



STEP-BY-STEP GUIDE

TO HOME OWNERSHIP

1. Get Pre-Approved for a Mortgage: Unless you are paying cash for your purchase, the very first step in the home buying process is to speak with a lender to get pre-approved for a mortgage. A reputable lender will guide you through the different loan options available, help you develop a financial game plan for your purchase, and provide an estimate of your monthly mortgage payment and the cash required for closing. Once you've chosen the mortgage that suits your needs, the lender will gather and submit the necessary documentation to an underwriter, who will review it and issue a Pre-Approval letter confirming your qualification for the loan.



Now you will be ready to shop with confidence knowing what price range matches your budget, and be in a position to make a strong offer with your Pre-Approval Letter in hand.

Documents Needed for Mortgage Application:

- ◆ Last 2 years of tax returns
- ◆ 2 Most recent pay stubs
- ◆ 90 days worth of bank statements
- ◆ Credit report (ordered by your lender)
- ◆ Driver's license or government-issued ID

We suggest you meet with one of our trusted local lenders:

BENEFITS OF USING ONE OF OUR TRUSTED LOCAL LENDERS

- ◆ We know the level of service they provide to our clients.
- ◆ We know they offer some of the best rates and lowest fees.
- ◆ We know that they are hands-on throughout the process, and will run numbers on any property that you are interested in, BEFORE you make your offer.
- ◆ Because we do business with them on an on-going basis, they are not only accountable to you, but they are accountable to us as well.
- ◆ Using a local lender means that you can put a face to the name. You can sit down with them and go over your loan in person.
- ◆ Local lenders have access to state-specific grant programs that many out-of-state lenders do not.

** You are always welcome to use whichever lender you choose, we only suggest that you meet with one of our lenders as well.*

HELPFUL HINTS FOR A SMOOTH LOAN PROCESS

Changing Jobs: Changing jobs in the middle of the mortgage process can invalidate your source of income qualification and may delay settlement. If you are seriously considering a new job, speak with your lender about the impact this may have on your loan.

New Credit: Any new line of credit, no matter how small, can and will affect the timeline of your loan closing, as this will change your debt-to-income ratio, which must then be resubmitted to underwriting for approval. (Also, do not increase the balance on any existing lines of credit you already have...Wait until AFTER settlement to buy the new furniture, car, etc...If you are not paying cash!)

Large Deposits: Keep track and be able to explain any deposits over five hundred dollars that are not self-explanatory (pay check, tax refund, etc...).

Gift Money: Monetary gifts from relatives are common and need to be handled in a specific way. If you are receiving money from a family member to help with your purchase, contact your loan officer for the paperwork required BEFORE accepting the funds.

Be Responsive To Your Lender: Many buyers can become frustrated with the amount of paperwork and documentation that is required to receive a mortgage in the 21st century. Please know that your lender does not want to bother you for additional documentation any more than you want to search for it. Try to return all documents and sign all disclosures provided to you ASAP. New Federal guidelines have added hard pauses to the loan process, which cannot be skipped or accelerated. If your loan officer cannot get a full approval of your loan at-least 1 week prior to settlement, your closing may be delayed.

2. Sign a Buyer Agency Agreement:

Buyer agency refers to a professional relationship where a real estate agent (buyer's agent) represents the buyer's interests in a property transaction. This representation is crucial because it ensures that the buyer receives dedicated

advice and advocacy throughout the buying process.

Having your own agent, known as a buyer's agent, is important for several reasons:

- 1. Dedicated Advocacy:** A buyer's agent works solely for you, the buyer, and prioritizes your interests. This means they'll help you find properties that meet your needs, negotiate on your behalf, and guide you through the purchase process with your best interests in mind.
- 2. Expert Guidance:** Your agent can provide valuable insights into property values, market conditions, and potential issues with properties. They can also recommend inspectors, lenders, and other professionals needed for a smooth transaction.
- 3. Negotiation Power:** A buyer's agent can negotiate with the seller or the seller's agent to get the best possible terms and price for you. Their expertise can help you navigate complex negotiations and avoid common pitfalls.

If a buyer does not have a buyer agency agreement in place, the agent showing them a property is legally representing the seller, regardless of which brokerage holds the listing. This means that while the agent may be helpful, their primary obligation is to the seller. They may not provide the same level of loyalty or advocacy for the buyer. Without a formal buyer agency agreement, the buyer misses out on the full spectrum of representation and protections a dedicated buyer's agent offers.

How Buyer Agency is Created

Buyer agency is created through the signing of a Buyer Agency Agreement. A buyer agency agreement gives the agent and their brokerage the right to represent the buyer and will establish the time period the agreement shall be in place, how it may be voided, and what the compensation due to the brokerage shall be.



Obligations of a Buyer's Agent

Must reveal to buyers known willingness of seller to accept a lower price, facts relating to the urgency of the seller's need to dispose of the property, the agent's relationship to the seller or interest in the property, the length of time the property has been on the market and all offers, counter-offers, and any information that would affect the buyer's ability to obtain the property at the lowest price and on the most favorable terms.



How a Buyer's Agent is Paid

In most instances, you will pay little to nothing at all to have a Blackwell Real Estate Buyer's Agent represent you. When you sign a buyer agency agreement, it will outline a minimum commission due to Blackwell Real Estate upon the successful settlement of your home purchase, BUT that commission is almost always off-set via a stipend from the listing agent, called cooperative compensation. When a seller signs a listing agreement, the listing broker usually agrees to co-operate with outside buyer agents by offering to share a split of the listing commission with the buyer's agent who brings the buyer to the transaction. In most cases, this incentive will almost completely alleviate any

cost to you as the buyer to have a professional, full-time agent guide you through the home buying process.

Dual Agency

When a buyer or tenant client of a real estate company becomes interested in a property listed by that company, the real estate company, or broker, becomes a dual agent (Dual Agency). This means that the company has a legal obligation to represent both parties as a client.

When both the seller and the buyer (or landlord and tenant) agree to Dual Agency by signing a Consent for Dual Agency, the real estate company will assign one agent to represent the buyer (or tenant) and one agent to represent the seller (or landlord). These agents are respectively known as the Buyer's Intra-Company Agent and the Seller's Intra-Company Agent.

Intra-Company Agents treat their respective clients as *clients*, and owe their clients the same fiduciary responsibilities.



3. The Hunt:

Once you've been pre-approved and know exactly what price range you want to look in, your Blackwell Real Estate Agent will set you up with a Dynamic Automated Property Search (D.A.P.S) based on exact criteria of Coming Soon and Active homes that interest you. This automated home search e-mail will alert you to new and posted listings that match your criteria as they are available and will give you a head start on other buyers!

If only a handful of properties pique your interest, call your BRE Agent and schedule a time to look at them ASAP. If the list that you come up with is overwhelming, we suggest taking an afternoon to drive by the homes on your list. Various factors such as curb appeal, community layout and the condition of neighboring homes will invariably help you sort your list down to the ones that are worth a look.

TIPS FOR VIEWING A HOME

1. Assess the Exterior First

Look Beyond Curb Appeal: While landscaping and paint are crucial, take a walk around the entire property to check for signs of deferred maintenance or damage. Pay close attention to the roof, gutters, siding, and foundation for any issues that might need to be addressed.

2. Examine the Layout and Space

Visualize Your Lifestyle: As you tour the home, envision your daily routines in each space. Evaluate the flow of the layout, the practicality of room sizes, and whether the configuration meets your needs. Consider how the space aligns with your lifestyle and if it feels functional. (Don't be shy...Feel free to open cabinet and closet doors, etc!)

3. Check for Maintenance and Repairs

Look for Red Flags: Be alert for signs of neglect or needed repairs such as peeling paint, leaky faucets, or worn-out flooring. Inspect the condition of windows, doors, and appliances, and take note of the age of the Water Heater and HVAC System. Make a note of any issues that may require immediate attention or impact your decision.

4. Inspect the Neighborhood

Get a Feel for the Community: Explore the neighborhood to gauge its condition and overall vibe. Assess the proximity to amenities like schools, parks, and shopping. Observe noise levels, traffic patterns, and the upkeep of nearby properties to ensure the community aligns with your preferences.

5. Ask Questions

Gather Essential Information: Don't hesitate to ask the seller or real estate agent about the property's history, including past repairs, renovations, and recent issues. Inquire about average utility costs, HOA fees (if applicable), and any upcoming community developments that could affect the home's value.

Remember, there's no such thing as a perfect home. What truly matters is whether you can see yourself living there and if it feels like home.

4. Making An Offer: Once you have identified a house that you would like to make your home, your Blackwell Real Estate Agent will:

- ◆ Call the listing agent and find out as much as he/she can about the home, including how much corporate compensation is being offered.
- ◆ Pull comparable sales and discuss what they say about the home's value.
- ◆ Help you devise a strategy to purchase the home on terms acceptable to you.
- ◆ Prepare and present your offer to the listing agent/seller.

THE 3 TYPES OF COMMON REAL ESTATE TRANSACTIONS:

1. **Standard Sale:** The traditional home sale where you have a seller who wants to sell, and has the ability to sell, either through equity, or enough cash to make up any deficiency between what is owed, and the net sales price, including commissions, transfer taxes, etc.
2. **Short Sale:** A short sale occurs when a seller goes to the settlement table, but does not have enough cash to make up the difference between what is owed on the house, and the net proceeds from the sale. In order to consummate the settlement, the seller must get their lender(s) to agree to accept less than what is owed on their outstanding mortgage(s). This type of transaction can take anywhere from 60-180 days or more to go to settlement, and in many instances, will not go to settlement at all.
3. **Foreclosure:** In this instance, the original owner has defaulted on their loan, and the lender has taken possession of the home through the foreclosure process. In this case, the seller in the transaction is the lender. Typically, foreclosures are sold "as-is," and the lenders are exempt from disclosing information pertaining to the condition of the property.

HELPFUL TIPS FOR VIEWING A PROPERTY:

- ◆ If you see a home you like in a newspaper/magazine/website, or while driving around, feel free to call for information, but always tell the Realtor or Homeowner that you are working with us. (This will prevent you from being harrassed by other Realtors with questions and sales pitches.)
- ◆ Always get the price and the MLS ID. (We will look the home up and send you the complete listing.)
- ◆ If you see a home you want to look at, always call us first. We will be happy to show it to you!

GENERAL CONTRACT TERMS:

Contract Price: The price you are willing to pay for the home.

Seller-Paid Closing Help: Any amount of closing costs you are going to ask the seller to pay at settlement on your behalf.

Settlement Date: The date you are willing to pay for the home and take possession.

Earnest Money Deposit: How much money you are willing to put in escrow as a show of good faith towards completing your purchase.

Financing: The specific details as to the kind of financing you must procure in order to complete the purchase.

Inspections: What kind of inspections you are going to do and how long will you have to do them.

Inclusions: What appliances, fixtures, and other personal property you are asking for.

Disclosure/Disclaimer Statement: A form filled out by the seller disclosing information pertaining to the condition of the house.

HOA/Condo Right of Review: Establishes the disclosure of the existence of a Homeowner's Association or Condominium Association, and what your legal rights are as to the review of those disclosures.

5. Contract Ratification: Your contract will be ratified once all parties have agreed to the terms in writing, and a copy of the contract with all signatures have been provided to all parties. At this point, your earnest money deposit check will be deposited into an escrow account, and the clock starts ticking for all time-related issues mentioned in the contract.

WHAT OUT OF POCKET EXPENSES DO I PAY BEFORE SETTLEMENT?

| Pre-Settlement Expense | Typical Cost |
|----------------------------------|-------------------------|
| Earnest Money Deposit* | 1%-2% of the Sale Price |
| Appraisal | \$450-\$650 |
| Structural/Mechanical Inspection | \$450-\$650 |
| Termite Inspection** | \$35-\$85 |
| Radon Inspection*** | \$175-\$200 |
| Chimney Inspection*** | \$200-\$400 |
| Water Quality Testing*** | \$200-\$300 |



* This is negotiable, but 1% is customary in most transactions
 ** Most termite inspection companies will let you pay this at settlement
 *** If applicable

6. Loan Application: Once you've negotiated all the terms (deposit, settlement date, inspections, etc...), you will sign and submit a formal loan application pertaining to the exact property and terms you've agreed to.

7. Appraisal/Inspections: Lenders require an appraisal on all home sales. Your mortgage company will hire an independent appraiser to perform an interior and exterior evaluation of the property in order to affirm that the home is at least worth the contract price. You will hire your own home inspector(s) to assess the overall condition of the home. (While you are always free to choose which licensed inspectors you would like to use, we have a list of quality inspectors that we recommend.) Once all inspections are completed, your Blackwell Real Estate agent will send a copy of all inspection reports, along with an addendum asking the seller to have licensed contractors address any concerns that you might have.



The seller will then have 5 days to decide what they would and would not be willing to have repaired/replaced, and then you will have 2 days to decide if you want to move forward with the purchase.

8. Processor's Review: A loan processor will package all pertinent information to then be sent to the underwriter, including the appraisal, your tax returns, bank statements, credit report, plus any explanations that may be needed, such as documentation of large deposits, and submit your loan to an underwriter for final review/approval.

9. Underwriter's Review: Based on the information put together by the loan processor, the underwriter makes the final decision on whether or not to approve your loan. Once they approve the loan, your loan package goes to the lender's

closing department, where the final paperwork for the loan will be prepared and sent to the Title Company. (At this time your employment and credit report will be confirmed once again.)

10. Proof of Insurance: For all properties not covered by a Condominium Association's Master Insurance Policy, lenders require proof of fire and hazard insurance on the replacement value of the home. Flood insurance may also be required if the property is designated to be in a flood zone. (Your insurance agent must send an insurance certificate to the lender at-least 7 days prior to settlement.)

11. Acknowledge Closing Disclosure: At least 3 business days prior to settlement, your lender will send you a final closing packet that confirms the terms of your loan. You must acknowledge receipt of this packet at least 3 business days prior to settlement, or your closing will be delayed. (As per Federal Lending Guidelines.)

12. Utility Transfer: Approximately one week before settlement, you are going to call the gas and/or electric company to have the utilities put in your name on the day of settlement. This is very important as you do not want to show up to your new home and have no power. (The water switch-over is handled by the title company.)

13. Down-Payment/Closing Costs Wire Transfer: At least 24 hours prior to closing, you will send the balance of your closing costs/down-payment via wire transfer to the title company. (This balance can be found on your final closing disclosure, and the wiring instructions should be provided to you by the title company.)

14. Final Walkthrough: Usually done on the day before, or morning of settlement, you will meet your BRE Agent at the property to confirm that the seller has left the house vacant, clear of trash/debris, and in the same condition as it was in when you contracted to buy it. If repairs were negotiated, you'll inspect receipts that have been provided for all repairs to confirm that they have been completed.

15. Settlement: You will sign your final loan/escrow documents and receive the keys to your new home!



TYPICAL HOME STYLES FOUND IN THE DMV:



HI-RISE CONDOMINIUM: The typical apartment-type building consisting of 5 or more floors that generally resembles an office building in that it is taller, than it is wide.



GARDEN CONDOMINIUM: This type of condominium generally consists of 2-4 floors, and is wider, than it is tall.



TOWNHOME: An individual home connected to three or more homes, consisting of a small foot-print and multiple stories.



PIGGY-BACK TOWNHOME: A townhome structure that is divided both horizontally and vertically, consisting of a single level, lower level unit, with a 2-story upper level unit.



BACK-TO-BACK TOWNHOME: A type of townhome where the backs of two different units share a common rear wall, so that neither unit has a backyard or rear facing windows.



DUPLEX: A type of semi-detached home consisting of two separate living spaces attached by a common interior wall.

TYPICAL HOME STYLES FOUND IN THE DMV:



RANCH-STYLE SINGLE FAMILY HOME:

A single level detached home that may or may not have a basement.



CAPE COD-STYLE SINGLE FAMILY HOME:

Sometimes confused with a ranch-style home, a Cape Cod-style home has a moderately steep-sloped roof allowing for an upper level living space, with either dormer or gable windows on the upper level.



SPLIT LEVEL SINGLE FAMILY HOME: A multi-level single family home where you enter on the main level, with a set of half steps (5-6) located to the right or left leading to the upper and lower levels.



SPLIT FOYER SINGLE FAMILY HOME: A multi-level single family home where you enter through a foyer, and must go immediately up or down a set of half steps (5-6) to get to the upper and lower levels.



COLONIAL SINGLE FAMILY HOME: The most common style of single family home, the Colonial-style home has multiple front-facing windows on all levels.



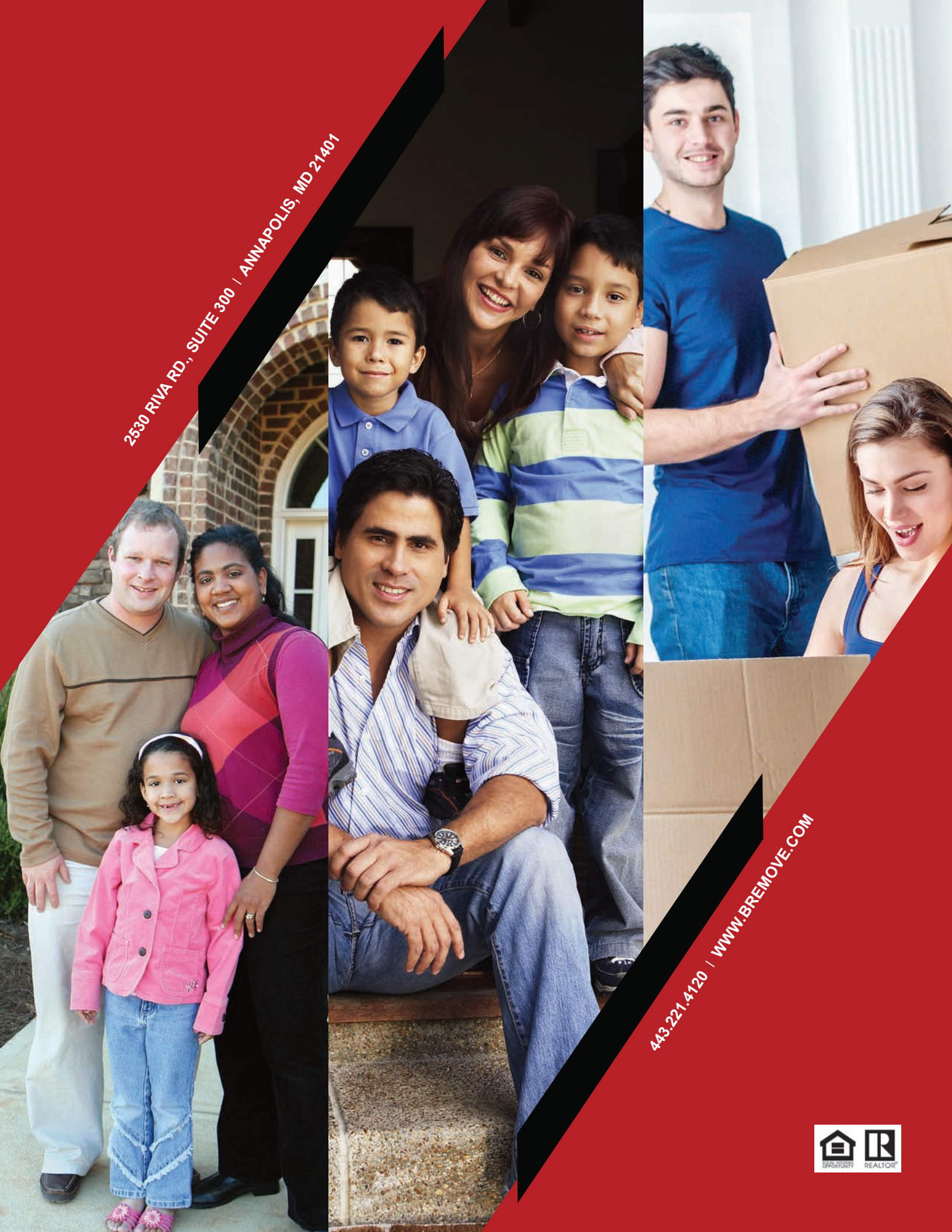
CONTEMPORARY SINGLE FAMILY HOME: Best described as a home with an irregular facade consisting of defined geometric shapes. (Yeah, that definition confuses us as well!)

Notes:



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