



## Buyers Pamphlet

*The Information provided here is to help us guide you through the process of buying your home. We are here to make this a pleasant and exciting experience for you. Please read through the following pages and feel free to contact us with any questions.*

## *A Few Words About Fiduciary Relationships*

The type of relationship formed between a REALTOR and his or her client (whether buyer or seller) is called *a fiduciary relationship*. A fiduciary relationship is one based on trust because the REALTOR owes the following duties to the client:

- ◆ *Loyalty* As your Buyer's Agent, I'm obligated to put your interests ahead of the seller's at all times. In return, you authorize me as your exclusive representative in your home-hunting and home-purchasing efforts.
- *Diligence* I promise to work hard on your behalf. You get my best efforts — 100% of the time.
- *Confidentiality* I will never divulge your negotiation strategies or financial secrets to a seller or seller's agent without your express written permission. Nor will I take advantage of that knowledge to benefit myself in any way.
- *Reasonable Care* I will take care to pay close attention to all the details of your transaction. Only by doing so can I assure you a smooth, stress-free home-buying process.
- *Obedience* I promise to faithfully carry out all of your lawful instructions to me at all times, whether or not I agree with them.
- *Disclosure* I will inform you of any condition or circumstance that I notice in my professional opinion could negatively affect your future enjoyment of your prospective new home. Examples of this include poor location, environmental risk factors or a home that is significantly overpriced for the market.
- *Accounting* I promise to protect your assets, including your earnest money, to the best of my ability.

## **SERVICES PROVIDED TO THE BUYER**

- ◆ Work full time, all the time except Sundays to find your new home.
- ◆ I am available with a cell phone to handle and return all Calls/Texts/Emails and answer questions promptly.
- ◆ Full time staff available to answer questions and provide information.
- ◆ Please E-mail me at [HopeCudd@gmail.com](mailto:HopeCudd@gmail.com)
- ◆ Recommend excellent loan officers to discuss financing options and your approximate monthly payment and begin the pre-approval process.
- ◆ Determine your needs and preferences in a home during an initial counseling session.
- ◆ Research several times daily what is new on the market through our Multiple Listing Service, or company and office networking sessions, and will then call or E-Mail the information to you as appropriate.
- ◆ Educate you on what to look for in viewing homes.
- ◆ Assist you in making a decision and prepare the contract offer to be presented to the seller. Provide recent comparable home prices to help determine an educated offer.
- ◆ Negotiate fairly differences you and the seller may have about the offer and present an objective third party viewpoint.
- ◆ Help you and the seller come to terms.
- ◆ Advise you on resale
- ◆ Recommend a professional inspection and inspectors and guide you through this process.
- ◆ Suggest changes in the property to enhance value.

- ◆ Recommend contract laborers you may need such as electricians, plumbers, painters, handymen etc.
- ◆ Provide a list of local Home Insurance Companies.
- ◆ Follow up with Lender on Appraisal.
- ◆ Follow up with Title Company and make sure they get all docs.
- ◆ Handle and advise on any and all complications that occur through the buying process, from before the contract to after the close.
- ◆ Arrange final walk-thru inspection.
- ◆ Arrange closing and notify all involved parties of time, location and specifics.
- ◆ Check back with you after closing to make sure you are satisfied with your home and my services. Provide a review form for you.
- ◆ We will request the name of a least one person you know who is thinking of buying or selling a home.

# *How Realtors® are paid*

As a consumer in the real estate market, you will benefit from the services of an experienced Realtor throughout the home buying or selling process. Even though you may not be footing the bill, it's important that you understand how real estate agents are paid.

Basically, the people selling the house pay a commission to their listing broker based on a percentage of the selling price. The listing broker then splits this commission with both the buyer's broker and their respective agents.

## Did you Know...

- ◆ sales associates are self-employed, and receive no salary or benefits. They get no paid vacation time, insurance, company cars or expense accounts from the firm they work with.
- ◆ sales associates are only paid for results—if and when they successfully complete a property transaction.
- ◆ as independent contractors, sales associates have ongoing out-of-pocket expenses similar to those of any small business.

## Business Expenses:

- ◆ all property advertising
- ◆ advertising and marketing of their services
- ◆ marketing materials & direct mail
- ◆ for sale sign installation
- ◆ lock boxes, open house signs
- ◆ MLS access fees
- ◆ computer hardware & software
- ◆ long distance, cellular and paging service
- ◆ postage and courier fees
- ◆ business cards, stationery, office supplies
- ◆ business insurance
- ◆ continuing education courses
- ◆ monthly technology & office fees
- ◆ real estate license fees
- ◆ dues to local, state, and national real estate associations
- ◆ web site costs

# ESTABLISH NEEDS

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This is a most important part of the process. Defining what you need, placing these needs in some sort of priority order, and distinguishing your needs from your wants.

Items to be considered in this process include:

Style of home

Floor plan

Age of home

Size of home

Number of bedrooms

Location in relationship to sphere of friends, hobbies, work, etc.

Schools

Fireplace

Air Conditioning

Special needs - i.e. Space for Piano, Bedroom Set, Wheelchair accessible, etc.

**RESALE CONSIDERATIONS!**

(I will help you with this!)

# GEOGRAPHIC CONSIDERATIONS

- Driving Time to Work
- Distance to Friends, Relatives, Places of Worship
- Outside Interests (i.e. boating, golf, tennis)
- Desired Home Features: Newer homes are generally further "out" but offer features not found in older home and vice versa.
- Future Highway Construction
- Life Style Considerations: Country style has many wonderful features; are you prepared to always drive your children to their playmates' homes? On the other hand, you'll have more control over their selection of playmates!
- Schools

## *Note:*

*When trying to determine which neighborhood or community would be right for you, the natural inclination of most buyers is to ask their Realtor the simple question... "What is a good neighborhood?" The State of Tennessee forbids Realtors from "steering" buyers from or to a particular area. I can assist you with geographic considerations that do not relate, or cannot be construed to relate, to issues regarding race, religion, national origin, or sexual preferences. I am prohibited by law from imposing my beliefs into your buying decision. I can respond to quantitative parameters, i.e. size of home, year built, proximity to certain geographic locations, features of the home, etc. Questions regarding crime rates, for example, should be directed to the local police departments. Please don't ask me to comment on or direct you to or away from neighborhoods based on questions or issues that fall under the broad criteria of "fair housing" laws.*

# Viewing Properties

One of the most exciting aspects of buying a home is looking at different properties in your price range and seeing houses in all sizes, conditions and styles. It's the best real estate education of all.

## How Many to See?

How many homes should you plan to view before you make a decision? That's up to you, and will depend on the neighborhood, the market, and your specific requirements. This chart gives you an idea of what most people do. With all the homes on the market at any given time, the key is to focus your efforts on suitable properties. Your Realtor will help by eliminating homes that don't meet your criteria — and tracking down those that do.

25%	30%	25%	20%
1-4 homes	5-8 homes	9-12 homes	14+ homes

## What To Expect

Your Realtor is happy to show you any house that's on the market. Once you're ready to view a property, here's what you can expect:

### *Before*

- ✓ *Schedule all visits in advance with your Realtor: The seller typically needs at least 2 hours' notice, although 24 hours is preferred*
- ✓ *Plan to spend up to 30 minutes seeing each property.*
- ✓ *Wear shoes that slip off easily*
- ✓ *Try not to bring small children — they get bored. You can focus better without them*

### *During*

- ✓ *Pay attention to the home's curb appeal, floor plan and overall amenities.*
- ✓ *Take notes, ask questions and make comments that will help your Realtor understand your needs and what you like and don't like about the home.*
- ✓ *Be considerate of the owners, who may or may not be present during the tour*
- ✓ *Relax and have fun!*

## WHAT ABOUT NEW CONSTRUCTION?

MOST BUILDERS IN THE AREA ARE REPRESENTED BY LICENSED REALTORS. BY APPROACHING A BUILDER DIRECTLY WITHOUT BEING REPRESENTED, THE AGENT REPRESENTING THE BUILDER GENERALLY KEEPS 100% OF THE COMMISSION ON THE SALE OF THE HOME, AND YOU ARE LEFT WITHOUT ANY REPRESENTATION AT ALL.

Some smaller builders may not use a Realtor to represent them, but they may be including a higher profit margin to compensate for building fewer homes each year or to cover their own marketing costs.

Since such a large proportion of the contractors rely on the Realtors to bring them qualified buyers, they are extremely sensitive to maintaining a good working relationship with the brokers.

# OPEN HOUSES

I'm often asked...

*"Does it make a difference if we go into an Open House while we're out driving around?"*

***YES, IT DOES MAKE A DIFFERENCE!***

Agents holding open houses are generally representing the Seller. Their fiduciary responsibility is to the seller, and they are thus acting in the seller's best interest, not yours! Furthermore, if you enter an Open House and engage in a dialogue about the home with the agent there, you may be jeopardizing your ability to negotiate the best terms and conditions for yourself, and you may be jeopardizing your ability to have your own agent represent you. The best action you can take if you see an Open House that you may have some interest in is to call me with the address of the property and allow me to schedule an appointment for all of us to see the property together. Or at the very least give the agent there one of my cards and let them know you are working with me. Do not discuss price with them.

## ***TRUE STORY:***

Several years ago, a young couple went into an Open House without their Realtor. The Agent holding the open house, representing the Seller, convinced them they needed to write an offer on the property right then. Working on the seller's behalf, the agent structured the contract so that the buyers were responsible for any repairs the appraiser cited for the property, and these repairs had to be completed prior to closing. This couple ended up paying for a new roof on a home that they didn't even own yet!

# SUPPOSE YOU SEE A HOME THAT IS FOR SALE BY OWNER ("F.S.B.O.")

Almost every FSBO will gladly work with an agent representing buyers, and will pay the buyer's agent half of the usual commission. In fact, FSBO sellers have often welcomed the expertise of an agent to prepare the contracts and handle the process including abstracting, mortgage analysis, deed preparation, etc.

*IF YOU COME ACROSS A HOME THAT IS BEING OFFERED FSBO,  
WRITE DOWN THE ADDRESS AND PHONE # AND CALL ME WITH  
THE INFORMATION. I WILL ARRANGE THE SHOWING*

*IF THE HOMEOWNER DOES NOT WISH TO COOPERATE WITH  
ME, I WILL INFORM YOU OF THIS AND WILL NOT TRY TO  
DISCOURAGE YOU FROM VIEWING THE HOME ON YOUR OWN.*

Please note however... Buyers generally do not gain any financial advantage from purchasing a FSBO home. The seller will enjoy the gain of not paying out a brokerage commission, thereby netting a higher dollar amount. The buyer still is purchasing the home at the value that the seller has established. Don't pay more for a home than you should.

# MAKING AN OFFER NEGOTIATING

The standard question I always hear from my clients is...

"How much should we offer?"

While this is very much an important question, the answer is really not simple.

Everybody sees a home differently. The "audiophile" may find a great deal of value in the "surround sound" built in system with top of the line BOSE speakers in every room. The home buyer who is deaf will find no value in this. The buyer who loves outdoor yard work may find tremendous value in the extensive yard and garden; the buyer who travels constantly and would prefer to spend time on the golf course may see little value in the large yard.

If I were to tell a buyer that they should make a full price offer for a home, only to have them buy the home, move in, then find out from a neighbor that the sellers were about to lower the price the next day, my buyer would be fairly upset. On the other hand, if I state that the buyers should start with an offer so low that the seller is offended, throws me out of the home and tells me never to come back with another offer from these buyers — the buyers will be just as upset if they did, in fact, truly want the home.

In a "hot market" it is quite customary for the buyers to pay full price; and if they're competing for the home against other buyers, it will often take an "over full price offer" to secure the home.

What we'll generally try to do is determine a fair price for the home and then devise a negotiation strategy to purchase the home at the best possible price for you.

Do not forget that everything in the purchase agreement is negotiable. Certain aspects of the transaction are of differing value to both the buyer and seller. For example, if a seller has already purchased another home and the closing on that home is fast approaching, the seller may be motivated to sell the home for a slightly lower price in return for a "quick close".

# MAKING AN OFFER - NEGOTIATING

We must always remember that it takes a *motivated seller* and a *willing buyer* to complete the transaction. In addition, the old saying, "*timing is everything*" also comes into play.

When a home is just listed and a low offer is presented to the seller the first day their home is on the market, they might not be as likely to accept that offer as they would if the home had been listed for 6 months.

Also, if we find ourselves in a "multiple offer" situation, where there is more than one buyer trying to purchase a home.... We must consider that we're no longer negotiating with a seller, we're bidding against another buyer. You should come in with your highest & best offer in this situation. The good news is that they've seen the same value as you have, and this may provide some psychological comfort for you in choosing this home as being a good value for what you're looking for.

The presentation of the offer is fairly straightforward. I, as your agent, will contact the listing agent after we have completed all of the documents. I will inform the agent that we have an offer on his/her listing. The listing agent will then contact the sellers and arrange to present the offer.

After the offer is presented, the sellers have three options — they can accept the offer, reject the offer or make a "counter offer". If, in fact they "counter" the offer, I will be contacting you immediately. Upon receiving a counter offer, you, the buyers also have the same three options.

The process continues until we all agree on a price and terms and conclude the transaction, or until one of the parties decides that further negotiations are fruitless and will not result in a "meeting of the minds".

## **Be an Informed Buyer**

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It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You should arrange to have a home inspection before you purchase your home. Make sure your contract states that the sale of the home depends on the inspection.

## **Choosing a Home Inspector**

You may already have a qualified home inspector in mind. If you need help finding an inspector you may wish to utilize the RE/MAX First Courtesy List of Home Inspectors. I will provide a copy of this in your folder.

Prices vary depending on the square footage of the home. You may have a general home inspection plus a termite inspection, radon inspection, mold inspection, well water inspection, pool inspection & other specialized inspections at additional costs. Some financing like FHA, VA and Rural may require a well test if that is the main source of water supply and or a termite inspection.

## **Surveyors**

You may wish to have a survey completed on the property and make the contract subject to an acceptable survey. This is generally a Buyer expense and can cost anywhere from \$500 to \$10,000 depending on the size of the property. It is not required by most lenders but I always recommend it.

# **HOME INSPECTIONS**

I always strongly recommend to my clients that every offer to purchase a home includes making the sale contingent upon a satisfactory home inspection by an inspector selected and paid for by the buyer.

Even with this home inspection contingency, every buyer must still realize that the inspectors do not inspect everything and they are not a home warranty company. They inspect it on that day for any deficiencies and do not guarantee items that may break in the future. You will generally find some minor deficiencies upon moving into your home. If these are major flaws that were missed by an inspector and you feel the seller had prior knowledge of this condition, there are avenues provided by the law and/or contract that can help bring about a resolution to the issues should the seller be unwilling to resolve the matter.

### **Why a Buyer Needs a Home Inspection**

A home inspection gives the buyer more detailed information than an appraisal—information you need to make a wise decision. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- Evaluate the physical condition: structure, construction, and mechanical systems
- Identify items that need to be repaired or replaced
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes.

### **What Goes In To A Home Inspection**

A home inspection gives the buyer an impartial, physical evaluation of the overall condition of the home and items that need to be repaired or replaced. The inspection gives a detailed report on the condition of the structural components, exterior, roofing, plumbing, electrical, heating, insulation and ventilation, air conditioning and interiors. It is prudent to ask the Seller to fix anything that is “broke” in writing.

It is not generally expected that a seller repair “cosmetic” items, maintenance items nor replace something that is currently in good working condition but is at the end of its life expectancy. IE roof, HVAC system.

# **PRE-CLOSING "WALK THROUGH"**

Immediately prior to the actual closing (when the home officially becomes yours) we will conduct a final inspection of the home. This is done for several reasons:

- ◆ To insure that the condition of the home has not changed from the time the purchase agreement was signed.
- ◆ To be certain the sellers have removed all of their personal items and debris from the home.
- ◆ To review any corrective repairs or replacements the seller was to have completed on the home as part of the terms of the contract.
- ◆ If there were repairs or replacements made by Seller, we can ask for paid receipts, have the home inspector re-inspect just those items (for an additional fee.) or inspect yourself as the buyer. I would recommend one of the above be done at least 3-5 days before closing so as not to have any unpleasant surprises.

# What is title insurance?

You have signed a purchase agreement and you are scheduled for closing on the home of your dreams. Who wants to think about something as obscure as title insurance? Actually, you would be foolish not to.

A **title** is the document that verifies your legal right to your new home. To make sure there are no past errors or legal entanglements that might affect your ownership rights, all properties are subjected to a title search before closing. Sometimes, however, a title problem will unexpectedly surface days or years later. If a problem does occur, you will be glad to have the protection of title insurance. There are two kinds of title insurance: one that protects the lender (required) and one that protects you (optional).

**Do not underestimate the importance of this coverage.**

## **Lender's Policy**

- mandatory for buyers to purchase
- protects the mortgage lender
- covers title defects, easement problems, judgments or liens
- remains in effect until the mortgage is paid off,

## **Owner's Policy**

- optional for buyer to purchase — but a small investment for peace of mind
- protects you, the buyer, against title defects, easements, judgments or liens
- pays for court costs and fees associated with claims, plus any other losses
- covers you and your heirs forever — even after you sell the property

## **Potential Threats to Your Title**

- sudden appearance of unknown heirs
- discovery of forgery, fraud or impersonation
- evidence discovery of unfiled or defective legal documents
  
- liens for unpaid taxes or assessments

# MAKE YOUR MOVE

Arrange for a Mover or Moving Truck (call early)

- Check the yellow pages
- Ask for referrals from friends
- Check with RE/MAX First Vendor List

Get Moving Supplies

- Cartons, tape, scissors, labels, markers
- Packing material: newspaper, tissue, bubble wrap

Change Your Address

Complete a change of address card from the post office so they will know where to forward your mail. You will also want to notify other people directly.

- Business associates
- Professional contacts
- Magazines and publications
- Other contacts (clubs, associations)
- Friends and relatives

**Settle Financial Matters**

- Close local charge accounts
- Transfer bank accounts
- Empty safe deposit box

**Cancel Services and Establish at New Location**

- Newspapers
- Home Security
- Garbage collection
- Cable TV
- Lawn/Pool services
- Cleaning service

**Cancel Utilities and Establish at New Location**

- Telephone
- Electrical
- Gas/Fuel Oil
- Water/Sewer

Contact Schools and Daycare

- Notify of move
- Get children's records or transcripts

Tie Up Loose Ends

- Return borrowed items, including library books
- Pick up dry cleaning, laundry, items in for repairs
- Obtain medical and dental charts and records
- Get copies of prescriptions