

Questions Every Home Buyer Should Ask Before They Start Their Search

Q: What should I do first?

A: Obtain a Pre-Approval letter from a reputable and reliable lender and have the deposit readily available.

Pre-Approval Letters—Always start a home search with proof in hand that a recognized lender will provide financing (cash buyers can ignore this advice). Buyers without such evidence cannot make offers. Pre-Approvals from reputable mortgage lenders will make your offer more attractive, and we have a great list of referrals that we know and trust. We have vetted them all and know they provide excellent service, are responsive, and make the process as quick and turnkey as possible.

Deposit money — Please make arrangements to have liquid cash available now so it's ready when you need it, particularly if you will need a home equity loan to secure it. Banks will not grant a loan if your house is already on the market, so please ensure you have the deposit funds in hand before your property is in MLS. Traditionally, 5% of the purchase price is given as a deposit when you sign your purchase and sale (minus your offer's up-front, "good faith" deposit).

Other important items to consider:

- Avoid making major purchases (car, furniture, etc.) that could adversely affect your debt-to-equity ratio. Speak with your lender before making any large purchases before closing.
- Continue paying bills on time as you don't want to impact your credit score before closing negatively and potentially raise your interest rate or even jeopardize your closing.
- Consult your loan officer if you plan to change jobs, as this could adversely impact the proceedings.
- Please verify the financial information when your loan application is submitted. Occasionally, numbers get transposed, and if they aren't discovered until closing, it will cause a delay.

Your lender will provide you with a Good Faith Loan Estimate detailing all costs associated with purchasing a property. Please review these fees and understand them. Your loan costs do not include seller adjustments for taxes, oil, betterments, or condo fees if any.

Q: When can I start viewing properties?

A: When you communicate your readiness, have secured your Pre-Approval letter, and have signed the buyer's agreement.

It's always a good idea to begin educating yourself on the market by tracking properties, including new listings, price changes, "under agreements," and sold homes. This will increase your comfort level, so you feel more confident in the price you eventually pay for your home.

Q: Do I need to sign a buyer's agreement?

A: It is a Leading Edge requirement to have a signed buyer's agreement if we choose to work together.

The agreement gives us confidence that we can help you find what you want in your price range. It was presented to you at our first meeting and should be signed by our second meeting. Please note the agreement can be voided by either party, at any time, with 30-days' notice. It's important to review the obligations and duties listed for both buyer and the agent and for you to understand the parameters of the duties we perform on your behalf.

Because agents receive no compensation until you close on a home, we want to ensure their time investment (which could be months or even years) is protected to the extent possible.

Q: How long does it take to find the right property?

A: There's no set answer to this, and it all depends on luck, timing, market dynamics, and your buying "attitude." Below we have provided some tips to help shorten the process:

- With thousands of homes on MLS, it's helpful to use a process of elimination rather than selection.
- Choose specific towns and neighborhoods within those towns.
- Develop a list of "must-haves" and "nice to have" (and share with us).
- Be ready to pull the trigger if a house becomes available that meets your needs; we have countless stories of buyers who found something early in the process, didn't buy it, and then ended up disappointed when they couldn't find another one they liked as much.

Q: How do I become a smarter buyer?

A: Become an intelligent buyer by following the advice of our seasoned experts, which we have gathered over many thousands of successful real estate transactions. We'll have several conversations on this topic, but here are a few things to get you started:

- Many buyers are impressed by the sizzle (décor, paint colors, furniture, etc.) and miss the steak (roof, plumbing, electrical, etc.)—expensive items to replace or repair.
- Consider properties where you can build equity with upgrades over time rather than ready-to-go dazzlers.
- Buy for the best space, flow, light, amenities, neighborhoods, and schools (are they on your must-haves list?).
- Houses that need some work can create very high returns on your investment.
- Consider "over-invested" houses that may be huge bargains because the owner can't recover renovation costs.

Q: If I follow your advice, will things go smoothly?

A: Unfortunately, no one can make that promise unequivocally. In some way, all real estate deals are complicated. A trusted, experienced agent will help you navigate the speed bumps and potholes, controlling in advance how things unfold to whatever extent possible.

Lender performance is critical to every transaction, which is why we stress working with lenders with whom we have strong working relationships. We've seen transactions where our agents have saved deals from crashing at the last minute solely based on their lender familiarity. The same applies to home inspections. Issues always arise during inspections, but a valuable agent knows how to mitigate them to everyone's satisfaction quickly.

Q: I've read about wiring scams and fraud. Is it common?

A: Unfortunately we are hearing about it every month.

Criminals have perfected how to build your trust and scam you into wiring money to them. They send emails in the middle of the transaction with advice and helpful suggestions impersonating either me, my office, your attorney, title company, or paralegal. These emails look very legitimate. After they gain your confidence, they instruct you to wire money to them for closing. An attorney we know just told us his

clients lost their \$85,000 deposit, the majority of their downpayment, and were not able to close on their property. Always call a trusted phone number, not the one they give you in the email, before wiring money for a closing.

Q. Is DepositLink safe?

A. Using DepositLink for your escrow deposits is a safe way to transfer money.

Deposit Link uses the same technology as Fidelity, Venmo and American Express. In Deposit Link's history, not one penny has been lost. Leading Edge was their first customer, and you will love the convenience of not having to go and get a bank check and deliver it to the listing office.

Q: What is the purpose of a home inspection?

A: A professional home inspection allows buyers to uncover any issues that should be addressed, now or in the future.

No home inspection ends without issues to address, and some may be costly. When you submit an offer, be prepared for this, even if the house appears perfect. Sellers have no obligation to repair anything or make upgrades, and they are also not obligated to disclose as much as they should. To help avoid major surprises, we advise requesting a ***Seller's Statement of Property Condition*** before you make any offer. The seller is not obligated to furnish one, but there is undoubtedly no harm in asking. Your agent will recognize if the house is priced accordingly and guide you in your offer and subsequent negotiations. If your seller refuses to cover the costs or adjust their price, you'll want to have a cash reserve to pay for the repair of items that your inspector feels need to be addressed immediately.

Home inspection fees (which are non-refundable) vary and come with a variety of services attached. You should expect to consult professional tradespeople for specific items, and their fees are extra. Our team has a vetted list of inspectors and tradespeople that we can confidently recommend for all your needs.

Q: Buyer: Is it "fair" to negotiate with sellers after the home inspection?

A: It is, and you definitely should if you discover serious issues.

Our attorneys advise that it's fair to negotiate on anything that could not be predicted from viewing the house or reading the seller's description and/or any items that need immediate attention and would incur a significant cost to remedy. If the buyer disclosed things before the inspection and you were aware of them, you should not expect the seller to pay for them. As you view the home, be alert to systems that may

need to be replaced soon and consider them when you make an offer. This is one of the many values our agents bring to the table.

Q: How can I avoid bidding wars?

A: In today's market, it's difficult to avoid competition on a desirable property, but below is a list of helpful tactics:

- The easiest way to avoid a bidding war is to quickly make a price offer that no one else can match. This wouldn't make good financial sense in many cases, and most buyers cannot afford this approach.
- If you find a home that meets your criteria and has no offers yet, make one immediately. It will generally hurt you to wait or ask if any other offers have been made. The longer you wait, the more likely the seller will receive additional offers, which will usually drive the price up. Competition is only good for the seller, never the buyer.
- Another tactic is to bid on homes that have been on the market a while, as less competition always means lower prices. Can you recognize the diamond in the rough or the over-priced home that would be perfect if you could get it at the right price?
- If your financing is solid, consider eliminating your financing clause or declaring that the only financing contingency is a satisfactory appraisal at the selling price. There is little risk if you are pre-approved by a reputable bank and have job security.
- If you have the financial wherewithal, consider offer language such as, "If the home does not appraise at the sale price, the buyer will increase down payment to satisfy the lender."
- Another option is eliminating your home inspection clause. If you do this, you cannot perform a home inspection, which is appealing to the seller but a greater risk to you. If the listing agent is agreeable, the seller may allow you to do a pre-inspection on a property before you make an offer. This tactic will enable you to waive a home inspection in your offer, making the offer more attractive and reducing your risk of unknown problems.
- You might try offering a home inspection for "informational purposes only." If the inspection turns up serious items and you do not want to move forward, you'll lose your \$1,000 deposit but can walk away if repairs are too large or expensive for your budget.

Q: Why doesn't it cost me anything until the purchase is complete?

A: Expertly guiding clients through every aspect of buying a home is our job.

Our fees, which come out of the seller's proceeds, are paid only at closing. In the event you want to purchase a FSBO, For Sale by Owner, or the listing office is not offering a fee we have agreed upon, we will talk through that individual situation to figure out how I can be fairly compensated and represent you before we write an offer. The only thing we ask in return is that you remain loyal to me and my team throughout the entire transaction. We are your exclusive buyer's agent, which means we are the only group approved to show you property for sale. We're more than happy to show you any property that interests you.

Q: Should I hire an attorney to represent me?

A: Great idea!

An experienced real estate attorney is a good investment. We highly recommend a reputable local one that understands contract language and will help your transaction go quickly and smoothly. Law is like medicine, with very different fields of expertise, so your best course is to use a real estate attorney instead of a relative or friend who practices a different type of law.

Q: What if I want to see a property and can't reach my agent?

A: We have a team of professionals who can accommodate you.

If you can't reach your agent, please call our office and explain your situation so we can quickly arrange for someone to show you the property. We do not recommend contacting the seller's listing office, as they work for the other team (the seller). They cannot aid, advise or assist you in the transaction and do not owe you confidentiality, loyalty, or fiduciary responsibility like we do. If you have a signed Buyer's Agreement with our agency, that agent is entitled to a professional fee when you buy a home, regardless of who showed you the property or took the offer, so you could end up paying the commission twice.

If, for some reason, you are not satisfied with your agent, please contact them (or their company) to discuss the situation. We advise against working with someone else while still under contract.

Q: When is it "official" that I have purchased a home?

A: Technically, a home is yours only when you have signed all the closing documents, and the sale is recorded at the Registry of Deeds. However, when you and the seller sign a Purchase and Sale Agreement and submit your required deposit, the home is considered "under contract" (off the market).

When you have a verbal "accepted" offer, the agreement is not valid until the seller signs the offer. This is where patience is truly tested, as we have no control over the seller, their agent, or any showings that might continue while negotiating a final deal. Until the offer is signed, the seller may accept other offers if they choose. It is not required that the seller's agent notify you when another offer arrives, but we always hope their agent will be forthcoming and deal with you in a responsible, fair manner. Unfortunately, there are no guarantees.

It's imperative to pay close attention to dates in your contract. If you don't comply with the dates for the home inspection, financing, and signing of the purchase and sale, you risk losing the house.

Q: What if I need to sell my property to buy another house?

A: There is no easy answer to this situation.

Sellers' agents usually recommend that homeowners reject an offer with a home sale contingency, which is risky for them. When we meet, we can discuss this topic in detail if it interests you.

Q: Will I get a bargain on a short sale or foreclosure?

A: Dealing with these properties is not for the faint of heart.

There are still a few deals in the marketplace today, but price appreciation has made these opportunities scarce. There are risks involved in these transactions, as they are sold "as is." Owners do not have the money for regular maintenance, so you'll need significant cash on hand for surprises. In addition, these deals take far more time to settle, often many months. If you are on a deadline and are concerned about interest rates, you may not be a good candidate for a short sale or foreclosure.

Q: Should I go to Open Houses on my own?

A: You are encouraged to see as many properties as you can.

Open Houses are a great way to explore the inventory in a short amount of time. At EVERY open house you attend, please ALWAYS sign in using your agent's name and company. Afterward, please call us to report your feedback. This serves two purposes: your feedback will enable us to assist you better in your search, and it's likely that the listing agent will ask for your feedback, so we'd like to answer if possible.

Q. With home security devices so prevalent, am I being recorded when I tour homes?

A. Be aware that many homes now have video recording devices throughout their home.

It is legal for homeowners to record video, but in some states they are not legally allowed to record audio. We suspect that some homeowners are recording audio illegally. There is no way of knowing. Let's keep in mind that we may be on camera and we shouldn't have delicate conversations we wouldn't want the seller to hear while viewing a home.

We wish you the best of luck and thank you for working with our company. We look forward to finding THE house that meets your needs, fits your lifestyle, and brings you the most joy.

Out front. And always behind you.