



*Get an edge with these 12 questions that every person should ask a real estate agent before buying a home.*

- 1 DO I NEED A REALTOR TO HELP ME BUY A HOME?**

The buying process in 2012 is not the buying process of 2005. An experienced Realtor will help you navigate the mountains of legal paperwork, and decisions that come along with them. The financial crisis resulted in new rules for home lending to prevent the future repeat of our current economic problems in the U.S. Today's Buyer is going to find the lending process long and sometimes difficult. This is where a Realtor with experience will be helpful for you. After 30 years in real estate and 3 recessions, I have the knowledge to know what will happen in a real estate transaction and how best to maneuver through it.
- 2 WHICH PRICE RANGE SHOULD I LOOK AT?**

In order for us to search for property we need to discuss your preferences, needs, wants, etc. Much of your decision will be based on your buying power, in terms of your financial lending capability or cash you have ready to purchase a home. The Buyer will typically contact a lender first and provide the amount of down payment they wish to place on a home, your preferred mortgage payment including principle, interest, taxes and home insurance. At that point, the lender will give you a prequalification letter and we can now look at homes within your reach. There is nothing worse than looking at property and falling in love with it, just to find out that you cannot afford to buy it. So **STEP ONE:** Get that pre qualification letter from your Lender. Be sure to ask us for a local referral to a lender, as we know the best in town, but more importantly, we'll help you avoid the worst.
- 3 WHAT IS THE PROCESS OF GETTING PRE-APPROVED?**

Getting a credit pre-approval means you receive a loan commitment from your mortgage company before you have found a home, based on a review of your credit and finances. A credit pre-approval shows sellers that you're a qualified buyer and helps you establish a clear price range. You should send the following to your mortgage consultant as quickly as possible: Last two paystubs, Last two bank statements and any other asset accounts, Drivers license, social security cards, Rental Agreements, Signed 1003 application. The process of applying for a credit pre-approval is the same as a typical mortgage application, except that it doesn't include information on the property you will purchase. Your loan officer collects information on your credit, income, assets, and debts, and sends this information through an underwriting system.

If the underwriting process determines that you qualify for a loan, you receive a loan commitment for up to a certain amount, which is contingent on the property meeting certain criteria. There are many good reasons for getting a credit pre-approval before you buy a home: It makes your home search more efficient by allowing you to focus only on homes you know you can afford. It lets sellers know that you can back up your offer, so they don't have to worry about whether you can get a loan. It lets you know early in the process if you will have difficulty getting pre-approved, so you have a chance to address problems before finding a home. It gets most of the mortgage process out of the way up front, so you can complete your transaction quickly after you find a home.



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### 4 I HAVE MY PREQUALIFICATION LETTER, NOW WHAT?

Once you have your pre-qual letter, it is time to start the process of identifying several properties that you feel best match your criteria. During this time the Realtor will have in depth discussions with the buyer regarding preferences, such as style of home, size of backyard, pool, tennis courts, curb appeal, location, etc. When the offer is made, the first document you'll sign is the **Agency Disclosure** which outlines the items a Selling Agent is responsible for and what a Listing Agent is responsible for.

### 5 HOW WILL WE KNOW HOW MUCH TO OFFER?

There are several ways you can determine a good amount to offer:

- The condition of the house. Is the home in move-in condition, in need of paint and other cosmetic improvements, or a fixer-upper that needs some real work?
- The market. If you are in a buyer's market — where there are more homes for sale than there are people to buy them — prices are probably stable or falling. If you are in a seller's market — where there are more buyers looking for homes than there are homes for sale — prices are probably moving upward.
- **Your threshold.** If you've gotten a credit pre-approval, you know how much you can borrow for your home purchase. Of course, you may not be comfortable paying as much as you've been approved to borrow, so think carefully about your financial situation before making an offer.

The California Residential Purchase Agreement is 8 pages. The basics to this are the Deposit that is required to make an offer, and the amount to offer. The Deposit standard for the Santa Barbara area is 3% of the Purchase Price. This is not cast in stone however, a deposit can be what you need it to be, but the norm is 3%. There are choices to the disposition of the Deposit; it can be done by electronic transfer 3 days after acceptance of the offer by the Buyer and Seller. It can be a copy of a check made out to an escrow company, which again, will be deposited to a escrow company 3 days after full acceptance by Buyer and Seller. The 8 page California Residential Purchase Agreement then has a first page to detail the offer amount. It will cover the amount of total down payment (5%, 10%, 20%) and the final amount offered. There is also an area to specify what interest rate you are willing to pay, any points you are will to pay to a lender, the length of the escrow, the amount of the loan you are going to get.

### 6 WHAT IS THE “TIME IS OF THE ESSENCE” CLAUSE?

The Purchase Agreement is driven by the “Time is of the Essence” clause. So a majority of the contract covers how we will deal with time periods so that Buyer and Seller can move along in a timely manner and if it is going to work, then we can move ahead towards closing; but if it isn't going to work, we have a tool to cancel the contract and let everyone move on. Buyer should have his information about the loan verified in writing by the lender of choice in 7 days.



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- 7 WHAT IF THE APPRAISAL TAKES TOO LONG?**  
A common concern most Buyers have is over the property appraisal taking too long and delaying the process. This is also covered in a time period of 17 days to get the appraisal contingency removed. In some cases our Bank Owned properties will shorten that period (!) and that is why you need an experienced Realtor to guide you.
- 8 CAN YOU EXPLAIN THE ALLOCATION OF COSTS?**  
There are many costs associated with a purchase, and they need to be defined as to the Seller or the Buyer paying these. They can cover Pest Reports, County Transfer Taxes, Homeowner Association Transfer Fees, Escrow and Title Fees, Natural Hazard Disclosure Reports, Radon and Mold Reports, Water Heater and Smoke Detector costs, Carbon Monoxide detectors and so on. Having a clear idea of who is doing what is essential.
- 9 WHEN CAN I MOVE INTO MY NEW HOME?**  
If the home you purchased was vacant, you'll get possession much quicker. But when there is an occupant in a property, understanding who they are and when and how they will move is important. A renter that has been in for more than 2 years gets a 60 day time period to move. Will the Seller have them move before the close of escrow? Will you take possession and then issue a 60 day notice?
- 10 WHAT IS INCLUDED IN A SALE?**  
The basic contract does cover the fact that what you see when you make your offer is what you get. However, taking pictures of a property as you move through it is a good idea. It is difficult to remember what you saw at times. Fixtures are normally included, but any Seller can exclude items when signing a listing agreement, and you want to be clear what is staying. Are all the Flat Screen TV's included? Is Grandmother's chandelier included? What about the refrigerator, stove, dishwasher and washer and dryer?
- 11 WILL I BE ABLE TO INVESTIGATE THE PROPERTY?**  
A Buyer has the right under the contract to investigate the condition of the property. A Bank Owned property is not going to give any disclosures as to a condition of a property, it is up to the Buyer to find out what they need to know to proceed. This means hiring a Certified Home Inspector, a Pest Company, and any other trade that will help the Buyer to make the final decision as to purchasing or not. This can cover plumbers, electricians, roofers, and geologists.
- 12 WHAT ARE THE FINAL STEPS IN THE PROCESS?**  
The final step is signing the document and sending it in to the Seller with the copy of the 3% deposit, a copy of the pre qualification letter that your lender has given you, and the agency disclosure. The standard time that this offer is viable is 3 business days. This can be extended or shortened considering the conditions of the sale at that time.



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### **IN CLOSING:**

I am happy to discuss real estate advice with you at length at any time. It is my hope that the above information reflects my resolve to assist you in a professional manner with your real estate transactions. My objective is to make you a client for life and to create an “experience” that exceeds your expectations.

Over the years, I have developed a system and a team of professionals that will provide you with the highest level of service throughout your real estate transaction. We will guide you through the process from start to finish.

When buying a home you need careful planning, precision, expertise, and execution. Besides offering a streamlined service and cutting edge real estate resources, we strategically plan your home purchase to ensure the best possible experience from the initial home search, to receiving the keys to your dream home.

In other words, you can count on us to guide you to decisions that best fit your needs and provide the greatest amount of benefits. Our service is very close and personal, and you can expect nothing but excellent service in the years to come.

Your real estate professional,

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