

A close-up photograph of a young man and woman smiling warmly. The man, on the left, has short dark hair and a light beard, wearing a light blue button-down shirt. The woman, on the right, has long brown hair and is also wearing a light blue top. They are both smiling broadly, showing their teeth. The background is softly blurred, suggesting an outdoor setting. In the top right corner, there is a black rectangular box containing the text 'BUYER'S GUIDE'. At the bottom right, the 'Weichert REALTORS' logo is displayed, followed by 'The Collective' and a small tagline 'Independently owned and operated' at the very bottom.

BUYER'S
GUIDE

Weichert | The Collective
REALTORS

Independently owned and operated



"HOME IS WHERE ONE STARTS FROM."

- T.S. Eliot

Buying a home is one of the biggest and most rewarding decisions we make in life and while it's an exciting time, there are many things to consider before making the leap from renter to homeowner. Reliable, careful planning can give you the best chance of making a solid investment for your future.

BUILDING EQUITY There are many benefits to buying a home and if you ask a financial advisor, building equity typically tops the list. Technically speaking, equity is the difference between the value of the asset (your home) and the cost of the debt. When you own your own home, monthly payments no longer go towards your landlord's investment, they go towards your investment. All mortgages include interest payments paid to the lender in return for the borrowed money. Many will also include an amortization, which is a fancy way of saying there is a reduction of the amount owed on the mortgage over time. Eventually, this amortization helps build equity by reducing the balance of the debt owed on the property. In addition, the value of the property may increase. The combination of these two things can significantly increase asset value and help bolster your finances for the rest of your life.

TAX BENEFITS Simply put, owning a home equals big tax breaks. Home owners can deduct mortgage interest each year for up to \$1 million of debt, points for interest paid upfront at closing, and for property taxes.

THE JOY OF OWNERSHIP Home ownership is rewarding. Having the ability to make changes to your environment can be very gratifying. You can have pets, paint walls, change flooring or even make big changes (like knocking out a wall to increase the size of your kitchen), all on your terms.

LOW INTEREST RATES Buyers have been enjoying historically lower interest rates for the last decade but the Fed raised the key interest rate in December of 2015 and they are expected to gradually rise. Even still, now is a great time to take advantage of interest rates while they are still low.

BEFORE THE HUNT Now that you've decided to buy a home you may be tempted to grab your tablet, hit the road and start house hunting immediately. But there are things you need to do beforehand to make sure you're looking in the right areas for the perfect fit.

FINANCIAL CONSIDERATIONS First, determine how much you can afford. Write down your annual income and how much you spend in monthly bills.

Then anticipate your future costs (are you planning on buying a car or paying for a college tuition in the near future, for example). Keep in mind that beyond the mortgage payment, you will be paying property taxes and insurance costs. Then calculate a comfortable monthly payment. Once you know generally what your price range is, find a great lender to give you pre-approval.

PRE-APPROVAL If you know how much money you can borrow, the road to your dream home will be much smoother. With pre-approval from a lender, your realtor will be able to search for homes in your price range. And when you make an offer, your realtor can tell the seller that a bank has already pre-approved you for the asking price. That gives you an advantage because the seller will be more likely to enter into a contract with you as opposed to a buyer who may not be pre-qualified for a loan. Also, as a pre-approved buyer, closing is faster—another thing that will make you more attractive to the seller.

To get pre-approved, you will want to choose a lender that will be attentive to your needs, give you great advice and offer you the best rates for your investment. The Collective has partnerships with some of the city's top lenders such as Region's Mortgage. Ask your REALTOR® for more information.

DECIDE EXACTLY WHAT YOU WANT Now that you've got the money side of things figured out and before you start looking, determine the "must-haves" of your new home. Having a clear idea of your requirements will help you streamline the search and arrive at the ideal solution for you sooner.

BUILDING YOUR "MUST-HAVES" LIST

- How big does your new home need to be?
- How many bedrooms? Do you need room to grow your family?
- Do you need a garage, and for one or two cars?
- How about location?
- Do you need to be close to work, near a specific school?
- Are you looking for a return on investment?
- Do you want a newer home or a fixer-upper?

Working with an experienced Realtor from The Collective can help you answer these questions and so much more.



LET THE FUN BEGIN—WITH YOUR REALTOR.

START WITH A REALTOR Now that you're equipped with the confidence of a lender pre-approval and a "must-haves" list, you can hit the market to find the perfect home. But first you'll want to find a great realtor. Why get a realtor? Consider this: Most real estate transactions involve at least two dozen people, from the mortgage broker to the escrow officer to the appraiser to the seller's agent. So you'll need someone to coordinate, negotiate and represent your needs with all of them. You can count on your experienced Realtor from The Collective to make the process of finding and buying a home easier.

MAKING THE BEST OFFER This is a time when you'll rely heavily on your realtor. That's because he or she can determine criteria to help you make the best possible offer (whether you'll be likely to face a multiple-buyer situation, for example).

Your realtor will provide you with a Comparative Market Analysis, a set of Multiple Listing Service records that compare the house you want with other similar houses in the neighborhood that have recently sold. Your realtor will also let you know if the seller has any offer conditions (such as loan pre-approval).

You'll then be equipped to decide the sales price you want to offer. If you're in a

competitive market and have fallen completely in love with the home you've found, you may want to consider making a competitive offer assuming the seller will have multiple offers. If the market is slower, then you may want to consider going below the asking price. A great realtor will be able to help you determine just the right price.

While it's important to make sure you are asking for everything you need in your offer, remember, a contract with less contingencies may look better in a multiple offer situation. Your Realtor can help you determine the best way to structure the offer based on your needs along with the situation of the home you are buying.

When you're ready, your realtor will draft your offer using a Purchase and Sale agreement. It will then be presented to the seller who may accept, reject, or counter the offer. Your realtor will then relay any counter offers to you. At this point, you may choose to accept or counter the seller's new offer. Quite often the negotiations will go back and forth several times before an agreement is made. Your Realtor will always be there to guide you and handle the negotiations with the other party. Once both parties mutually agree on the price and all other terms of the contract, you'll be ready to enter the next phase – binding agreement.

A Realtor is a partner who will:

- Provide you with access to the most current listings and market data.
- Determine which homes on the market meet your criteria by analyzing your wants and needs.
- Make arrangements with the seller's realtor to walk through homes.
- Track down crucial information and facts about homes you are interested in.
- Prepare a current market analysis to help you determine a fair offering price.
- Help you negotiate the terms of your offer.
- Keep you organized by staying on top of important timelines and documents.
- Get you to the closing table by navigating through challenges as they arise.



A FEW THINGS TO CONSIDER WHEN MAKING AN OFFER:

- 1 What will be conveyed with the home such as appliances, furniture, or window treatments?
- 2 Ask the seller to pay for a portion of your closing costs. They are generally covered by the buyer, however, it is not unusual to ask the seller to pay for a portion of as part of the negotiations.
- 3 Find out what the time frame will be for you to perform your due diligence and inspections on the home.
- 4 How much earnest money you will put down to show the seller you are serious about buying the home?
- 5 Will you ask the seller to purchase a Home Warranty for you which will protect against many electrical, plumbing and (sometimes) appliance damages that may occur in the first year of ownership?
- 6 Will you ask for a termite bond or clear termite letter? Your realtor can educate you on the difference and your lender can confirm what is required.
- 7 Ask your realtor to talk to the seller's agent to determine the closing and possession dates.
- 8 Decide how much time you will give the seller to respond to your offer.
- 9 Ask your lender about the terms of your financing and appraisal contingencies and find out how long it will take to receive lender approval.

YOUR OFFER IS ACCEPTED

Congratulations! The seller has accepted your offer and you are now under contract. Moving forward, you'll want to keep a copy of your contract handy and mark the following dates on a calendar:

BINDING AGREEMENT DATE:

When both you and the seller agree to all the terms of the purchase and sale agreement or the last counter offer, the contract is signed by both parties, dated and notice is given. This date is called the binding agreement date and makes the contract process official. If the seller accepted your offer then it's their responsibility to notify you of the binding agreement date -- and vice versa if you accepted their counter offer. All time-restricted obligations go into effect starting with the day following the Binding Agreement Date- as day #1 of your due diligence period.

EARNEST MONEY DUE DATE:

As agreed to in the contract, it is your responsibility and your realtor's job to ensure that your earnest money is deposited according to the terms of your offer. While the earnest money deposit can be for any negotiated amount, in most cases it falls to around 1% of the purchase price. This money is generally held in a trust or escrow account by your Realtor's brokerage firm and is applied towards the purchase price of the home at closing.

INSPECTIONS AND THE DUE DILIGENCE PERIOD:

One of the most important parts of the home buying process is the due diligence period. As designated in the purchase and sale agreement, this is a period of time that will allow you to have any type of inspections of the home and neighborhood that you deem necessary.

First you will want to find a great home inspection company. Your realtor can

recommend one. Typical items a home inspector will be looking for may include code violations, condition of the heating system and central air, the roof, the electrical system, interior plumbing, attic and insulation, windows, floors, ceilings and doors, the foundation and basement. Other inspection services are available upon request. Costs of inspections typically range between \$400 to over \$1000 – depending on the size of the house and nature of inspections.

You may also choose to have a survey of the property completed during your due diligence which will verify the home's boundary lines and any recorded easements or encroachments onto the subject property or an adjoining property.

As long as the inspections are done during the due diligence period (while your earnest money is still refundable), you have several options if the results of the inspection demonstrates the need for repairs. With your realtors help and advice, you can either try to negotiate a lower price for the home, ask the seller to fix the repairs or contribute more money towards the repairs.

Worse-case scenario: If the home is in need of too much work and the seller is not in a position to help with repair costs, you do have the option to terminate the contract and receive a refund of your earnest money. It's very important to perform any home or neighborhood inspections you would like to do during this time period as it's the only time you can receive a full refund of your earnest

money (outside of the appraisal and financing contingency).

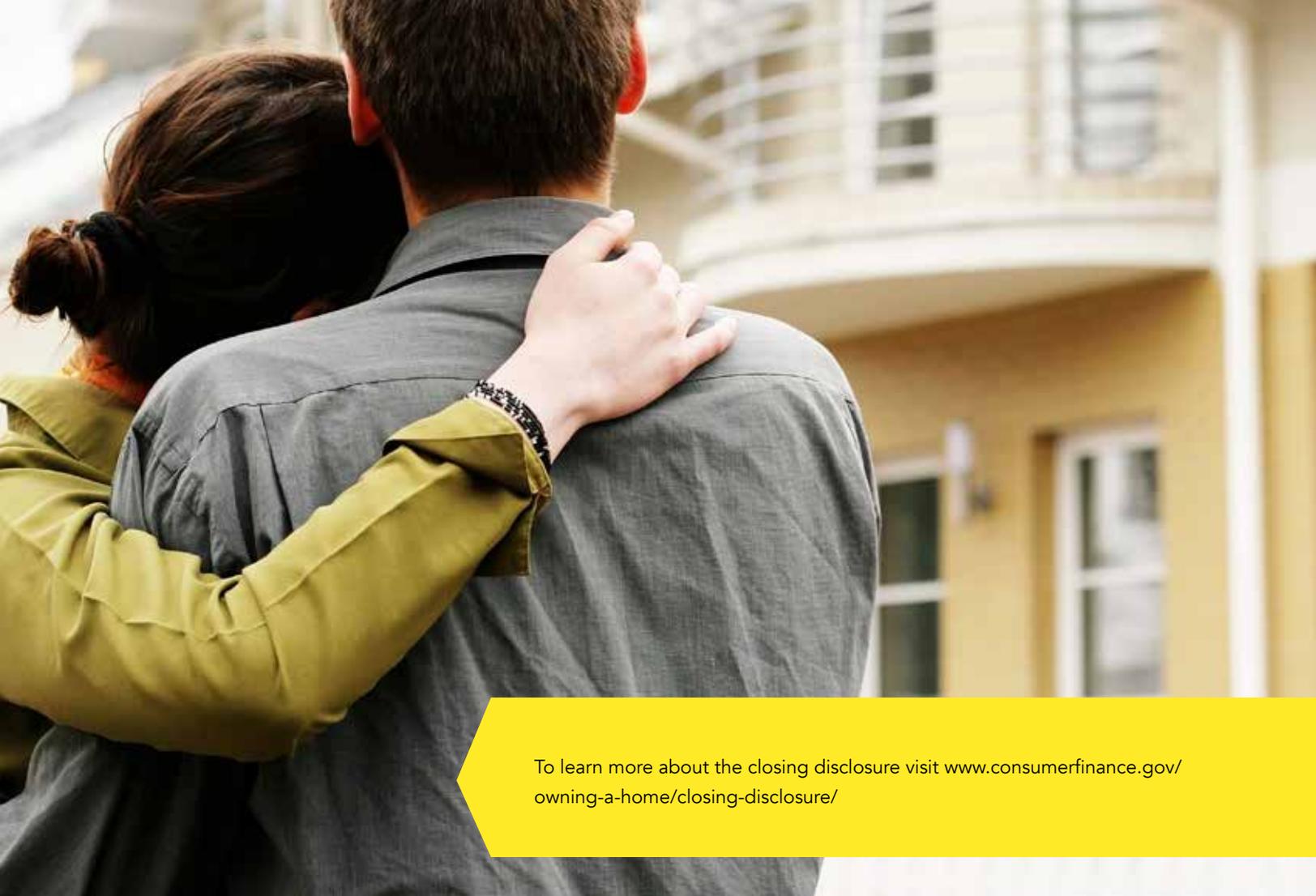
APPRAISAL AND FINANCING CONTINGENCY

Most likely, if you are getting a loan, your contract will provide you with a certain length of time to secure your financing and make sure the property appraises. Since a mortgage is a collateralized loan backed by the value of the home you are purchasing, your lender will order an appraisal and require that the home appraise for at least the contract purchase price.

In the event the home appraises for less than its purchase price, you may have several options.

1. It is possible for you and the seller to renegotiate a new, lower purchase price that meets the appraised value.
2. You may choose to increase your down payment to meet the new loan-to-value down payment minimums.
3. Some lenders can dispute the appraisal; however, it's 100% based on the lender.
4. Depending on the type of loan, you may choose to switch lenders.
5. Worse case scenario, if your contract stipulates an appraisal contingency, you have the right to terminate the contract and still have your earnest money returned if you are within the time limits of your appraisal contingency.

Whichever route you choose to take, it's important for you and your realtor to closely re-evaluate market conditions at this point to help ensure a solid investment.



To learn more about the closing disclosure visit www.consumerfinance.gov/owning-a-home/closing-disclosure/

PREPARING FOR CLOSING

The day you take possession of your new home is fast approaching. With careful planning, the buying process should have been a smooth one up to this point. Here's what you need to know about the big day.

WHERE WILL THE CLOSING OCCUR? In the state of Georgia, a real estate closing attorney that specializes in real estate transactions performs most closings. Typically your realtor can recommend someone they have worked with in the past to ensure the transaction will go smoothly. It is important to note that for transactions involving a lender, the closing attorney will always represent the lender. The chosen attorney will examine the title of the property and prepare the sale and loan closing documents. He or she will also be present at the closing meeting to conduct the proceedings, record the closing documents, issue the lender's title insurance and disperse the buyer's funds. The Collective highly recommends Partnership Title Company.

UNDERSTANDING THE CLOSING DISCLOSURE Until very recently buyer's received the FINAL HUD-1 or settlement statement from their lender as late as the closing day. However, as of October 3, 2015, that document has been replaced with the closing disclosure. The change was made to help simplify matters at closing and to avoid any confusion.

This document, which by law must be provided to you by the lender three business days before your scheduled closing, lists the loan terms, breaks down all the closing cost details and clearly states which party is paying each charge. A table is also provided in the closing disclosure that lists all the costs required to close the loan and describes any discrepancies between the closing disclosure and the loan estimate. Once you have received this closing disclosure, it is important to review it immediately to make sure there aren't any major changes from your loan estimate that was given to you when you applied for the loan.



Preparing For Closing: A CHECKLIST

3-6 WEEKS BEFORE CLOSING:

- If you're renting, give notice
- Obtain home insurance and let your attorney and lender know which insurer you choose
- Make moving plans or hire a moving company
- Prepare to transfer utility services
- Change your address with the post office
- Confirm with the closing firm that they have all the extra documents they need, such as divorce decrees, trusts, etc.

3-5 DAYS BEFORE CLOSING:

- Review your Closing Disclosure to make sure there aren't any major changes from your Loan Estimate
- Verify with both your lender and closing attorney the amount of funds that need to be wired
- Verify wiring instructions from the closing attorney
- Review your purchase and sale agreement with your realtor to make sure there are no outstanding items missing (such as repair receipts, home warranty verification, termite letter, etc.)
- Do a final walk through of the home to make sure necessary repairs were done and the house is still in good shape

WHAT TO BRING TO CLOSING:

- A checkbook
- Proof of homeowner's insurance
- Photo ID
- Power of attorney information, if applicable, prepared by the closing attorney (you'll need to check with your lender for approval)
- Wire any amount over \$5,000 directly to the closing attorney

ON CLOSING DAY:

- Confirm your wire has been sent
- Meet with your attorney and realtor to sign all the required documents
- Collect the keys to your new home

Preparing For Your Move: A CHECKLIST

Moving doesn't have to be a painful experience. Use this guide for careful preparation—and avoid hunting for moving boxes and scrambling to find people to help move you.

6-8 WEEKS OUT:

- Decide if you want to move yourself or hire professional movers. Ask friends and family if they can help.
- Call a few moving companies to get estimates. If you're moving yourself, call to reserve a rental truck.
- Create a file where you can store checklists, important documents and receipts.

7 WEEKS OUT:

- Get rid of the things you don't want to take with you by hosting a garage or yard sale and donate items you don't sell. Dispose of all other items.
- Find used boxes that are in good shape (grocery stores are a good place to start) or buy them from a moving company.
- Contact your insurance agent to transfer or obtain property.
- Begin packing now. This will allow you to carefully label your boxes, making it easier for movers to place them correctly in your new home. Start with things you don't use as often.
- Organize your important records and documents. If you don't have a filing system for them, now may be the best time to start one.
- Notify your children's school and make arrangements to have their records forwarded to their new district if that applies.

6 WEEKS OUT:

- If you're a member of any clubs, contact them to find out if you can transfer your membership.
- Visit your new neighborhood to start getting to know the area. Check out some of the restaurants and locate the police station and hospital. Obtain information about schools, parks and recreation. Find out if a neighborhood organization exists and ask to become a member.

4 WEEKS OUT:

- Register your children in their new schools.
- Call your utility, Internet and cable companies to transfer services to your new home.
- If you live in an apartment complex, check with your building manager to find out if there are time and date restrictions for moving. Schedule your move with the manager if possible.
- Submit a change of address form to your local post office. Don't forget to notify credit card and insurance companies of your new address.
- Make hotel and airline reservations (if applicable).

2 WEEKS OUT:

- Call your utility company to ensure that services have been successfully transferred to your new home.
- Step up the packing by moving on to items you use frequently but are not a necessity.
- Call the bank to transfer your account to your new local branch.
- Arrange to carry valuables with you on the day of the move.
- Decide if you'll be able to take your plants with you. If not, give them to a friend or neighbor.
- Plan meals around what's left in your fridge and pantry.
- If you'll be traveling long distance with your car, have it serviced.
- Make confirmations for everything you need on your moving day. Call your friends who are helping to make sure they are prepared to arrive on time. Double check with the moving company where you're renting a van to make sure it will be available. If you're using a moving service call them to make sure everyone is still on the same page.

1 WEEK OUT:

- Tie up loose ends and finish packing.
- Clean your current home and make any repairs (if necessary) or hire a cleaning company.
- Return all cable boxes and other associated equipment.
- Pack a box of essential items to carry with you.

THE BIG DAY:

- Take your kids and pets to the places where you've arranged for them to stay during the day of the move.
- Have some food and water on hand for yourself and those who are helping you move.
- Go to the location where you have made your truck reservation. Arrive 15 minutes early or check in online to account for potential lines or delays. If you hired a moving company, make sure everything is ready to go before they arrive.
- Greet your friends and family if they're helping you move (or the moving company) and have clear instructions for them. Don't assume that they are going to know what you want moved first. You're the leader here, even if you hired a moving company.
- As the last things are being loaded, leave early for your new home so you're there before anyone else arrives.
- Check to make sure the utilities are all working at your new home—and they should be if you checked the previous week and made the transfer a month ago.
- Once the truck arrives, begin guiding the moving-in process. Consider making a floor plan that you can hand to the movers/people who are helping you.
- Tip or otherwise treat the people who helped you move.