

COMPREHENSIVE BUYER OVERVIEW



Don Coughlin, J.D.

Service that delivers RESULTS!



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2008 Comprehensive Buyer Overview

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General Considerations

Remember that the purchase has two parties:

The Seller wants:

- To sell at the highest possible price
- To have few duties to improve the property for the new owners
- To have few hassles
- To have the least possible expenses for the whole deal

The Buyer wants:

- To buy the best property for the lowest cost
- To buy a home that will not lose value
- To have few hassles

It is impossible not to be emotionally involved but try to remember:

- You will do your best when you recognize your emotional involvement
- There ARE other houses
- You need to believe in your instincts
- You need to take the time to check out the property physically and legally
- You should find an agent you can trust and like, then use his/her expertise to inform you and ease your concerns

Choosing the right attorney:

- Ask questions about the legal process
- Confirm that your attorney is a real estate expert (especially if you are purchasing a condo)
- Be sure to discuss fees in the first meeting so that your bill is not a surprise
- Some attorneys charge a flat fee, or you may prefer an attorney who bills hourly for services rendered.

You need an attorney to buy a house to:

- Help negotiate on your behalf if issues occur after the offer or the home inspection
- Draft and/or revise the Purchase and Sale Agreement to protect your interests
- Attend a closing, if you decide he/she is needed.
- You may want to inquire on the name of the lender's attorney and consider if it is worthwhile to utilize the same attorney
- Prepare you for the financial accounting portion of the purchase and answer such questions as, "How much money do I need to bring to the closing?" and, "Do the real mortgage closing costs reflect the estimates that were given to us by the bank at the start of the process?"

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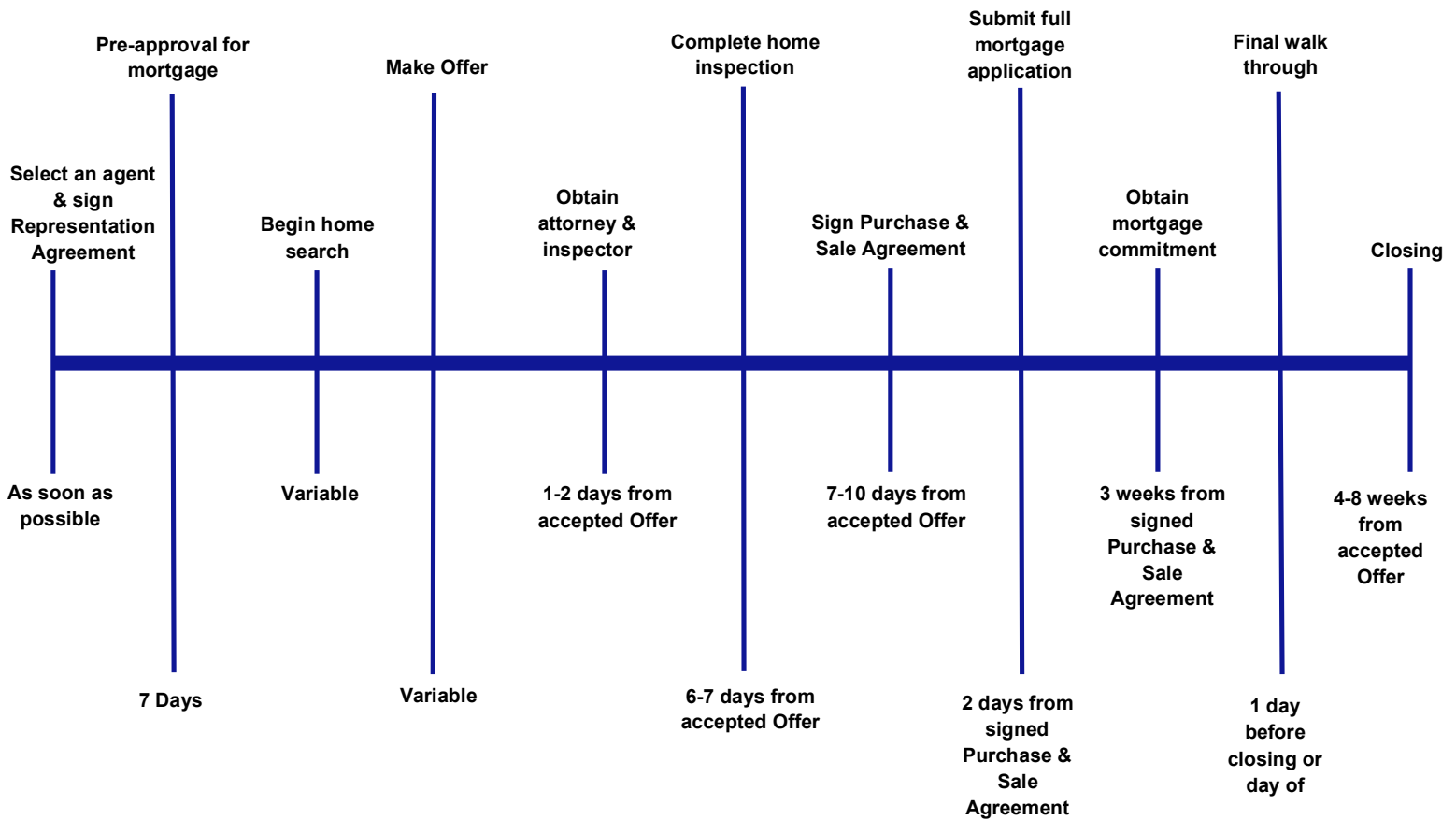
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Typical Timeframe



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Benefits of Buyer Representation

You have a choice whether you want to hire a Buyer's Agent by entering into a written agreement or you may choose no representation and represent yourself, while the listing agent represents the seller.

Here are the additional services that a Buyer's Agent can offer you:

- Represent YOU in the purchase negotiations to obtain the lowest price and best terms.
- Recommend negotiation strategies.
- Research and provide market data to determine the value of a property.
- Critique the properties, the floor plan, and neighborhoods.
- Disclose the length of time the property has been on the market and other known offers or counteroffers that have been made on the property.
- Disclose any known concessions or willingness of a seller to accept a lower price.
- Disclose any facts relating to the urgency of a seller to dispose of the property.
- Represent you at more properties than just those in a Multiple Listing Service.

The best part is it costs you nothing! Real estate commissions are paid by the seller 99% of the time. If you don't hire a buyer's agent, the full commission is paid to the seller's agent. Why not have some of this commission work for you? Then you'll have a powerful negotiator on your side to help you through the process and final transactions.

Choosing the Right Agent

In selecting an agent, be sure that you are comfortable with the agent, that the agent listens to you and asks good questions, and always be sure the agent professionally orients you to the market.

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Home Search

To begin the home search, we will go through a ***Must Have/ Would Like/ Wish List*** and review actives and solds to determine whether we have a realistic plan at our initial buyer consultation.

Where do you want to live?

- Designate the towns in which you will concentrate your search. Consider commute, schools, and family/friends.
- Determine minimum room sizes based on your current accommodations.
- Register on my website and then review daily property update emails.
- Speak to a mortgage broker to see what you can afford and obtain a pre-approval letter.
- We will tour properties that best match the criteria you have given me.
- As your buyer's agent, I will share my evaluation of the homes we see, including factors that may affect their value.
- Describing your candid impressions of each property, you will help me fine-tune the search process.



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What Is This House Worth?

WHAT SHOULD I PAY FOR THIS HOUSE?

What kind of market is it—buyer's market or seller's market?

- We will discuss current market conditions.
- How are market conditions affecting how Buyers structure offers and negotiation?

Look at other houses that have sold in the town for the last several months

- I will provide you with *comparable sale* information as well as those that did *not* sell (if available).
- Remember that markets do change.
- The market value of the house last year could have been more or less.
- The more recent the *comparable sale*, the better—as it indicates current market value.

Look at the tax assessment of the property

- This is not an absolute sign of value (and sometimes is quite far off from market value) but it remains one estimation of value in the eyes of this town.

Look at your true feelings about the house and its value to you

- How much do you love the house?
- How will you feel if you do NOT get this house?
- Are you willing to pay a little more than everyone else to get this house?

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Making the Offer

The offer to purchase real estate

- When you find the house you want, the purchase process begins with a written Offer to Purchase real estate.
- There is a standard offer form that most agents use and then 1 or 2 contingency pages are usually added.
- You will need a copy of your recent Mortgage Pre-Approval to submit with offer.

You are in control of the offer form to be submitted

- Clarity is important in your written offer.
- YOU are the one making the offer to buy the house.
- We will discuss what “customary” timetables are, and then, be sure they fit into your schedule and needs.
- Once you set the purchase price, we will discuss deposit amount—usually \$1,000 at the Offer and generally 5 percent at the execution of the Purchase and Sale Agreement.
- We will need to work together to create your best “strategic” plan. Knowing what to say, how to say it and what contingencies you put in will have an impact on the Seller, how the Seller views you and how interested the Seller becomes in your offer.

Deadlines are important

- Time is very important in real estate transactions.
- We often succeed or fail based upon our ability to meet deadlines in the Offer to Purchase.
- We will need to be sure to allow enough time to get an inspection, negotiate the Purchase and Sale Agreement, make applications and obtain mortgage financing for the purchase, and plan for the closing day.

The offer is a legally-binding contract

- When the Buyer and Seller sign the Offer to Purchase and attach the deposit check, a bona fide contract for purchase is formed.
- The Offer is an important and valid legal contract.

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Inspecting the House

It is most important to hire an expert to conduct a home and pest inspection of the house AFTER the offer has been signed, but BEFORE you sign the Purchase and Sale Agreement.

How do I find an inspector?

- Ask friends whom they have used for their inspections.
- I can recommend home inspectors provided I am working as a buyer's agent.
- Phone several people and compare prices.

An Inspector should:

- Book appointments relatively quickly for you.
- On average spend between 2 to 4 hours at the house.
- Examine ALL of the home's major systems—plumbing, electrical, heating and the structural integrity.
- They will normally charge between \$300 and \$600.
- They will provide a written report.

One final point:

- There will be many details covered at the home inspection that will not be in the final report. All purchasers (if there are more than one) should plan on attending the home inspection.

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Purchase & Sale Agreement

What is a purchase and sale agreement?

- This is the final contract for the purchase of the property.
- Typically there is a negotiation process between the Seller's attorney and the Buyer's attorney to draft a document acceptable to both sides of the transaction.
- It contains the vital terms of the original offer and any negotiated items made from the inspection. Additionally, it usually includes a four-page document and various riders added by the lawyers for the parties.
- Buyers must understand the terms of their deal, the consequences of their actions and the protection in place for their deposit money.
- It is vital that Buyers receive legal advice on this contract PRIOR to signing it.

What kind of protection should I have in this contract?

Buyers need protection in many areas, including:

- Mortgage details
- Title problems
- Deposit details
- Repairs to be completed by the Seller
- Access to the house prior to the closing
- Notices between the parties prior to the closing
- Preparations and adjustments for the closing
- Inclusion of any modified terms since the accepted offer to purchase real estate

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Final Walk Thru

What is a final walk thru of the property?

- This is the Buyers last chance to check the condition of the property before the purchase.
- The final inspection is usually arranged through the agents in the transaction.
- The Buyer walks through the property and examines the exterior of the premises to check if the property is in the same condition now as it was on the day of the home inspection.
- If the condition of the property is significantly different, you may wish to speak with your lawyer to plan your next course of action.

If the walk thru reveals issues, can I back out of the closing?

- It depends, BUT...
- Most of the time, Buyers want the problem cured by the Seller or the cost of fixing the problem paid by the Seller. This is often the better answer.
- After so much time and so much money to get to the closing, few Buyers are willing to jeopardize the purchase because of a condition issue at the house.

What if I don't have time to do a final walk thru?

- **MAKE THE TIME!** If a problem with the house is discovered **AFTER** the closing, you will have no recourse. You will be stuck with the problem.

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10 The Closing

What happens during a real estate closing?

- This is a meeting to complete the transfer of the property from the Seller to the Buyer.
- All parties meet at the Registry of Deeds for the county in which the property is located or at the office of the Buyer's bank's attorney or at the real estate office.

Attending the closing will be:

- All Buyers
 - All Sellers (or Seller's representative)
 - The bank's attorney, who prepared the closing documents
 - The Buyer's attorney (if you choose to have him/her there)
 - The Seller's attorney (if the Seller chooses to have him/her there)
 - The Selling Broker
 - The Listing Broker
-
- During the meeting, the Seller will present the deed of transfer to the Buyer and execute several documents affirming that the closing is taking place as planned by all parties.
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- The Buyer will sign many pieces of paper, including the two most important documents:
 - THE PROMISSORY NOTE, which obligates the Buyer to pay back to the bank the loan amount over a term of years with a stated amount of interest; and
 - THE MORTGAGE, which attaches the Buyers promise to repay the debt onto the house, so that if the bank does not receive the money, the bank may foreclose on the property. This means that if the Buyer does not pay the mortgage debt each month, the bank may take and sell the house to repay the Buyer's unpaid debt.

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