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