

ENGEL&VÖLKERS®



Buyers Guide



The Engel & Völkers Buying Experience

From starter homes to dream homes, at Engel & Völkers, we provide unparalleled and personalized buying experiences for every client. We believe that buying a home is one of the most important decisions you will make, and it's an honor and our passion to be part of this journey with you.

As trusted advisors, we make it our responsibility to understand your home buying goals – from your overall vision and budget, to neighborhood amenities and architectural details – and help you discover the right space to call your own. To us, luxury is about the richness of life that begins and ends in the most important space we know – home.

Your Engel & Völkers Advisor

As your Engel & Völkers advisor, I pride myself on providing my clients with white-glove service throughout every step of the home buying journey.

Buying a home is an exciting process and - at the same time - comes with many considerations and decisions. As a trusted advisor, my goal is to be a steady guide and to empower my clients with knowledge so they feel confident and comfortable every step of the way. Whether you're seeking your first home or interested in an investment property, I can help you navigate the nuances of the market and successfully achieve your goals.

As Real Estate Professionals, We Are:

- Knowledgeable about our local market place
- Backed by professional marketing management
- Aware of the complicated local and state property requirements that may affect your rights of ownership
- Willing to cooperate with all agents to get the best price for you in your market
- Successful in multi-party, face-to-face negotiating
- Skilled in acting as an intermediary between you and the seller





The Purchase Process

Whether you are looking to purchase your first home, a vacation home, or an investment property, our advisors maintain an active list of available local homes, and also have access to listings worldwide through Engel & Völkers' global network.

We take pleasure in working with you, and preparing you, for the home buying process through the following steps:

- Select an advisor
- Gain mortgage pre-approval (if financing)
- Have an initial consultation with your advisor with your pre-approval in-hand to set up your strategy together
- Shop for your new home
- Work with your advisor to present a well-crafted offer and allow them to negotiate on your behalf
- Home inspection
- Appraisal
- Finalize documents
- Final walk through
- Closing & move in

The Loan Process

Unless you are paying cash for your property, you will need to apply for a mortgage loan. Your lender can explain current financing options and help you select the right type of loan for your situation.

The following details the steps to securing a loan:

1. Pre-Qualification/Interview
2. Order Documents (within 24 hours of the application, the lender will request)
3. Loan Submission
4. Loan Approval
5. Documents Prepared by the Lender (1-3 days prior to closing)
6. Funding
7. Recording Documents



Title Insurance

WHY DO I NEED TITLE INSURANCE?

Many homeowners assume that when they purchase a piece of property that possession of a deed to the property is all they need to prove ownership, but title insurance serves as basic risk elimination. A Preliminary Report outlines the conditions under which a title will be insured. Once the new deed and loan documents are recorded, a title insurance policy is issued to the new owner and lender. This protects both parties against loss due to title defects. Any undisclosed claim (covered by the owner’s policy of title insurance) that threatens ownership of the home will be dealt with or will be reimbursed exactly as the policy of title insurance provides.

WHAT PROTECTION IS OBTAINED WITH A TITLE POLICY?

Title insurance offers protection against claims resulting from various defects (as set out in the policy) which may exist in the title to a specific parcel of real property, effective on the issue date of the policy. For example, a person might claim to have a deed or lease giving them ownership or the right to possess your property. Or perhaps a person claims to hold an easement giving them a right of access across your land, or claims to have a lien on your property securin provisions for the payment of the legal fees in defense of a claim against the property covered under the policy. It also contains provisions for indemnification against losses which result from a covered claim.



WHAT DOES A TITLE COMPANY DO?

Simply put, whenever someone decides to buy or refinance property, title companies have the ability to check public records regarding the history of that property. Looking for unclear liens, claims or easements is part of what we do. Sometimes distant relatives may have a claim on the property without the seller’s knowledge. People have even fraudulently sold houses that do not belong to them. A title company performs a vital, yet hidden role in guaranteeing the security of your home. Just like car insurance, you never realize how important it is until the unexpected happens. This is why lenders require title insurance — to protect the lender against loss due to unknown title defects.

Many title companies also offer escrow services. When buying, selling or refinancing real estate, a neutral third party is needed to handle all deposits of funds, documents, special reports and other important papers. It is also the Escrow Officer you will meet with to sign all the documents prior to your property closing escrow.

WHAT PROTECTION WILL I RECEIVE FROM MY TITLE POLICY?

A Title Insurance Policy pays for legal fees in defense of a claim against property covered under your policy. It also contains provisions for indemnification against losses that result from a claim. The title insurance premium is paid at the close of escrow and no additional premiums are paid as long as you own the property.

Moving Check List

- 1. Separate your valuables and important documents, and keep them with you during the move.
- 2. Prepare a ‘Start-up Kit’ of items and box those up to take with you as well. This way if your belongings arrive late, or you are delayed in unpacking, you will have what you need immediately on hand.
- 3. Label boxes by items and room to make unpacking an easier process.



DECLUTTER AND DONATE

Before you begin packing up boxes, take inventory of your furniture and other belongings to decide what to keep and what to purge. If items are not worth the effort of packing, moving and unpacking, consider donating, selling or discarding them.



CHANGE YOUR ADDRESS

Make sure to not only update your address with friends, family and service providers, but also any mailing clubs, subscriptions and utility companies for both ending services and activating them at your new address.



WHAT TO EXPECT AT CLOSING

As long as you have everything in order, the closing process should be simple and straightforward.

Closing day typically happens four to six weeks after the sales and purchase contract is executed and includes the buyer and seller, along with their respective agents, a representative from the title company, closing agent, or attorney, and lender.

The closing process is where the buyer and seller execute and sign all remaining legal documents and pay closing costs and escrow items. Be sure to bring two forms of identification, certificatio



STRATEGIZE

A smooth and successful move is only possible with a plan. Select a moving day to work toward. Identify and engage a moving company as soon as possible – Engel & Völkers is happy to make a local recommendation.



PACK

Purchase your moving supplies including boxes, moving labels, bubble wrap etc. and begin packing items that won’t be needed between now and your move date. These include things like decorations, photos and off season clothing. Then, schedule how and when to pack remaining items based on room or another category that will make the unpacking process easier.



FINAL PREPARATIONS

This is the day when your moving strategy pays off and your focus can be on saying goodbyes and enjoying the exciting elements of your new home. Once you get into your new home one of the first things you should do is to have new locks installed and extra sets of keys made.



Closing Costs

Below are some typical closing costs you may incur during the home buying process. The title and escrow company will review and explain your closing statement during your signing appointment. Closing costs for buyers are typically 2-5% of the sales price.

TITLE INSURANCE PREMIUM

Fee paid by the buyer to insure a clean and marketable title. If there is a lender, it is also to insure the lien position.

RECORDING FEES

Fees assessed by a County Recorder’s Office for recording legal documents of a real estate transaction.

LOAN FEES

Fees charged by a lender in connection with the processing of a new loan. These may include points, origination fee and credit report.

PREPAID INTERESTS

Depending upon the time of month a loan closes, the per diem charge may vary from a full month’s interest to a few day’s interest.

INSPECTION FEES

The cost for inspections performed.

ESCROW FEES

Fees charged by a title company and / or escrow company for services rendered in coordinating the closing and preparing documents necessary to close a real estate transaction.

REAL ESTATE APPRAISAL

Fee paid to the Lender for appraising the property.

HOMEOWNER’S INSURANCE

Lenders typically require the first year of fire and hazard insurance be paid up front or by escrowing funds.

Glossary

These definitions are to acquaint the home buyer with terms commonly used in real estate transactions. The terms are intended to be general and brief and are not complete and wholly accurate when applied to all possible uses of the term. Please consult your real estate agent for more information or questions regarding specific terms.

ADJUSTABLE RATE MORTGAGE (ARM) – A mortgage instrument with an interest rate that is periodically adjusted to follow a pre-selected published index. The interest rate is adjusted at certain intervals during the loan period.

AGENCY – Any relationship in which one party (agent) acts for or represents another (principal) under the authority of the principal. Agency involving real property should be in writing, such as listing, trust, powers of attorney, etc.

APPRAISAL – An opinion or estimate of value. Also refers to the process by which a value estimate is obtained.

APPRAISAL GAP – The amount of money the buyer needs to makeup between the contract price and the appriased value.

BROKER OR AGENT – One who is licensed by the state to carry on the business of dealing in real estate. A broker / agent is employed on a fee or commission basis to bring together buyers and sellers, landlord and tenant, or parties to an exchange, and assist in negotiating contracts between them.

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

CLOSING COSTS – The costs incurred to purchase real estate. These may include loan fees, title fees, appraisal fees, etc.

CLOSING CREDIT – A paragraph in the purchase contract that indicates a dollar amount that the seller would give the buyer at closing that has no specific purpose attached to it.

CLOSING STATEMENT – The financial disclosure statement that accounts for all of the funds received and expected at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.

COMMISSION – An agent’s compensation for negotiating a real estate or loan transaction, and shepherding it to closing, often expressed as a percentage of the selling price.

CONTINGENCY CLAUSE – A provision in some ARMs to a fixed rate loan, 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 cost extra.

DEED – The document by which title to real property is transferred or conveyed from one party to another.

DEPOSIT – A sum of money given to (1) bind a sale of real estate, or (2) assure payment or an advance of funds in the processing of a loan. Also called Earnest Money.

DUAL AGENCY – In a real estate transaction, a dual agent is a broker who represents both the buyer and the seller. Their are limitations placed on the specific activites a dual agent can perform.

EARNEST MONEY – A deposit made to bind the conditions of a sale of real estate.

EASEMENT – A limited right of interest in land of another that entitles the holder of the right to some use, privilege or benefit over the land.

ESCALATION CLAUSE – A document indicating that the buyer is willing to pay a dollar amount or percentage above any other offer verified in writing.

ESCROW – The process in which a neutral third party holds money and documents for delivery to the respective parties in a transaction on performance or established conditions.

GOOD FAITH ESTIMATE (GFE) – A document that tells borrowers the approximate costs they will pay at or before settlement, based on common practice in the locality. Under requirements of the Real Estate Settlement Procedures Act (RESPA), the mortgage banker or mortgage broker, if any, must deliver or mail the GFE to the applicant within three business days after the application is received.

HOMEOWNER’S ASSOCIATION – (1) An association of people who own homes in a given area, formed for the purpose of improving or maintaining the quality of the area. (2) An association formed by the builder of condominiums or planned developments and required by statute in some states.

Glossary

HOME CLOSE CONTINGENCY – A contract clause which provides for the purchaser to have a specific period of time during which they list their home for sale and get their home closed. If it is not under contract by the designated date, their earnest money is released and the contract is cancelled.

INDEX – A measure of interest rate changes used to determine changes in an ARM’s interest rate over the term of the loan.

JOINT TENANCY – A means of ownership in which two or more persons own equal shares in real property. Upon the death of one tenant, his / her share passes to the remaining tenant(s) until title is vested in the last survivor.

LEGAL DESCRIPTION – A description by which real property can be definitely located by reference to surveys or recorded maps. Sometimes referred to simply as “the legal.”

LIEN – A legal hold or claim on property as security for a debt or charge.

LOAN COMMITMENT – A written promise to make a loan for a specified amount on specific terms.

MARKET VALUE – An appraisal term denoting the highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

MORTGAGE PAYMENT – A payment that is owed to the bank/lender each month toward repayment of the loan. The amount is determined by the terms of the loan: principal, interest rate, length of the loan, and periodic adjustments, if applicable.

MULTIPLE LISTING SERVICE – An exclusive listing, submitted to all members of an association, so that each may have the opportunity to sell the property.

PITI (PRINCIPAL, INTEREST, TAXES AND INSURANCE) – The four major components of a usual monthly mortgage payment.

POINT – An amount equal to 1% of the principal amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.

POWER OF ATTORNEY – An authority by which one person (principal) enables another (attorney-in-fact) to act for him. (1) General power – authorizes sale, mortgaging, etc., of all property of the principal. Invalid in some jurisdictions. (2) Special power specifies property, buyers, price and terms.

PRE-QUALIFICATION / PRE-APPROVAL – A letter that states a potential borrower’s financial status to determine the size and type of mortgage available to him/her.

PRINCIPAL – (1) The amount of debt, not including interest. (2) The person who is served by an agent or attorney.

PRIVATE MORTGAGE INSURANCE (PMI) – Insurance written by a private mortgage insurance company protecting the mortgage. lender against loss occasioned by a mortgage default and foreclosure. The premium is paid by the borrower and is included in the mortgage payment. Typically required if down payment is less than 20% of purchase price.

PRORATION – The method used in dividing charges into that portion which applies only to a party’s ownership up to a particular date.

TENANCY IN COMMON – An undivided ownership in real estate by two or more persons. The interests need not be equal. In the event of the death of one of the owners, no right of survivorship in the other owner exists.

TITLE COMMITMENT – A report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon which will not be covered under a subsequent

TITLE INSURANCE POLICY – A policy that protects the purchasers, mortgagee or other parties against losses.

UNIFORM SETTLEMENT STATEMENT – The Standard HUD Form 1 required to be given to the borrower, lender and seller at, or prior to, settlement.

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