

# COLDWELL BANKER®

## Home Buyer Guide

 COLDWELL BANKER REALTY

[ColdwellBankerHomes.com](https://ColdwellBankerHomes.com)



# GUIDING THE WAY

Your home-buying needs are one of a kind. Using the unmatched resources of Coldwell Banker Realty, I will develop a custom plan to:

- Provide you with powerful, personal service
- Assist you in finding the right home and help you negotiate the best possible price and terms for it
- Close the sale in a smooth, timely manner

Finding and purchasing a home is a detailed process that demands time and dedication. I am passionate about this because it leads to the ultimate reward – handing you the keys to your dream home and developing a real relationship with you along the way. I would love to have a commitment from you to work with me exclusively. I'm happy to talk through the various types of buyer representation I offer so we can find the right fit for you.

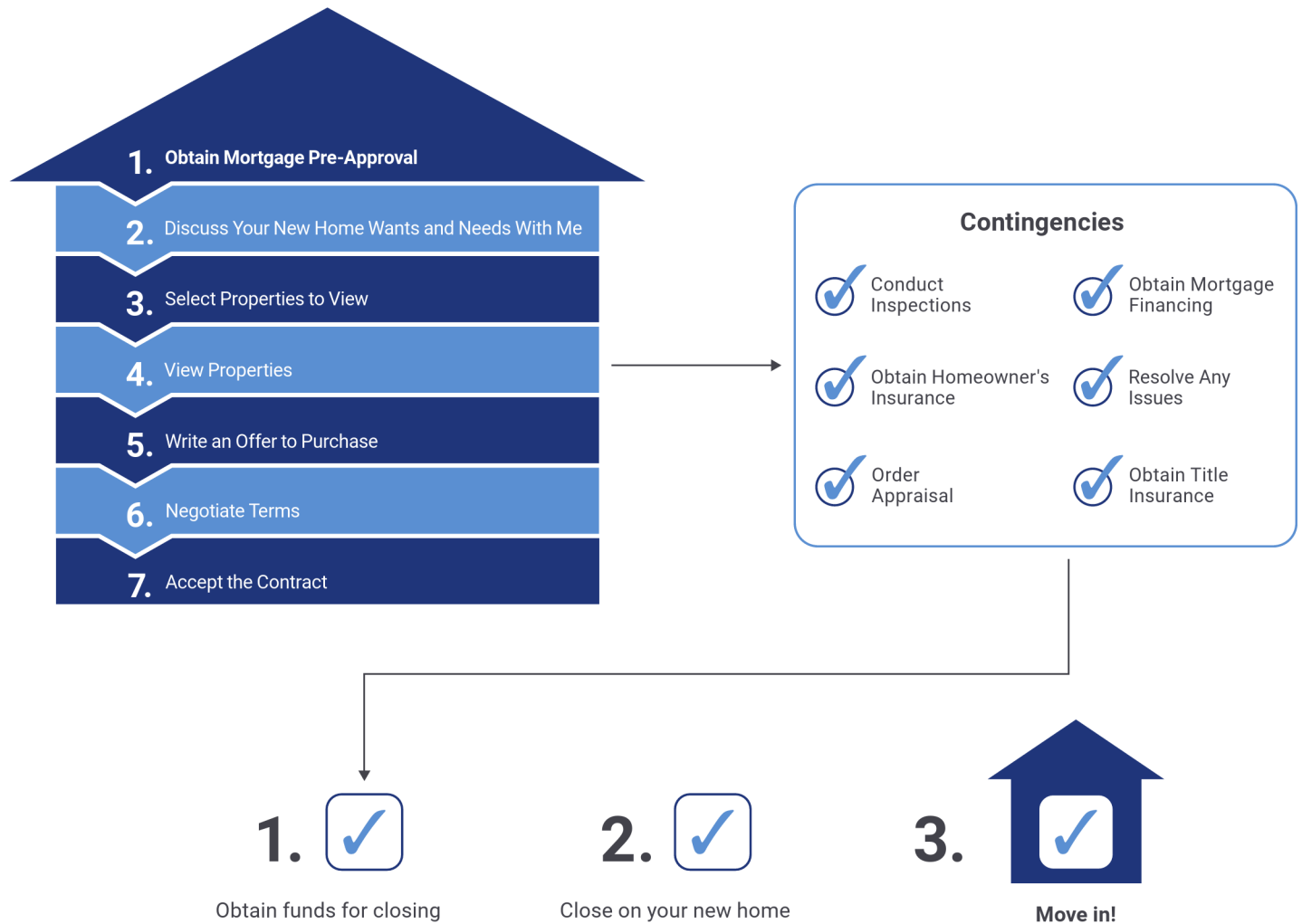
Let's get started!





PURCHASING  
PROCESS

# STEP BY STEP





# MAKING AN OFFER

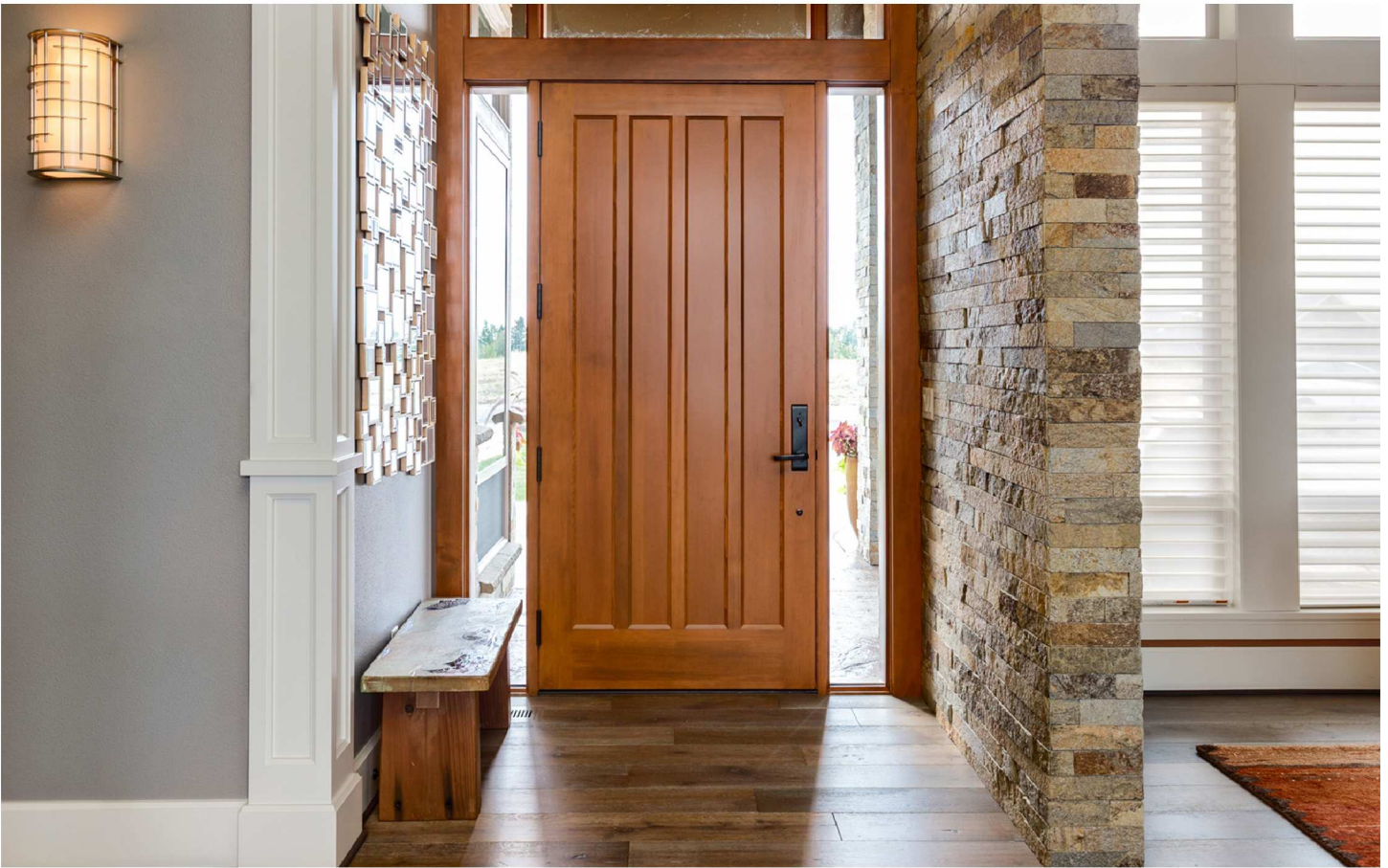
There are many factors that influence the market value of a home. I will give you the insight and information you need to make an offer you're comfortable with. Some of the factors to consider include:

- How long the home has been on the market
- If the price has been reduced
- How much the home is worth – I will provide a comparable market analysis (CMA) showing the list and sale prices for similar homes in your area
- If there are multiple offers
- Other items that might be included in the sale (furniture, hot tub, etc.)
- The “list to sale price ratio,” an indication of how competitive the market is for homes in this area
- Why the seller is selling
- Whether the seller is offering an assumable loan or financing

Once the offer is written, I will present it to the seller's agent. At that point the seller can accept your offer, reject it or counter it to start the negotiation process. I will work with you to plan a strategy to ensure the most advantageous terms and acceptable pricing for you and your budget.



THE POWER OF  
PRE-APPROVAL



# THE PRE-APPROVAL PROCESS

Here are some of the documents that you will need to provide your lender to get the pre-approval process started:

## **Income**

- Current pay stubs, usually for last two months
- W-2s or 1099s, usually for last two years
- Tax returns, usually for last two years

## **Assets**

- Bank statements
- Investments/brokerage firm statements
- Net worth of businesses owned (if applicable)

## **Debts**

- Credit card statements
- Loan statements
- Alimony/child support payments (if applicable)

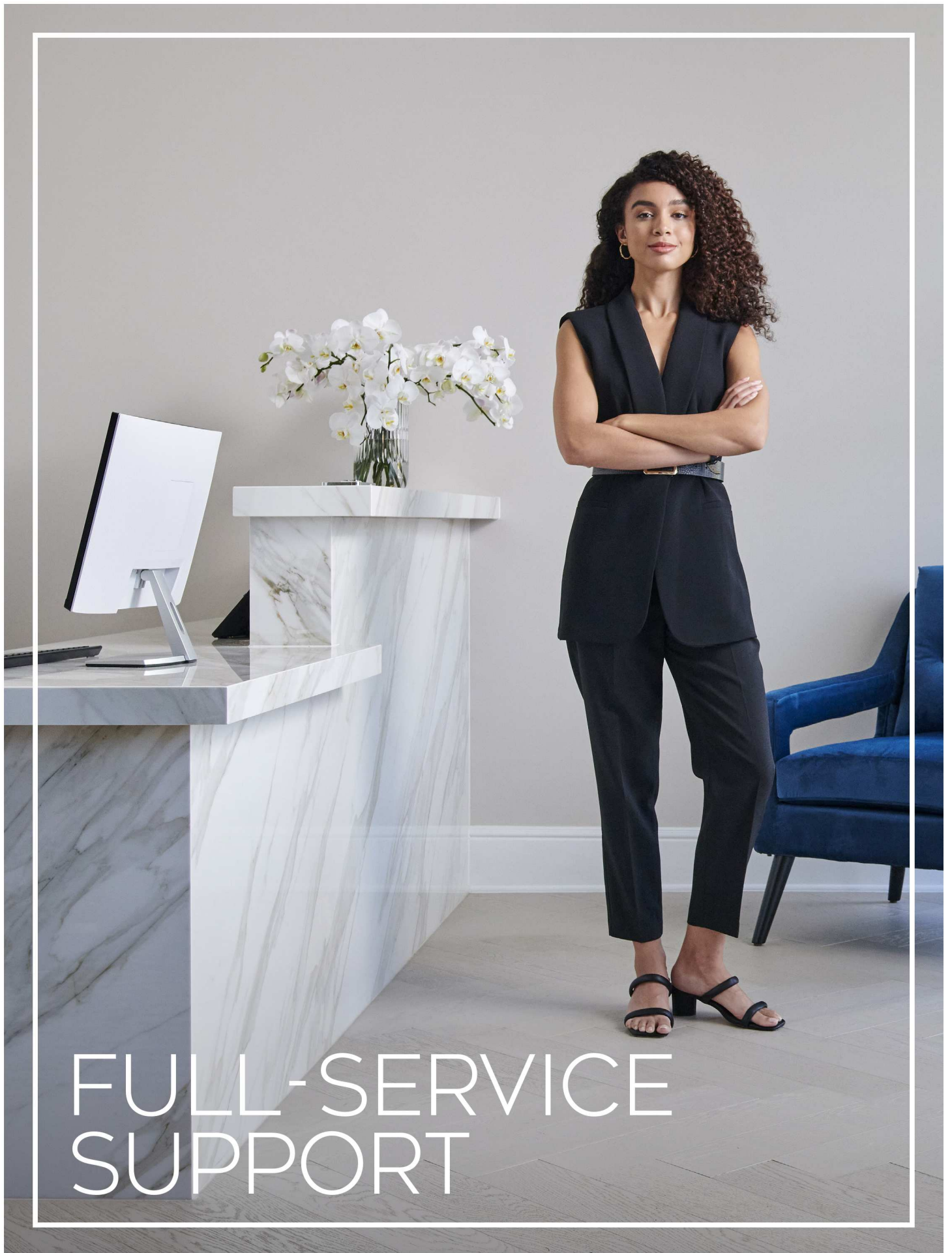


# YOUR PARTNER IN THE PROCESS

When you choose me to represent you, you'll have someone by your side every step of the way, giving you the insights and information you need to have confidence in your decision.

I will:

- Meet with you to discuss your needs and goals, and to plan your property search
- Help you get pre-approved and establish your budget
- Show you properties that meet your criteria
- Keep you informed of new properties that come on the market
- Work with you until you find the right home
- Help you determine your offer
- Negotiate the offer and contract in your best interests
- Facilitate the home inspection and resolution process
- Prepare you for closing and the associated costs
- Keep you updated on the progress of your transaction every step of the way



FULL-SERVICE  
SUPPORT



# TRANSACTION MANAGER

Your transaction forms for the purchase of your new home will be entered into Transaction Manager, a convenient, secure website where you can track the progress of your sale and access your documents throughout the process, and long after the closing.

- Important information and documents are uploaded and stored online in your personal account
- Forms, activities and services related to your purchase can be viewed anytime during your transaction
- Automated email alerts and messaging keep you informed
- Upon closing, your transaction is archived so you can retrieve documents during estate planning, renovations, financial planning or tax season



# CLOSING ON YOUR HOME

Once your offer has been accepted, the closing process begins. Here are some of the typical steps involved.

**Home inspection** – Most property sales are contingent on the results of a home inspection, which is paid for by the buyer. The inspection typically occurs within 10 days of offer acceptance, and includes a review of the home's exterior elements like the roof, siding, trim and windows, as well as kitchen and bathroom fixtures and appliances, and major systems like heating and cooling, plumbing and electrical.

If defects are discovered during the inspection, you may exercise the remedy described in your offer or negotiate with the seller to determine what repairs will be made.

**Title search** – This is a historical review of all legal documents relating to ownership of the property to ensure that there are no claims against the title of the property. It is also recommended that you purchase title insurance in case the records contain errors or there are mistakes in the review process.



**Appraisal** – As a standard part of the mortgage process, your lender will order an appraisal report to ensure that the loan will be guaranteed by the home's value.

**Final walk-through** – If it's requested in the contract, you'll be given the chance to look at the home to make sure it's in the same condition as when you signed the sales agreement.

**Closing costs** – In addition to your deposit and down payment, there are a variety of other costs involved in closing including:

- Loan origination fees, appraisals and reports
- Surveys and inspections
- Mortgage insurance
- Hazard insurance
- Taxes
- Assessments
- Title insurance, notary and escrow fees
- Recording fees and stamps

# GLOSSARY

**Adjustable Rate Mortgage (ARM):** A mortgage with an interest rate that changes over time in line with movements in a financial index. ARMs can also be referred to as AMLs (adjustable mortgage loans) or VRMs (variable rate mortgages).

**Adjustment Period:** The length of time between interest rate changes on an ARM. For example, a loan with an adjustment period of one year is called a one-year ARM, meaning that the interest rate can change once a year.

**Amortization:** Repayment of a loan in installments of principal and interest, rather than interest-only payments.

**Appraisal:** An estimate of the property's value.

**Assessed Value:** The value placed on a property for purposes of taxation.

**Assumption of Mortgage:** A buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to release the original borrower (typically the seller) from liability.

**Balloon Payment:** A lump sum principal payment due at the end of some mortgages or other long-term loans.

**Buy-Down:** A permanent buy-down is prepaid interest that brings the note rate on the loan down to a lower permanent rate. A temporary buy-down is prepaid interest that lowers the note rate temporarily on the loan, allowing the buyer to more readily qualify and increase payments as income grows.

**Cap:** The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of a mortgage.

**Cash Reserves:** The amount of the buyer's liquid cash remaining after making the down payment and paying all closing costs.

**CC&Rs or Covenants, Conditions and Restrictions:** A recorded document that controls the use, requirements and restrictions of a property.

**Commitment Period:** The period of time during which a loan approval is valid.

**Condominium:** A form of real estate ownership in which the owner receives exclusive title to a particular unit and shares ownership in certain common areas with other unit owners. The unit itself is generally a separately owned space whose interior surface (walls, floors and ceiling) serve as its boundaries.

**Contingency:** A condition that must be satisfied before a contract is binding. For example, a sales agreement or offer may be contingent upon the buyer obtaining financing.

**Conversion Clause:** A provision in some ARMs that enables home buyers to change an ARM to a fixed rate mortgage, usually after the first adjustment period. The new fixed rate is generally set at the prevailing interest rate for fixed rate mortgages. This conversion feature may involve an extra charge.

**Negative Amortization:** Occurs when monthly payments fail to cover the cost of the interest on a loan. The interest that is not covered is added to the unpaid principal balance, meaning that even after making several payments the borrower could owe more than at the beginning of the loan. Negative amortization may occur when an ARM has a payment cap that results in monthly payments that are not high enough to cover the interest.

**Origination Fee:** A fee or charge for work involved in evaluating, preparing and submitting a proposed mortgage loan. The fee is limited to 1% for FHA and VA loans.

**PITI:** The term for a mortgage payment that includes principal (P), interest (I), taxes (T) and insurance (I).

**Planned Unit Development (PUD):** A zoning designation for property developed at the same or slightly greater overall density than conventional development, often with improvements clustered between open or common areas. Use may be residential, commercial or industrial.

**Point:** An amount equal to 1% of the principal amount of the investment or note.

**Pre-Approval:** When a borrower has completed a loan application and provided debt, income and savings documentation which an underwriter has reviewed and approved. A pre-approval is usually done at a certain loan amount and makes assumptions about what the interest rate will actually be at the time the loan is made, as well as estimates for the amount that will be paid for property taxes, insurance, etc.

**Prepayment Penalty or Clause:** A fee charged to a borrower who pays a loan in full before the stated due date.

**Private Mortgage Insurance (PMI):** Insurance written by private companies to protect the lender against loss if the borrower defaults on the mortgage. PMI is often required on mortgage loans in which less than 20% has been put forth for the down payment. Depending on the conditions of the mortgage, the borrower may request cancellation of PMI when equity in the property reaches 20%.

**Purchase Agreement:** A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under stated terms and conditions. Also called a sales contract, earnest money contract or agreement for sale.

**Rate Gap:** The difference between the current rate and the rate to which it could adjust on an ARM.

**REALTOR®:** A real estate broker or sales associate active in a local real estate board affiliated with the National Association of REALTORS®.

**Recording Fee:** Charged by the County Clerk to record documents in the public records.

**Refinance:** A new loan with new terms, interest rates and monthly payments that completely replaces your current mortgage.

**Regulation Z:** The set of rules governing consumer lending issued by the Federal Reserve Board of Governors in accordance with the Consumer Protection Act.

**Short Sale:** The sale of a home for less than the balance remaining on the homeowner's mortgage.

**Tenancy in Common:** A type of joint ownership of property by two or more persons with no right of survivorship.

**Title:** The rights of ownership recognized and protected by law. It is a combination of all elements that constitute the highest legal right to own, possess, use, control, enjoy, transfer and dispose of real estate.

**Foreclosure:** The legal process in which mortgaged property is sold to pay the loan of the defaulting borrower.

**Fully Indexed Rate:** The maximum interest rate on an ARM that can be reached at the first adjustment.

**Gift Letter:** A letter from a relative stating that an amount will be gifted to the buyer and that said amount is not to be repaid.

**Government National Mortgage Association (GNMA):** Known as "Ginnie Mae," a governmental part of the secondary market that deals primarily with recycling VA and FHA mortgages, particularly those that are highly leveraged.

**Graduated Payment Mortgage:** A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.

**Home Warranty Plan:** Protection against failure of mechanical systems within the property and usually includes plumbing, electrical, heating and cooling systems and installed appliances.

**Index:** A measure of interest rate changes used to determine changes in an ARM's interest rate over the term of the loan.

**Initial Interest Rate:** The introductory interest rate on a loan, which signals that there may be rate adjustments later in the loan.

**Joint Tenancy:** An equal, undivided ownership of property by two or more persons. Upon the death of any owner, the survivors take the decedent's interest in the property.

**Jumbo Loans:** Mortgage loans that exceed the loan amounts acceptable for sale in the secondary market. Jumbos are packaged and sold differently to investors and have separate underwriting guidelines.

**Lien:** A legal hold or claim on a property as security for a debt or charge.

**List-to-Sale Ratio:** The ratio between the price at which a property is listed and the amount for which it is actually sold.

**Loan Commitment:** A written promise to make a loan for a specified amount on specified terms.

**Loan-to-Value Ratio:** The relationship between the amount of the mortgage and the appraised value of the property, typically expressed as a percentage of the appraised value.

**Lock-In:** The fixing of an interest rate or points at a certain level, usually during the loan application process. It is typically fixed for a specified amount of time, such as 20 to 30 days or some other period of time determined by the lender.

**Margin:** The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.

**Mortgage (Deed of Trust):** A legal document that provides security for repayment of a promissory note.

**Mortgage Insurance Premium (MIP):** The mortgage insurance required on FHA loans for the life of said loan. The MIP is either paid in cash at the time of closing or financed over the course of the loan.

**Multiple Listing Service (MLS):** The pooling in a central bureau of all properties for sale. The listings are held individually by members of a group of real estate brokers, with the agreement that any member of the group may sell the properties and the commission will be divided between the broker that sold the property and the broker who filed the listing.

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### About Me!

Derek Calvin is a highly motivated real estate agent renowned for his strong work ethic and his ability to understand and fulfill his clients' needs. Mentored by his electrician father, he has acquired extensive knowledge about homes and home services. Committed to assisting both buyers and sellers in realizing their dreams, he offers the finest homes and the best deals. Derek's approach is characterized by enthusiasm, empathy, and a passion for delivering exceptional customer service. His creativity, meticulous attention to detail, and readiness to exceed expectations are his most notable strengths. He firmly believes that his clients' needs and desires are paramount, transcending any transaction, and he is dedicated to achieving the desired outcomes and surpassing expectations. His charisma, expertise, and zeal are invaluable assets in your quest for the perfect home.

Beyond his professional life, Derek is known for his sense of humor, cherishing quality time with family, staying fit, and playing basketball. Feel free to reach out to him to fulfill your real estate aspirations.

### Languages:

English

All information provided is deemed reliable but is not guaranteed and should be independently verified.