



Real Estate Mortgage Title Insurance

Buying a Home



Dave & Linda Anderson

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Because home is everything.

1

Exploring the possibilities

➔ *Involve a Realtor early in your search and consult together often.
(It doesn't cost extra to do it that way.)*

Once you realize that you may be ready to buy a home, the first thing most people do is to go online and start looking. The pictures look great and you begin to dream about living in one of the houses.

Your next move should be to find yourself a good buyers' agent. Your agent represents, advises and consults with you throughout your home purchasing timeline. It is extremely important to have a detailed discussion about the buying process and how you will work together before going out to look at properties. Successful buyers choose an agent carefully and not randomly.

Feel free to interview a few Realtors as you consider hiring a buyer's agent. Talk to them; spend some time with them. It is critical that you have an agent with the skills, knowledge and experience to communicate the true benefits and/or issues of homes you are considering. Your new home will be a major factor on your future life and happiness, so your choice of agent should not be taken lightly.

We are always willing to meet with you for a cup of coffee!

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Getting pre-qualified for a mortgage

➔ *Make sure you are working with a lender who is respected locally. It can improve the chances that your offers will be taken seriously.*

Getting pre-approved by a lender before choosing a Realtor is fine, but not necessary. However, because your pre-approval will affect the rest of your housing search, it is important to make sure it is a solid pre-approval.

Not all mortgage lenders are equal. Rates may be fairly similar, but there are many other factors that can end up costing you more. Your choice of lender can even affect whether or not a seller accepts your offer! A good lender will go through the work necessary for a solid pre-approval *before* you even make an offer. Many times, especially in a competitive market, sellers will want assurances that the buyer is truly qualified through a reputable lender before even considering their offer.

If you are not sure whether you are in a good financial position to buy, we can put you in touch with professionals who will work with you to determine exactly what you need to do. Often, it is a matter of organizing your finances and debts differently over a period of time before purchasing a home. Don't listen to friends, relatives, and news broadcasts—consult with a qualified professional about your particular, unique situation.

There are programs to help first-time buyers and other special programs. You may qualify for a special loan even when you think you can't! That is another reason why a good local lender who is aware of programs in this area is important.

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Shopping around

➔ *Location, condition, and the type of home are obvious factors affecting the price. Your Realtor's role is to help you understand the value of what you see.*

Now comes the fun part—looking at homes! But prepare yourself: at first, this can be a little bit disheartening. In the pictures you see online, sellers and their agents are trying to put each home in its best light. Once you see a home, virtually or in person, you may see things you don't want to see. Once, we went to look at a home and there was so much water that there were frogs in the basement!

Your Realtor should be able to help you do a rough assessment of the home's condition—and help you understand the difference between superficial damage and more serious problems. All of these issues get explored in greater depth during the actual home inspection—but that comes later!

People often learn more about what is important to them during the shopping process. You may end up finding a house that is a little different from what you thought you wanted when you first started looking.

Nothing is better than individual showings with a knowledgeable Realtor. Never be afraid to ask questions. Knowledge is the key to making good decisions.

*Although he now works exclusively as a Realtor, Dave is still a licensed builder with previous experience as a residential remodeler.
(Michigan Residential Builders License #2101196465)*

4 Making an offer

➔ *Each home is unique, and buyers often end up competing with each other to make the best offer. This does not mean you should overpay: it means that you need to know the local market, and understand what the seller needs.*

The negotiation process begins when it comes time to make an offer. But negotiating for a home is not a matter of just trying for a lower price, like we do for other major purchases. For example, when you shop for a car, different dealers will be offering very similar vehicles for different prices. The opposite is true when you buy a home. Various sellers will be offering extremely different houses, each unique and in a different location, for approximately the same price.

This is where it is helpful to know the market—not only to be able to make the best offer for a home, but also to explain to the seller why your offer is good and reasonable. A good negotiator will work to understand what the seller needs from the buyer *besides* money. Negotiating the purchase of a home is more complicated than just arguing over money: it is about understanding what is most important to you and what is most important to the seller—and finding a way to get the two of you together.

Put together a competitive offer. First, you will submit a signed Purchase Agreement to the seller's agent. This contract will include the price you are willing to pay, terms of the sale (what is included, contingencies, dates), a deposit (or "earnest money") and your pre-approval for a mortgage. Sometimes, sellers will be receiving and reviewing multiple offers at once, and you may only have one opportunity to take your best shot.

The Purchase Agreement normally includes an inspection period which gives you time for your home inspector to point out potential problems. If issues arise during the inspection period, you can re-negotiate your offer or decide not to go through with the sale.

Dave is not only a "Certified Real Estate Negotiator," he is also one of the few Master Certified Negotiation Experts in Michigan.



5 Applying for a mortgage

➡ *Once you've agreed on the price and terms, it is time to apply for the loan.*

You have already made good strides by being pre-approved by a good, reputable lender. Still, you may be surprised by some of the requests made by the bank's underwriter. Your realtor can help you navigate this process and explain why the lender is asking for seemingly ridiculous information. During this time period, a Realtor can also help you understand other actions that could create red flags or interrupt the process. For example, you should save any major credit purchases like vacations, major purchases or even furniture for your new home until after closing. This includes buying or leasing cars.

There will usually be an appraisal on the property after you apply for your loan. The bank will send an independent appraiser out to the property to make sure that the price you are willing to pay is not more than the bank's assessment of its market value. The appraiser's opinion counts for a lot. If you and the seller both agree on the price—for example, \$300,000—and the bank's appraiser says the property is worth only \$280,000, there is a problem. Unless you have another \$20,000 or the seller lowers the price, you are not going to be able to purchase the home. This is another negotiation situation for you and your agent to navigate..

The appraiser's opinion is not necessarily the "true value" of the property. Appraisers abide by the "principle of substitution" and compare the appraised property with others they believe to be similar. Factors that are important to you may not even be considered by an appraiser, such as colors, sunlight exposure, kitchen style, flooring type, neighbors, traffic, trees or even the direction the house faces!

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Home inspections

➔ *A good inspector will inspect your home thoroughly and honestly, without exaggerating needed repairs.*

After you've applied for the loan, we schedule an inspection. Even though Dave has built and remodeled houses, it is very important for our clients to have an independent, trustworthy home inspector give them a detailed assessment of the house. You need to know what is good, what needs repairs, and what could be a deal-killer. The inspection process gives you the opportunity to back out of the contract if major unexpected problems are found—or to re-negotiate with the seller to fix the issue.

There is no licensing process or requirement for home inspectors in the state of Michigan, so it is important to choose an inspector who is qualified. Some inspectors have a reputation for repeatedly exaggerating problems, which can cause a buyer to decide against buying the home—and to hire the same inspector for their next potential home (cha-ching!). Others have a reputation as a “rubber stamp” that will approve almost everything. Good inspectors will show you everything they find and can explain the significance of each item. They can also give advice on caring for your new home.

For the most part, people buy used homes, so there is always going to be some issue. It is important to gain a realistic picture of how serious that problem is from a qualified expert. Even with new builds, it is wise to get an independent inspection.

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Closing

► *Closing on a home involves banks, governments, lawyers, title companies, agents, buyers, sellers and a lot of coordinating among them all.*

You don't want to wander alone through this process! A good Realtor will help you understand every step of the way, make sure everyone is getting everything done on time, and even make sure the underwriters are getting the things they need to underwrite the loan.

Sometimes, the sellers may need a little more time to move out of their home, and will arrange to rent back from the buyer after closing. For example, if you close on a Thursday, and they hadn't scheduled movers until the following Monday, they may want time to get the house all cleaned up for you. (This can help you as the buyer, too—because it allows you to spend money *after* closing to hire movers, or to arrange for pizza and fine beverages for all the friends who are going to help you move!)

After closing, your Realtor will still be available to help you get settled and can give you recommendations about things that you might need or want. Your Realtor is also somebody you can always call with questions, and can tell you, for example, whether an email or letter about the house is a scam.

We try to make the process as painless as we can. Depending on the situation you're moving from and what is driving you to move, it can be a great time or a difficult time—but a good Realtor will make it as smooth as possible.

About Dave & Linda Anderson

The process of buying a home can be emotional, time-consuming and stressful. Since we are both licensed Realtors, we offer twice the support of a single agent. Whatever the reasons for your move, we know this a very important event for you and we look forward to helping you successfully negotiate the change.



GRI I, II and III (Graduate Real Estate Institute) and Associate Broker

Property is the single biggest investment most people will make in their lifetime. At the same time, real estate transactions have become increasingly complicated, with new technologies, laws, requirements and procedures. Dave has completed all three levels of the Real Estate Institute, which is the highest designation attainable from the National Association of Realtors. He is also an Associate Broker at Howard Hanna Real Estate Services in Ann Arbor.

Master Negotiation Expert

Dave has not only earned his "Certified Real Estate Negotiator" designation, he is also one of the few agents in Michigan to have earned the designation "Master Certified Negotiation Expert" from the Real Estate Negotiation Institute.

Licensed Residential Builder



One of the unique ways Dave helps our clients is with his knowledge of residential construction, gained through direct experience building and remodeling houses. Although he now focuses full-time on real estate, he keeps his builder's license current. Dave can help weed out properties that will most likely fail an inspection *before* buyers sign a contract. "I enjoy helping buyers understand the basics of home construction and how it affects their investment."

ABR - Accredited Buyer Representative

The Accredited Buyer's Representative (ABR®) designation is offered through the National Association of Realtors. This course of study provides education to elevate skills and knowledge in the field of representing buyers. It also offers ongoing specialized information, programs and updates that help Dave stay on top of the issues and trends important for successfully representing buyers.

Business and Marketing Experience

In addition to being a Realtor, Linda is a musician who ran a successful Kindermusik® program and piano studio for over 20 years. Her business experience keeps things running smoothly so we can stay focused on our clients' needs. Linda is also a **Professional Property Stager REA Consultant** and a **LeadingRE Marketing Specialist**.



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