



RIMKUS

Buyers Guide



Buyers Guide

Everything a future homeowner needs to know

Buying a home is a major endeavor and it's likely one of the biggest investments you will ever make. We understand the importance of both finding and securing the right home for you and enjoying the journey along the way. We are ready and eager to make that happen. This guide is designed to provide all the necessary information upfront to help you make this important decision.

Even though the process is complex, you can expect the following steps in your home buying journey:

- Select a real estate agent.
- Obtain lender pre-approval.
- Find a home.
- Negotiate and get mutual acceptance from all parties.
- Deposit earnest money.
- Inspect the home.
- Review title, HOA docs (if applicable).
- Complete loan application.
- Obtain lender appraisal, underwriting, and final approval.
- Review loan docs.
- Conduct final walk-through.
- Loan funds, closing completed and the new deed is recorded with the county.



We are going to be available for you throughout the whole process to:

- Prioritize your needs and wants
- Find and analyze homes that fit you
- Negotiate the best terms for you
- Walk you through the entire process from touring homes to closing on 'the one.'

Important Things To Know Before Purchasing A Home

1. Property taxes and qualified interest are deductible on a individual's Federal income tax return.
2. Often, a home is the largest asset an individual has and is considered one of the most valuable investments available.
3. Depending on your loan, a portion of each amortized mortgage payment goes to principal, which is an investment.
4. A home is one of the few investments that you can enjoy by living in it!
5. A Realtor can usually show you any home whether it is listed with a brokerage, a builder, and even a For Sale By Owners (FSBO).
6. Working through a Realtor to purchase a FSBO home can be advantageous because someone is looking out for your best interest.
7. We can represent you when purchasing a new construction home as their agent is hired by the builder to represent them....not you.
8. Unlike typical renting, the monthly mortgage payment is set and won't increase (minus any property taxes) compared to the volatile rental market.

Choosing An Agent

Hiring a professional is going to be one of your top strenghts when buying. To do this, we recommend the following:

- 1- Get referrals from people you know.
- 2- Compare real estate agents online.
- 3- Research potential candidates.
- 4- Request references and check them.
- 5- Interview candidates.
- 6- Agree on important details.
- 7- Trust your instincts.
- 8- Review your contract carefully.

Your real estate professional should provide you with the highest level of service and advice.

Prioritize Your Needs And Wants

- **Type:** single family/townhouse/condo
- **Location:** where do you want to be, and for how long?
- **Commute**
 - How far are you willing to commute?
 - Is your work location likely to change in the near future?
- **Desired Features**
 - Interior and Exterior Square footage
 - Number of beds, baths
 - Layout: two-story/rambler/split entry
 - Year built
 - Garage attached/detached/street parking
 - Size of yard, fenced-in?
- **School District**
- **Price Range**
- **Desired Move Time**
- **Do You Have A Home To Sell First?**

How Much Do You Want To Spend?

The pre-approval process, which entails full documentation and a credit check, is the best way to determine the home buying budget that is right for you. Early in your search, you can identify any potential hurdles and focus only on homes that fit your desired price range.

Pre-Qualification

This is an unofficial estimate of how much house you can afford. A loan officer will make an educated guess about your ability to buy a home based on your verbal or written submissions of income, finances, and credit history. This process does not give you any real credibility with lenders or sellers.

Pre-Approval

In order to obtain pre-approval for a loan you must provide your preferred lender with documentation including pay stubs, W-2's, bank statements, asset verification and business licenses among others. Your lender will analyze your income, assets and expenses then produce a pre-approval letter that certifies you have the resources to buy a home up to a particular price point. You also have the option of being "pre-underwritten" before pinpointing the specific property you are going to purchase. Sellers will want to see you are at least pre- approved, and will look even more favorably upon being pre-underwritten.

Checklist For Loan Application

Including, but not limited to:

- 2 years of tax returns and W2s.
- If self-employed, 1099s and copy of business license.
- Most recent bank statement (all accounts and all pages).
- Most recent pay stub (minimum of 30 days).
- Copy of driver's license.
- Explanation of any inquiries on credit report.
- Mortgage statement.
- Insurance declaration page.
- Most recent tax statement for all other properties owned.
- Divorce decree or separation agreement (if applicable).
- Potential for additional documentation.



Comparative Market Analysis (CMA)

This is how we arrive at the recommended purchase price for your home. It is both an art and a science.

The Science

We find and analyze the comparable neighborhood homes by number of bedrooms, bathrooms, square footage, lot size, and an untold number of additional features. Using information about how much those homes listed for and sold for, we will determine your home's fair market value.

The Art

Decisions must be made about how to adjust the value of the subject property as compared to other homes. As an example, if an active listing has been on the market for over 30 days, it's safe to assume it's overpriced and that people won't pay that much for your home unless it's in better condition or has more premium features. On the other hand, if the subject home is the only one on the block with a view, its value goes up as compared to the others.

Note:

The CMA requires a lot of technical experience, neighborhood knowledge, and critical thinking. A poorly executed CMA might compare the home you're buying to properties that are not similar enough, or it could draw the wrong conclusions from the data.

Inspection

Buying a home is one of the single largest investments you will make in your lifetime. To minimize unpleasant surprises and unexpected expenses, you need an objective, detailed examination of the physical structure and systems of the house, from the roof to the foundation. Average cost ranges from \$350-500 for a professional home inspection. The primary goal for the inspection is look for any health or safety concerns along with high cost repairs.

A home inspection generally covers:

- Exterior features: walls, roof, decks, chimney, drainage conditions, etc.
- Interior items: windows, plumbing, electrical panel, appliances, heating/cooling systems and big ticket areas like the crawlspace, foundation and attic.

Additional items to consider:

- Sewer scope or septic inspection if applicable.
- Lead-based paint for homes built before 1978.
- Radon testing (many inspectors are able to perform this as well).

Note:

Ask your real estate agent for recommendations on a quality, licensed inspector who will provide a detailed report with digital photos. A quality inspection will allow you to be confident and have the knowledge to move forward to make an informed decision.

Appraisal

An appraisal is a comprehensive look at a home's location, condition and eligibility for federal guarantees. For example, a home that doesn't meet safety requirements, such as handrails on steps, will not be eligible for FHA or VA loans until the handrail is installed or repaired. Appraisers are members of the MLS, like real estate agents, but they must abide by additional guidelines that minimize risk to the buyer's lender.

When the appraisal is finished, the lender will determine the home's value. They may also require the seller to fix certain items before proceeding toward closing. If the property doesn't meet the lender's parameters, the lender can decline the loan. Although stricter lending practices have been implemented over the last decade this has resulted in improved appraisal standards. Most buyers' loan applications result in a successful closing.

Note:

A good agent can protect you by recognizing qualities in a home that may become appraisal concerns, prior to writing the offer.

Submitting A Strong Offer

I will advise you on:

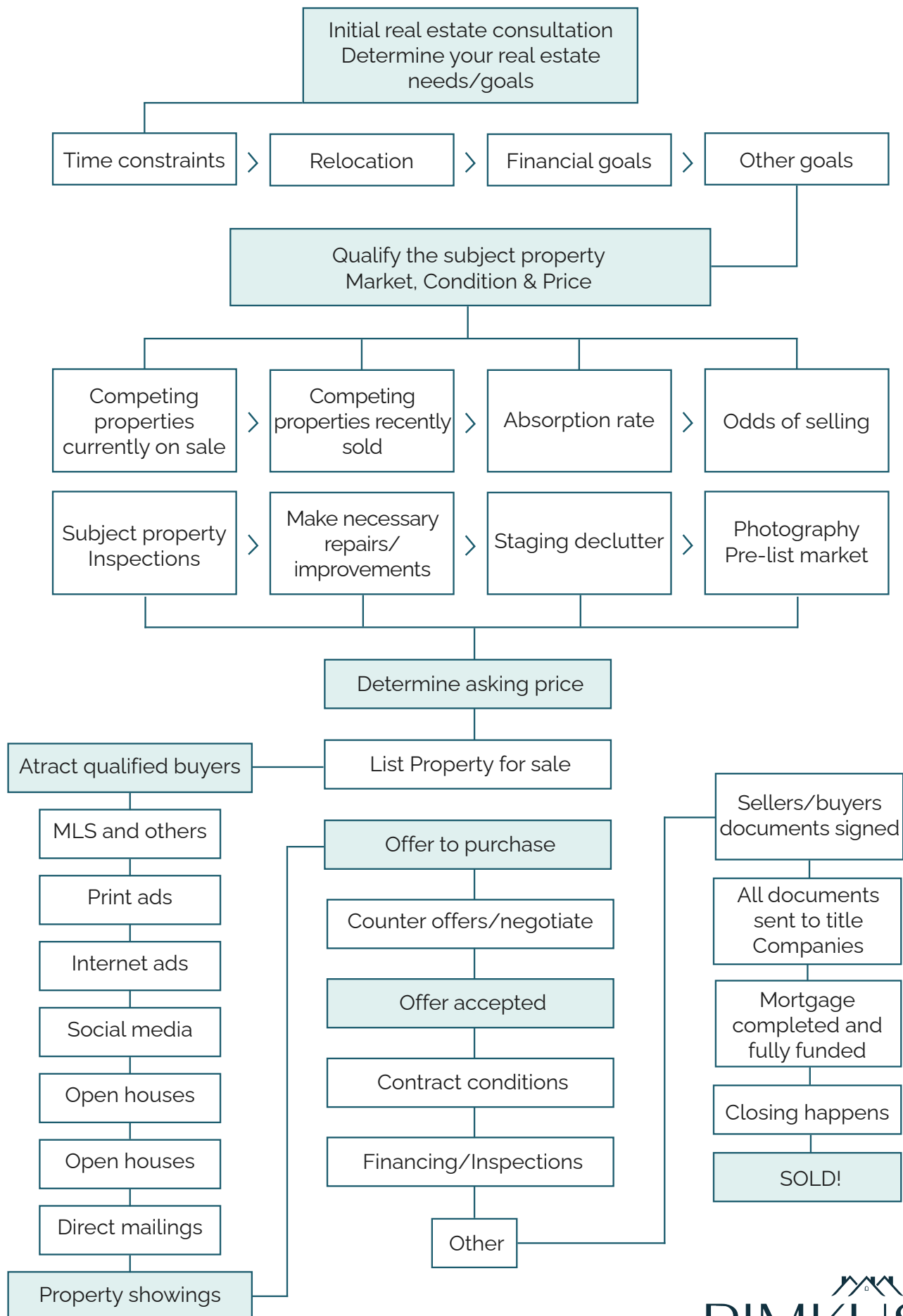
- Market climate, timing, pricing and strategy.
- Potential for multiple offers and strategies to successfully compete against other buyers.
- When applicable an action plan to strengthen your offer including shorter inspection timelines, altered contingencies, earnest money, closing timeline, seller rent back, personal letter to seller and more.

Once an offer has been accepted by both parties, we will:

- Keep you updated on all timelines and milestones.
- Keep track of all contingency due dates and expirations.
- Order title and assist with earnest money deposit.
- Stay in close communication with your lender to ensure a smooth closing.
- Advise and represent you in all further negotiations.
- Facilitate all appointments.
- Ensure that contractual deadlines are met and your overall experience is as smooth and enjoyable as possible.
- Provide you with a list of beneficial resources if you require further help.



Typical Real Estate Transaction: from listing to close



Closing Costs

These are the customary fees associated with a real estate transaction and who typically pays them.

Seller's Responsibility	Buyer's Responsibility
Owner's title insurance	Lender's title insurance policy
State deed tax	Broker fees (If applicable)
Seller title services	Home inspection
Real estate broker commissions	Recording fees
Loan balances	Homeowners insurance
Pro-rated property taxes	First year flood insurance premium (If applicable)
Current utility balances	Pro-rated property taxes
Homeowner's Association Fees such as Pro-rated HOA Dues, etc.	Homeowner's Association Fees such as Pro-rated HOA Dues, etc.
Broker fees (if applicable)	Lender fees: appraisal, credit report, origination, pre-paid interest
	Additional inspections, if necessary

Note:

Buyer's fees will commonly add up to 2 to 3% of the sales price. Your loan officer and title company will be able to give you a better estimate as these fees vary depending on the company used.

Terms You Should Know

POWER OF ATTORNEY

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

PURCHASE AGREEMENT

The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by all of the Buyers and Sellers.

QUITCLAIM DEED

A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the real property, but not containing any warranty of a valid interest or title by the grantor.

RECORDING

Filing documents affecting real property with the County Recorder as a matter of public record.

REALTOR

A Realtor is a licensed real estate agent and a member of the National Association of Realtors, a real estate trade association. Realtors also belong to their state and local Association of Realtors.

REAL ESTATE AGENT/BROKER

A real estate agent aka 'broker' is licensed by the state to represent parties in the transfer of real property. Every Realtor is a real estate agent, but not every real estate agent has the professional designation of a Realtor.

LISTING AGENT

A key role of the listing agent or broker is to form a legal relationship with the homeowner to sell the property and place the property in the Multiple Listing Service.

BUYER'S AGENT

A key role of the buyer's agent or broker is to work with the buyer to locate a suitable property and negotiate a successful home purchase.

MULTIPLE LISTING SERVICE (MLS)

The MLS is a database of properties listed for sale by Realtors who are members of the local Association of Realtors. Information on an MLS property is available to thousands of Realtors.

TITLE COMPANY

These are the people who carry out the title search and examination, work with you to eliminate the title exceptions you are not willing to take subject to, and provide the policy of title insurance regarding title to the real property.

DOWN PAYMENT

The percentage of the home purchased price (usually between 3% and 20%) paid upfront in cash at closing and not part of the financed loan.



AMENDMENTS

A change—either to alter, add to, or correct—part of an agreement without changing the principal idea or essence.

APPRAISAL

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

ASSUMPTION

Taking over another person's financial obligation; taking title to a parcel of real property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the real property.

BENEFICIARY

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

CLOSING

Generally the date the documents are recorded and title passes from Seller to Buyer. On this 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."

DEED, GRANT DEED, OR WARRANTY DEED

A real estate-oriented document used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the Buyer).

NET PROCEEDS

The dollar amount received by the sellers at closing after all other costs have been deducted.

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 property.

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.

LIEN

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

WALKTHROUGH

The final inspection by the buyers and their agent that is conducted before a home sale is final. This typically happens within 2 days of the closing date.

PITI

A payment that combines Principal, Interest, Taxes, and Insurance.

