

Tips For Purchasing a New Home

Items you want to consider and prepare for...

Before you start house hunting

- Be sure you are pre-qualified or pre-approved so you view houses in appropriate price ranges
- Agency laws vary from state to state, ask your agent to clearly define how you will be represented
 - Traditional agent represents the seller
 - Buyer's agent represents the buyer
 - Dual agent represents both buyer and seller with full disclosure to both parties
 - Transactional broker/agent will not represent you or the seller but merely facilitates the transaction
- You may be asked to sign an agency contract before viewing any properties. A buyer agency contract may include:
 - **Time** – should be mutually agreed upon between you and the agent
 - **Area** – specify which areas the agent will show you
 - **Commission** –agent commissions are typically paid by the seller but this can vary dependant upon the terms of the listing agreement
 - **Fees** - Do not agree to retainer fees, administrative fees or transaction fees
 - **Exclusions** - Exclude properties you have seen with other agents or were for sale by owner

While house hunting

- Bring note pad and camera with you
- Take checklist to organize house specifics
- Take notes and pictures for yourself
- Pick up house specs from each house visited

While looking at the inside consider:

- Condition of the house (keep in mind that paint, carpet, wallpaper are cosmetic)
- Structural components
- Age and condition of appliances
- Age and condition of heat and air units (interior and exterior)
- Condition of fireplace
- Basement - is it dry?
Check for sump pump; ask if there have been water problems or evidence of moisture
- Condition of attic
- Sufficient ventilation
- Evidence of leaks
- Sufficient insulation

Tips For Purchasing a New Home

While looking at the outside check:

- Condition of roof
- Exterior landscaping, e.g. check for tree limbs against house or roof
- Condition of gutters
- Condition of siding and foundation (some stucco and composite sidings may require additional inspections)
- Evidence of termite treatment (small drilled holes indicate previous infestation)
- Easements, shared driveways
- Adverse site conditions could adversely affect resale, i.e. - steep driveway, busy street, overhead utility wires close to property
- Drainage
- Pooling of water in yard
- Noticeable erosion
- Location of septic system and well
- Document when last serviced and have a clear septic and well (flow and portability) inspection contingency clause added to contract
- Ask about underground storage tanks (common in the northeast and rural areas)

Note- Always have a reputable inspection company perform a complete home inspection. Add a contingency clause to your purchase contract reflecting this

At time of offer:

- Ask your agent to complete a market analysis on house you wish to bid on
- Review all owner disclosure statements thoroughly
- Select title company or attorney in advance (your agent can provide a list)
- Local customs vary as to who selects title company
- Title Company or attorney must be noted and named in the offer
- All offers should include:
 - Negotiated closing date
 - Dollar figure for any repair allowance in offer
 - Mortgage and inspection contingencies
 - Appraisal contingency (should appraise at or above purchase price)
 - Attach mortgage pre – approval letter to offer (good negotiating tool)

Offer is accepted

- Earnest money will be deposited into escrow account with broker, title company or attorney's office (varies by local custom) with copy of the contract
- If you signed a binder instead of a contract, your attorney will draw the contract for review with seller's attorney
- Copy of contract will be sent to the mortgage company
- Home inspections will need to be scheduled and completed to contractual timeframes

Tips For Purchasing a New Home

Offer is accepted (continued)

- Prioritize repair list and supply to agent for bids or to reopen negotiations
- Mortgage company appraisal will need to be completed
 - Appraiser may create “Lender’s Required List of Repairs” (this list supersedes buyer’s and inspector’s list of repairs)
 - Buyer’s agent will give “Lender’s Required List of Repairs” to the Selling Agent
- Repairs to be completed before closing date could:
 - Negotiated at 50/50 or some other split
 - Paid by buyer
 - Paid by seller
 - Not be done

One Week Before Closing

- Arrange for insurance on new home (i.e. home, hazard, flood, belongings, etc.) to be paid at or before closing. Proof of insurance required at closing
- Contact mortgage company or title company to calculate final closing figures and verify receipt of all required documents
- Confirm date, time and location of closing

Two Days Before Closing

- Do a walk through with your agent. Verify that all repairs are completed to your satisfaction. You can request receipts for completed repairs.
- Verify:
 - That mortgage company has completed any re-inspections needed for mortgage commitment
 - That title company or attorney has received mortgage closing package
 - Amount you will need for closing

Closing

- Be sure to bring a cashier’s check or have funds wired for the amount you need to close
- Personal checks and/or cash are typically not accepted at closing
- Request settlement statement signed by all parties including closing agent