

Younts Family Team
REALTOR®
karen.younts@cbrealty.com
517.281.0900



BUYER INFORMATION PACKET

Service Deserves Its Rewards®



Proudly Partnered with



www.yountsfamilyteam.com

Buyer Information Package

10 Reasons to Buy a Home

- 1. Real estate over time has been considered a good investment because most of it has appreciated.**
The effects of leverage can multiply the increase when borrowed funds are used to purchase the home. Many times, the largest investment a person owns is their home. Homes have been a good hedge against inflation. Homeowners build equity and can borrow against that equity for a variety of reasons that could include college, medical, or to start a business and **housing values will certainly rebound as they have proven to do over the history of our economy.**
2. There have never been **more housing choices or more motivated sellers.** There is truly a home that fits you and your needs if we just stay focused and have faith!
3. **Renting is essentially a waste of your hard earned money.** You can actually in many cases own a home for less than renting!
4. Interest rates are reaching **all time lows** and there are many programs to assist in helping you make your next home a reality.
5. Special U.S. Government programs are available to almost anyone making it hard to pass up the opportunity for home-ownership especially for **1st Time Home Buyers.**
6. **Property taxes on a first or second home are deductible for Income Tax** purposes and qualified mortgage interest and home equity loans are deductible for Income Tax purposes.
7. Investment Properties have never been so readily available and can **provide incredible rental income opportunities.**
8. **Preferential tax treatment** on gains that have been made from capital assets held more than one year is permitted by the IRS. This is especially important for homeowners with gains in excess of the allowable exclusion.
9. Mortgage payments include the interest for the time that the money has been used and principal to retire the debt over a period of time. **Each month part of the payment is for principal accumulation.**
10. Take the next step and begin to take pride in your own home and begin to enjoy all of the benefits while **making a great investment at just the perfect time!**

Buyer Information Package

The Role of a Buyer's Agent

In Michigan, before 1994, the "policy of agency" (who an agent represents) was that both the listing agent and the selling agent represented the seller (who paid the commission). Today, the listing agent represents the seller, and the buyer's agent represents the buyer. **Buyers have a choice!** Sellers still pay the commission but it is paid by the brokerage firm of the listing agent. That brokerage in turn pays half of the received commission to the brokerage of the buyer's agent. The individual agent is then paid on whatever level has been agreed upon in their office policy.

Agents have a choice!

Agents can elect to represent either seller or buyer, or both if the situation arises wherein the listing is listed by the buyer's agent him/herself. That's called dual agency. In such a case, the agent pledges fairness and honesty. Working as a dual agent is common since buyers inquire with the listing agent about the properties. I must have written permission to work as a dual agent from both the seller & buyer.

I've been asked many times what my policy is, and to clarify whom I represent when I have a reply to my offer of service.

Here is my policy regarding Dual Agency:

Whatever the Buyer (s) says to keep confidential between them and I stay confidential. Whatever the Seller (s) says to keep confidential between them and I stay confidential.

Whatever is said to pass along to either Buyer or Seller is passed along to ensure a smooth transaction takes place.

Dual agency **takes the guess work out** of communications between the Buyer (s) and Seller (s).

Benefit to the Buyer:

1. Total commitment to the buyer
2. Maximum effort on their behalf
3. Exposure to the entire market
4. Confidentiality
5. Disclosure & loyalty
6. Track record of successful negotiations
7. Privacy for the buyer
8. Strongest possible protection of the Buyer's interest
9. Mortgage financing
10. Buyers will save money since I will be fighting to protect their interest

Benefit to me as their agent:

1. Buyer loyalty
2. More qualified Buyer
3. Educated to the marketplace
4. Peace of mind, less conflict
5. Ability to offer more services

Buyer Information Package

When will the buyer need to sign an agreement?

It will **not be mandatory** for the Buyer to sign an agreement with me at initial contact, although I would be happy to do so. I extend much effort, time, expertise, loyalty, and education to be singularly informed on behalf of my buyers. However, I would hope that with such good service and representation, a buyer will be loyal to me!

At the time an offer is written, and then it is necessary to sign an Agency Agreement stating whom I represent. It becomes part of the offer. Agency representation is also in the verbiage of the purchase agreement.

What about new homes and new subdivisions?

Yes, **I am an active member of the Greater Lansing Home Builders Association** with an extensive background in New Construction. I include new homes and new subdivisions in my showings of homes throughout the Greater Lansing areas. Unlike some areas of the country where builders do not cooperate with realtors, builders seek our assistance since we sell 70% of their product. Many times, incentives are offered to realtors for their buyers.

The site salesperson represents the builder, so a Buyer should have representation.

The policy in Michigan is to have the realtor present when viewing the new homes. To have Buyer representation, nothing should be registered or signed without your realtor. **If you are just looking, say so, and you may not be asked to register yourself.** If asked, state that you are working with a realtor and will return with that realtor if interested in that subdivision.

In the case of new homes understand that the builder's billboards many times state a price, i.e. \$150s. It may have been put up at the opening of the subdivision and has been appreciated since then. There are many options, such as fireplaces, granite countertops, and other upgrades that are in the models, and/or lot premiums. It goes up quickly from there. **Representation for the Buyer is very important today!**

MLS Member:

As a member of the Multiple Listing Service, I can **show you any property regardless of what company** has the listing. I also have access to every foreclosure that is available, so don't sign up for any "foreclosure" website. If you should see an ad in the paper or a sign in a yard, **call me to find out the information.** If you want to see it, I'll make the arrangements to show it to you at your convenience.

Buyer Information Package

For Sale by Owner:

Many times, a homeowner will work with an agent, even though the home is not listed with a real estate broker. It is necessary for the agent to introduce the buyer to the property. A homeowner trying to sell his home himself is usually doing so in hopes of saving the commission. Coincidentally, this is the reason a buyer wants to deal directly with a homeowner. **However, buyers beware- many times these homes are overpriced.** Often, these sellers are not aware of market conditions and, therefore are asking more than what the property is worth.

Open Houses:

One of the greatest opportunities you have as a buyer in the market for a new or existing home is to visit open houses in your spare time. **I strongly encourage this.** When you arrive at the open house just **mention you already have a buyer's agent**, and you are out looking. They should allow you to browse without pressure. If you do have interest in the specific home, you are visiting **keep your excitement to yourself** and give your agent a call for more information.

Short-Sales (Pre-Foreclosures):

First of all forget the word **"SHORT"**! The term or name of these types of homes that are listed in our market place comes from the seller's balance owed to their mortgage companies and the amount that the home is being sold for. The seller is falling **"SHORT"** of paying off their mortgage commitment (s) and hence the name was birthed. The truth about short-sales is simple basic math. **Less than 20% of all short sale listings actually are approved by the mortgage companies** and end up transferring ownership to a new buyer and closing. The other **80% end up in foreclosure or restructuring** of the seller's loans. Short-sales can take up to 18 months to actually finalize with an average of **somewhere between 5-12 months when they are successful.** On paper the short-sale listings look like good values because they are typically priced well below market value however in most cases the **mortgage holders have not approved the price they may be listed for.** Typically the mortgage companies will not give the listing agents a price or even price range to list these homes for making it difficult for all list agents to navigate the pricing structure. This obviously contributes to 80% failure rate.

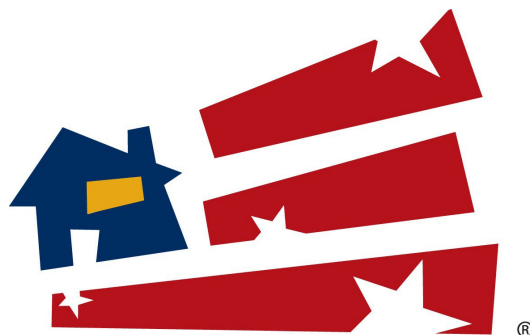
WARNING: If you plan on pursuing a short-sale purchase be prepared to wait for a long time and to more than likely be disappointed in the results. (The 80-20 rule)

Buyer Information Package

Foreclosures (Bank-owned or REO):

These are **bank seized homes** that the previous owner failed to pay their mortgage payments on. Typically these homes are in **need of work sometimes a lot of work**. They often have mold issues as they sit for long periods without utilities and the basement often gets wet and the mold growth takes place. These homes are **often great buys** for the handy person or when one is left in good condition by the previous owner. They are typically **priced to sell quickly** and often end in a bidding war. Foreclosures will **frequently not qualify for FHA-VA or Rural Development** mortgages because of their condition.

There are currently foreclosure guidelines on many of these homes, that limit the **first 15-30 days** that a foreclosure is listed on the market for sale to buyers that intend to **"owner occupy"** the home. **Only owner occupant** buyers can bid and **investors have to wait in line**. The design of this is to encourage home ownership and not rental or remodel and resell homes. Overall foreclosures make up a very large segment of the Real-Estate marketplace and can be a great option for home seekers.



Homes *for* **Heroes**

Buyer Information Package

Better decisions are made when they are based on good financial information. I work and recommend solely with local lenders, which have made a commitment to service and integrity in the lending institution.

If you need a referral, please ask!

Estimated Purchase Costs – It is important to know how much you'll need to buy a home not only for the down payment but also for all the fees that are charged in connection with getting the loan and conveying title. Detailed below are costs incurred prior to closing, which you should be aware of.

Projected Expenses for the Buyer

\$500-1,000 Standard	Good Faith/Earnest Money Made payable to <u>Title Company</u> , at the time of writing the offer.
\$250-375	To lender at the time of mortgage application
\$275-475	Property Inspection, payable at time of inspection (Recommended but Optional)
\$80-100	Radon Gas Test, payable at time of inspection (Recommended but Optional)
\$275-425	Well & Septic Inspection, payable at time of inspection (Recommended but Optional) Point of sale Counties-Seller Expense
\$50-80	Pest Inspection, payable at time of inspection (Recommended but Optional)
\$500-1,200	Homeowners Insurance, payable prior to closing, One-year pre-paid policy
\$150-300	Attorney Fee, review of documents (Optional)
\$350-550	Lender Appraisal Fee, to establish a property value for the mortgage
\$250	CBR Buyer Agency Fee (This can be paid out of your closing costs)

*** Some amounts are approximate. *Time limits are usually placed on pre-approval commitments. It is recommended to be ready to look at homes and make a decision after you receive your pre-approval commitment.***

Buyer Information Package

The advantages of being pre-approved are:

- Looking at the correct-priced homes.
- Avoid disappointment in deciding on a home that you can't afford.
- Saving money with a seller who is confident about taking their home off the market with buyers who have a definite loan commitment.
- One less contingency that the seller will be concerned with to get their home sold.
- Closing more quickly, the lengthiest contingency is usually the mortgage approval. The appraisal can be done quickly.
- Minimizing the anxiety of not knowing whether you qualify.
- Being prepared for closing costs and fees that may apply to your loan and overall budget.
- Overall, Peace of Mind
- Buying leverage when making an offer to purchase
- Sellers want to see that you can qualify for a mortgage before they take your offer seriously.
- Knowing what you're comfortable with from a monthly investment standpoint is extremely important. What you may be approved for could be way more than you want to budget for. Planning is key.

Buyer Information Package

Preparation for a Mortgage Application

Employment:

Names and addresses for two full years
Gross monthly income
W-2s for two years, if available Year to date pay
Proof of income from rentals, investments, etc
Proof of retirement, disability, or Social Security
Proof of child support or alimony paid/received
If self-employed:
Two years Federal Income Tax Returns
Current year profit and loss statement

Creditors:

Proof of 12 Months Rental History (Cancelled Checks, Money Orders, etc.) Each creditor's name addresses and type of account
Account numbers for each
Monthly payments and approximate balances
Amounts of child care expenses

Banking:

Names and addresses of banking institutions
Account numbers for all accounts and current bank statements Type of accounts and present balances

Miscellaneous:

List of assets in stocks, bonds, and property
Life insurance cash value (documented if used as cash down payment)
If applicant is selling a home, a copy of sales contracts
Social Security numbers for all parties
Veterans – Certificate of Eligibility & DD-214
Cash or check to pay for application fee

Documents needed from Purchase for Bank:

Copy of sales agreement
Copy of listing on property
Seller's Disclosures if Applicable
Copy of the Earnest Money Deposit
Picture ID

Buyer Information Package

Integrity is the Key:

I believe in Practicing the **Golden Rule Professionally as well as Personally**. My word is my bond and I don't believe in grey areas when it comes to communications. So, if you are prepared to be honest with me as your Agent then I am very blessed to be helping you on your journey to your next home! I want to treat you as I would like to be treated myself throughout the entire process and beyond.

Neighborhood Knowledge:

As a Mid-Michigan resident since 1983 I know the neighborhoods that you are considering or will find someone who does. I will identify comparable sales, and information on the schools, shopping, demographics, and other things you feel are important.

Appropriate Houses to Consider:

I'll look for what you want and can afford in an area you want to live. I'll show you all the homes that are available, not just the ones that I have listed. I will look for homes that are not yet on the market.

Good Financial Decisions:

Every buyer needs basic financial information to make a good buying decision. You'll know that you qualify for the home, what the payments and the closing costs will be. I'll also make additional suggestions like making extra principal contributions with your regular payment and suggesting an alternative type of mortgage to allow for the least expensive cost of housing.

Knowledge of Loan Programs:

With experience and sales volume, I have a strong knowledge of the variety of loan programs that are available for my clients. From FHA-VA type loans to Conventional or Down Payment Assistance programs I can help navigate through the process and tell you whether a home will qualify for based on condition, price, or other specific criteria.

Work Diligently to Find Your Home:

I'll work hard to find your new home. I understand that finding a home is a priority and will consider it the same. When I find one that I feel meets your needs, I'll show it to you as quickly as possible and when you find one that is interesting to you call me and I will be there.

Buyer Information Package

Process of Buying a Home:

Orientation:

During the initial interview, you'll share your expectations and learn about the process of buying a home. This meeting should take 1 hour or less. You'll obtain valuable market knowledge about areas, prices, financing, your qualifications, and normal procedures.

Considering your wants, abilities, and needs, you decide on price, size, style, and area. At this point, we will begin the search to find your new home. I will then set a personal property search up catered around the details of our interview.

Financing:

A strategy for a successful purchase is to apply for pre-approval prior to finding a home. Negotiating a contract without a loan commitment can be almost impossible in our current market environment.

There are specific things necessary to make a loan application and assembling them can take some time. It is recommended to use the enclosed list.

What makes a good offer?

What points should be included in your offer or purchase agreement? Besides the "must haves" such as date, name of parties, price, address of property, date of closing and all signatures, there are other considerations that you as a buyer should consider.

Contingencies are events that must occur before a contract becomes binding. **Contingencies written into the purchase agreement that protect the buyer include:**

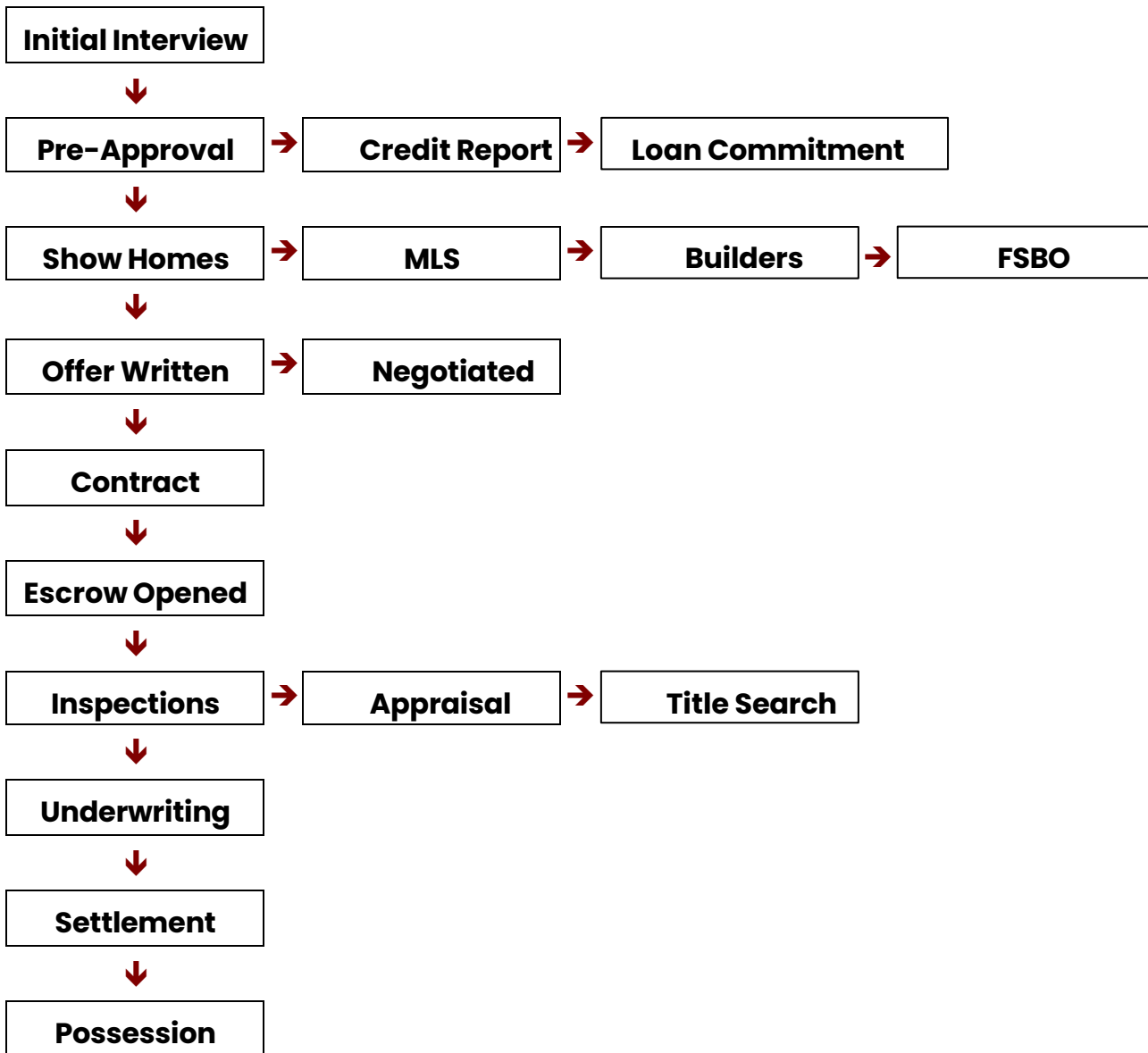
Financing- Unless a buyer has cash, the offer should be contingent upon the buyer's ability to obtain a mortgage within a given period and for terms set forth in the agreement. It may also be stated that the buyer will apply for a loan within a certain number of business days and the date at which time loan approval will be given.

Home sale contingency- If you have a home that must sell before you purchase another, it should be listed as contingency in the purchase agreement. Keep in mind that the seller may accept such an offer but keep his property on the market and is still able to accept other offers. These types of offers aren't very popular in our current market. Homes can take several months to sell.

Home inspection- The sale is also usually contingent upon a satisfactory inspection to the buyer. I recommend professional home inspectors. Optional inspections may or may not include pest, radon, well, septic, etc.

Buyer Information Package

Home Buying Process



CELEBRATION!!

Buyer Information Package

ASK ME ABOUT MY HOMES FOR HEROES PROGRAM

Service Deserves Its Rewards®



I am honored to serve as a designated Realtor in Michigan, representing our community heroes as part of The HOMES for HEROES Real-Estate team. Your invaluable contributions to our community, country, and even the world often go unrecognized. Wondering who qualifies as a hero? Allow me to explain. A Homes for Heroes HERO is defined as a Law-Enforcement Officer, Teacher, Military Serviceperson, Healthcare Worker, Firefighter, or EMT. While heroes can be found in various professions, if you fall into any of these categories, you may be eligible for a reward when buying or selling Real-Estate with me!

On average, the cash reward amounts to nearly \$1500! Reach out to me to learn more about how this program works, and together, we can embark on our HOMES for HEROES journey!