

# Buyer's



COMPASS

# Guide

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# 01

## Find an Agent

Connect with a licensed real estate agent who is knowledgeable about the market and can help guide your search.



# 02

## Get Pre-Approved

When beginning your search, your first step is to get pre-approved for a mortgage loan (unless you will be paying the full price of your home in cash). Your Lender will provide which programs are an option for your purchase. factoring in income and credit history, debt to income ratio and also down payment. A Pre Approval is normally good for 60-90 days and your Lender will re issue if this expires.

# 03

## Visit Properties

Now is the time to consider your ideal home's location and amenities. You will attend viewings and open houses spanning a range of areas and property types. Days on Market is important to watch in this active market because the greater the number of days on market the greater opportunity to negotiate. Days 1-10 are important to watch if it goes Under Agreement because this is indicative of an accepted Offer

# 04

## Packaging and Submitting Offers

Once you identify a home you like, you can put in an offer.. The Offer is packaged with a Proof of Funds (POF) or Pre-Approval Letter and copy of \$1,000 check. Note: if your offer is lower than the list price or with terms not acceptable to the seller, the seller will likely return with a counter-offer price or acceptable terms, which you can accept, reject, or make another counter-offer. Your agent will provide advice throughout this process.



## 05

### Home Inspections and Purchase and Sale Agreement

You have up to 10 days to conduct an inspection. Buyer may also elect to waive this contingency or choose to have a preliminary inspection prior to an Offer being submitted. Ask your agent more about preliminary inspections.

A Purchase & Sales Agreement will be drafted and negotiated by Attorneys after the inspection and the 3-5% second deposit is due.

\* Second deposit paid at time of signing the P&S is normally 3-5% of the purchase price

## 06

### Appraisal & Loan

Once the Purchase and Sales Agreement is signed by both Seller and Buyer it is delivered to your Lender to order the Appraisal. The Appraisal is the bank coming out to put a valuation on the home for the loan. We are hopeful for appraising at OR above purchase price and can discuss the negotiations further if it comes in below.

A Mortgage Commitment Letter is issued by the coinciding date on Offer

## 07

### CLOSING

Prior to Closing, a final walk thru of the home will be done to verify the home is still in acceptable condition and any negotiated repairs have been completed. The final walk thru can be done at any time but normally the evening before or morning of Closing.

Paperwork is signed at the Closing Attorney's office. Keys can be given once the sale has been recorded with the County.

## 08

You made it! Welcome Home!





# Key Terms

**Appraisal** Assessment of the property's market value, for the purpose of obtaining a mortgage and performed by a licensed appraiser.

**Assessed Value** Value placed upon property for property tax purposes by the tax collector.

**Closing Costs** Expenses incidental to a sale of real estate, such as loan fees, appraisal fees, title insurance and escrow fees.

**Closing Statement** The statement which lists the financial settlement between Buyer and Seller, and the costs each must pay.

**Contingency** Certain criteria that have to be met in order to finalize the sale.

**Conventional Mortgage** A mortgage or Deed of Trust not obtained under a government insured program such as FHA or VA.

**Credit** Money given to a buyer from a seller through escrow at closing.

**Escrow** A neutral third party that handles the transfer of any money during the sale of a home from initial deposit to final funding and closing.

**Earnest Money Deposit** Buyers in California usually deposit 3% of the purchase price to show that the buyer is serious about purchasing the home. It is usually refundable in the event a contingency in the sales contract cannot be met.

**Fixed Rate Mortgage** A loan on which the interest rate and monthly payment do not change.

**Home Warranty** A policy that covers certain repairs (e.g. plumbing/heating) of a newly purchased home for a period of time, typically one year.

**Preliminary Title Report** A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a new title insurance policy will be issued.

**Title Insurance** Insurance to protect the buyer and lender against losses arising from disputes over the ownership of a property.

**Recording Fees** Money paid to the lender for recording a home sale



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