



Welcome!

You are about to embark on the exciting journey of finding your perfect home. I can help you find the ideal home with the least amount of hassle and make it an enjoyable experience.

Purchasing a home is a very important decision and a big undertaking in your life. I am going to make sure that you are well equipped with up to date information for your big decision. This guide will give you invaluable information for your home buying journey.

I look forward to meeting your real estate needs every step of the way.



Presented by:

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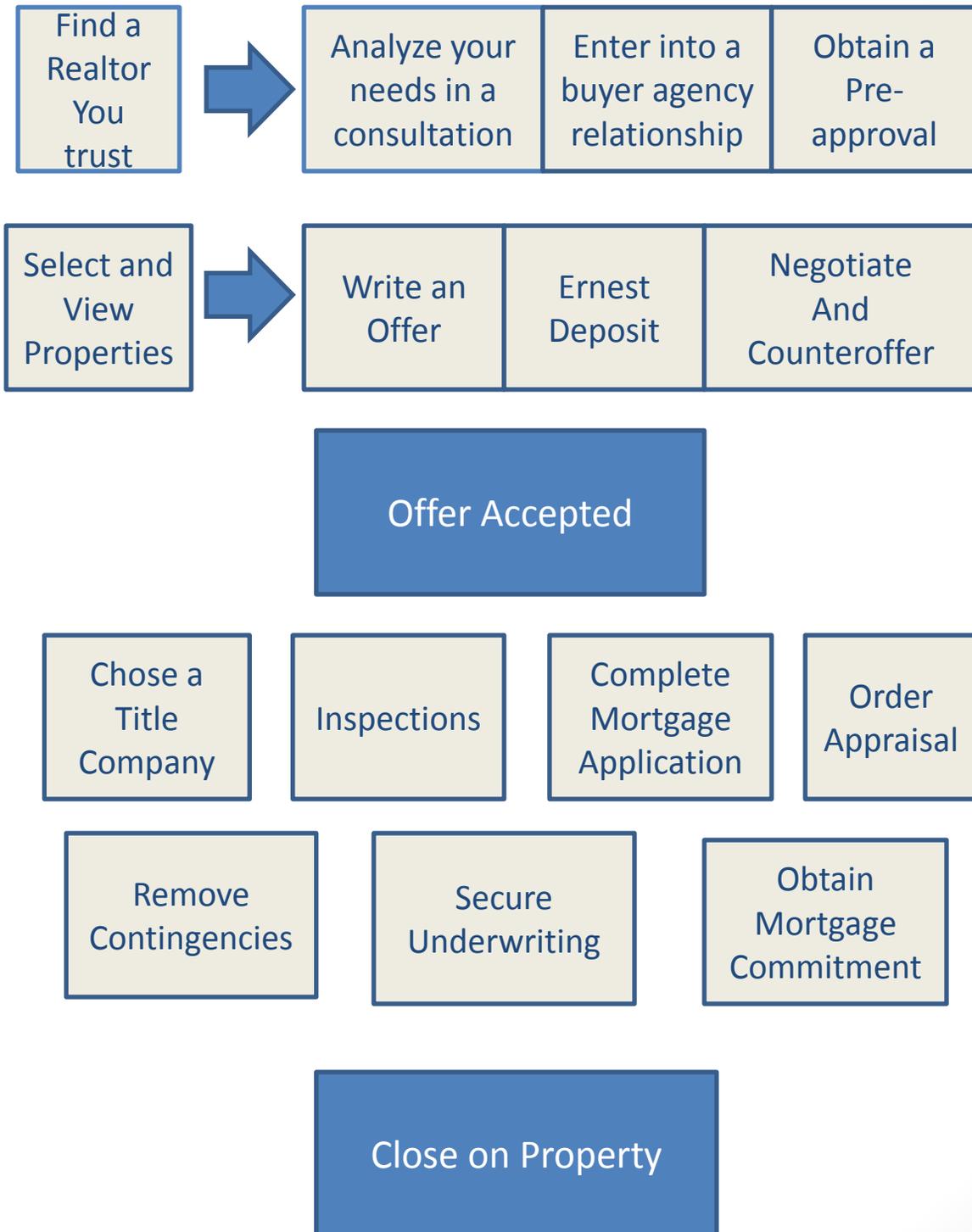
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The Home Buying Process



Getting Started: Pre-Approval



Buyers are encouraged to obtain a approval from a mortgage lender before they begin house hunting. Why?

- You'll choose the type of loan that works for you and know how much cash you'll need for a down payment.
- You will get an idea of your interest rate and monthly payments.
- You won't waste time considering a home you can't afford.
- A pre-approval is required when submitting an offer, so that the sellers know you are a qualified buyer.

Selecting a Home:

After a pre-approval has been obtained, we will establish your “must –have” list. I will then create a search that will provide a list of all homes currently on the market that fits your criteria. We will then start looking at homes that you have chosen. Once you begin looking at homes, you will narrow down the “must-have’s” to what is really important to you. If necessary, your search will be revised and we will continue looking until you find the house of your dreams.

Making an Offer: Once you find a home you love, you will need to determine the price and terms you want to offer. To help make your decision, we will review comparable properties that have sold in the same area. Using that information, I will guide you towards an appropriate offer price. I will write up the contract and submit the offer to the listing agent. The sellers generally have 48 hours to review the contract and they will choose to accept, counter or reject the offer. If the sellers choose to counter, we will verbally negotiate the terms until both you and the seller are satisfied. We will then submit a revised contract which the sellers will sign. Congratulations, your offer has been accepted!

Example
\$100,000
offer with
3% sellers
assist, your
offer is
really
\$97,000

What Up Front Money Will I Need

Earnest Money or known as Good Faith Money
Inspection Fees
Appraisal Fee (paid to the lender)



What is Earnest Money?

Earnest Money is a good faith deposit, not to be confused with a down payment. This money is presented with your initial offer, and shows “good faith” that you are sincerely interested in this home and ready to move forward with the process. Once the offer has been accepted, this check will be deposited into an escrow account with the listing broker.

So How Much is Enough?

There is no set amount, but typically deposits are 1 to 3 percent of the sales price. The deposit is used as a credit toward closing costs and reduces the amount of money you need to bring with you to the settlement table.

Your earnest money deposit is refundable upon due to specific conditions that could not be met on the agreement of sale. Some examples would be , being denied a loan from the lender or an inspection could not be resolved. Both buyer and seller must sign a release.

How much is transfer tax?

Around the county a total of 2%. Both buyer and seller pay 1% each. In the City of Reading it's a total of 5%, split 2.5% each. If purchasing a Bank Owned property be prepared to pay both sides of the tax .

Down Payment Requirements

Your down payment depends on the type of loan you obtain, they can range from 3% to 20%..

Putting 20% down on any type of loan avoids the extra cost of PMI (Private Mortgage Insurance) which is a fee added to your monthly payment.

Closing Costs

Your closing costs will vary depending on the lender you choose, but are approximately the same across the board. Examples of closing costs are: title fees, taxes, deed and transfer tax.

Appraisal : The appraisal is another important factor and is required by the bank when taking out a mortgage. The bank orders an appraisal once the contract is fully executed. The appraiser is sent out to the home and is to base their findings on facts and figures. The appraised value must be equal or greater than the amount you are borrowing , the bank won't lend you the money you need to purchase . At this point there are two choices; you can come up with money or the sellers must agree to lower the price. Sometimes a combination of the two options will be a good solution.

Your Offer has been Accepted. What Happens and When

- After you have your offer accepted, the listing agent will deposit your earnest check into escrow.
- Title will be ordered from the title company.
- After receiving the “ order” for the examination of title, the title company will conduct a title search and order the house location surveys, if requested.
- They will send written request for pay-off or assumption information on any outstanding liens secured by the property.
- After obtaining all necessary title information, the data is reduced to typewritten documents referred to as the Title Insurance Binder. These documents are forwarded to the agents and to the lender.
- The title company will coordinate with the lender, prepare any other necessary documents, and finally prepare the settlement statement.
- You are required to purchase and pre-pay one year of homeowner's insurance and provide the lender with copies of the policy and paid receipts.
- Closing costs will be confirmed prior to settlement. You will have to provide a certified check made out to the settlement company for the amount given.



Home Inspection: If you are purchasing a resale property, you should consider to have a home inspection by a professional inspector. If you opt to have an inspection, they usually take place within 10 days of the agreement of sale. You may want to consider other tests such as termite, radon, water or septic. It is to your benefit to be present., so you can ask questions. They run 2 to 3 hours or more depending on the size of the house.

The inspection is not designed to criticize every minor problem or defect in the home. It is to report on major damage or serious problems that require repair. Your home cannot “pass or fail” an inspection. The inspectors job is to make you aware of repairs that are recommended necessary and see the home through the eyes of an objective third party.

We will decide, which, if any items we'd like to ask the sellers to take care of (usually within 2 days). The sellers have to decide what they are willing to fix. If your not satisfied with the sellers response or the inspector found a major issue you do not want to take on, you can be released from the contract and get your good faith deposit back. This is another negotiation period.

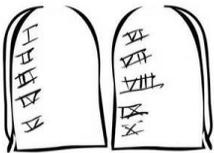
Cost of Inspections :
\$300 to \$600
depending on what
inspections are
ordered and the
size of the house.

What is Sellers Assist?

Sellers assist is an amount that the seller pays towards *closing costs* and is negotiated in the agreement of sale. This is NOT down payment money. It is typically 3% to 6% of the purchase price or it can be a dollar amount not to exceed those percentages. Verify with your lender what you can ask for with they type of loan you are getting.

Remember, when asking for sellers assist, one is negotiating with the net price.

Another thing to keep in mind is that one doesn't know the sellers financial position and they may not be able to accept an offer with sellers assist.



The Ten Mortgage Commandments Thou Shall Not ...

1. Change jobs, become self employed or quit your job
 2. Buy a vehicle
 3. Use charge cards excessively or let the accounts fall behind
 4. Spend money you have set aside for closing
 5. Omit debts or liabilities from your loan application
 6. Buy furniture
 7. Originate any inquiries into your credit
 8. Make any large deposits without first checking with your lender
 9. Change bank accounts
 10. Co-sign a loan for anyone
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Settlement Day

The lender will contact you a few days prior to settlement and give you the exact amount you will need to bring with you to settlement in the form of a cashier's or certified check. You will need to bring photo id and your checkbook just in case there are any discrepancies. This happens very rarely and is typically a small amount.

We will conduct a final walk thru the night before or the day of settlement through the home to make sure everything is in satisfactory condition and all work from inspection negotiations have been completed.

The process usually takes about an hour. There you will sign all the necessary paperwork to make the home officially yours. The keys will then be yours.

After settlement if you have any questions about anything, please feel free to call me anytime.

Buying a house should be an exciting and fun experience. There are times when it can be very stressful; negotiations don't go well, appraisals don't work, home inspections find issues. I will help you work through all those issues and will help you get into the home of your dreams.



Some Terms to Know....

Agreement of Sale (AOS), contract and written offer: These terms are interchangeable and are all the same documents.

Terms: Other important factors a seller will consider when reviewing an offer such as settlement date, inspections, sellers assist.

Executed Contract: The contract is signed by both parties and is officially a legally binding document.

Escrow: An account that holds your real estate taxes for your monthly mortgage payment. Or an account where your earnest deposit money is held by the listing broker until settlement.

Contingency: A stipulation in the contract that must be met prior to settlement. An example would be a buyer needs to sell their house.

Short Sale: A sale of real estate in which the bank will agree to an amount that is less than what is owed on the current mortgage. The seller still owns the property but the bank has the final say on what offer they accept. This is a lengthy process and can take a number of months to settle on a property.

Foreclosure: Or also known as REO properties. The bank owns the property and will be negotiating directly through them. Foreclosures are a great opportunity to purchase a home under market value. Buyers are responsible for paying both sides of the transfer tax, certifications and use and occupancy if they apply in that township. You may also be required to have the utilities turned on for home inspections and appraisals. Not all foreclosure homes qualify for the usual home loans.

Settlement or Closing: The end of the process! This is when the title of the property is transferred and the deed is put in your name and the promissory note (mortgage) is signed.

What is a Buyer Agency Relationship Contract?

It is a contract that you the buyer sign to work exclusively with a realtor. The buyer agrees not to enter into another contract with another broker. The buyer agent works exclusively for the buyer even if paid by the seller. The buyer agent acts in the buyer's best interest.

When you sign a buyer agency contract there is a Brokers Fee of \$450 the only fee charged to the buyer and collected at settlement as part of your closing fees.

