

BUYERS GUIDE

THE ULTIMATE GUIDE TO YOUR DREAM HOME



Buyer's Agent Duties

Agent may not misrepresent affirmatively or by omission, the Buyer's financial condition or ability to perform.

DUTIES TO BUYER

- Honest and transparent communication
- Loyalty
- Clear relationship terms
- Full Disclosure
- Confidentiality
- Care, Attention, & Diligence
- Accountability of entrusted money or property
- Hard conversations with the seller regarding improvements and negotiations
- Problem Solve
- Work through important documentation: Pre-approval letters, Disclosure statements, Offer letters, Inspection reports, Purchase agreements, Deed, Bill of sale, Title paperwork, Mortgage, Loan application



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Loan Types & Downpayment

Typically, the largest expense will be your down payment, which will be determined between you and the lender. There are down payment assisted loans available, depending on what certain financial, demographic and credit qualifications are met.

Financing is unique to each individual's situation. There are different financing types available and discussing your options with a lender before searching for a home is highly recommended and will help determine what you can and can not afford, in addition to what loan program would be best.

FHA

Government backed loan and requires 3.5% of the purchase price by you the buyer at closing.

BEST FOR: Buyers with limited savings for a down payment. The FHA has several requirements, 15- or 30-year terms, and require mortgage insurance.

VA

Government backed loan available to current or previous veterans. It is a zero down loan program.

BEST FOR: Veterans who've served 90 days consecutively during wartime, 180 during peacetime, or 6 years in the reserves. Government restrictions apply.

USDA

Government backed zero down loan program available in approved "rural" areas.

BEST FOR: Buyers in rural areas who struggle financially. Debt load cannot exceed income by more than 41%, and require mortgage insurance.

CONVENTIONAL

There are many types of conventional loans putting down 3.5%, 5%, 10% or 20% being the most common. There are two types of conventional loans are fixed-rate and adjustable rate mortgages.

Fixed Rate

The most common type of conventional loan, a fixed-rate loan prescribes a single interest rate—and monthly payment.

BEST FOR: Buyers who want predictability and aren't going anywhere soon.

Adjustable-Rate Mortgages (ARM)

Typically offer lower rates for a period of time. But after that, your interest rates will adjust corresponding to current market interest rates.

BEST FOR: Buyers with lower credit scores who typically can't get good rates on fixed-rate loans,

BRIDGE LOAN

Also known as a gap loan or "repeat financing," a bridge loan is an excellent option if you're purchasing a home before selling your previous residence.

BEST FOR: Homeowners with excellent credit and a low debt-to-income ratio, and who don't need to finance more than 80% of the two homes'

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Financing

WHY PRE-QUALIFYING IS IMPORTANT

1. Interest rates are locked in for a set period of time. By knowing in advance and locking in, you can determine your exact payments on offers.
2. You will bypass unnecessary homes that do not financially fit within your affordability.
3. It can make your offer more competitive to a seller by them choosing to make concessions if he/she knows that your financing is secured. Almost as if you're a cash buyer.
4. You can select the best loan package without being under pressure.

3 FACTORS TO HOW MUCH HOME YOU CAN AFFORD

1. The funds available for the down payment
2. Credit score (Credit-to-Debt) for a qualifying
3. The funds available for closing costs.

DOWN PAYMENTS & CLOSING COSTS

Most loans today require a down payment between 3.5% and 5.0% depending on the type and terms of the loan. If you can come up with a 20-25% down payment, you may be eligible to take advantage of special fast-track programs and possibly eliminate mortgage insurance

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement unless you can include them in your financing (typical). Total closing costs can range between 2-5% of your mortgage loan.

10 things to NOT DO when applying or during your loan:

1. *Change Jobs, quit mid-finance*
2. *Buy a vehicle*
3. *Excessively use credit cards*
4. *Let credit cards fall into default*
5. *Omit debits or liabilities from your loan app*
6. *Make any large purchases (furniture, etc)*
7. *Originate and credit inquiries*
8. *Change or add new bank accounts*
9. *Co-sign a loan for anyone*
10. *Loan or get loaned money with out consult*



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Associated Closing Costs & Fees

Some of the most common fees include:

- *Escrow fees*
- *Recording and notary fees, if applicable*
- *Title search and title insurance*
- *Origination, application and underwriting fees from lender*
- *Appraisal fees*
- *Local transfer taxes*
- *Homeowners Insurance*
- *Home Owners Association fees, if applicable*

APPRAISAL FEE

Depending on the lender, some require the appraisal paid up front and can cost anywhere from \$500-\$1000.

INSURANCE FEES

You will be buying lots of different kinds of insurance, including title insurance, homeowners' insurance and (possibly) additional flood insurance. None of them are break-the-bank expensive, but they can add up in the long run.

DUE DILIGENCE AND EARNEST MONEY

Goes toward your closing costs and/or down payment and is a form of deposit to prove to the seller that you have interest in their home.

INSPECTION FEE

Home inspections are an important step in the home-buying process. A typical home inspection costs anywhere from \$300 to \$500 and can range depending on your location. In most cases, it's well worth it to hire a home inspector since they are a way to vet a home before you buying. As a buyer, your lender may not require you to get a third-party inspection in order to qualify for a loan. Regardless, it is recommend to get an inspection, for your own protection. You may be required to pay the home inspection fee at the time of service, or it may be included in your closing costs.

LOAN ORIGINATION FEE

This is what you pay the lender for doing the work involved with making the loan. Although the exact amount you pay can vary based on the amount of your mortgage loan and the specific lender with which you work with, you can expect to pay between .5% and 1% of the total value of your mortgage to cover this fee.

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Purchasing Timeline

PHASE 1

DETERMINE YOUR NEEDS

Fill out a buyer questionnaire to help your Realtor pinpoint exactly what features, location and amenities you're looking for.

PRE-APPROVAL

Lenders are there to help navigate through credit, income, debt and underwriters. They'll provide you with a pre-qualification and pre-approval letter. You'll need to provide items like your W-2 statements, paystubs, bank account statements and credit.

TOUR PROPERTIES

After touring homes in your budget, the next step becomes an offer.

PHASE 2

MAKE AN OFFER

Our job as your Realtor is to write an offer that ensures you will not only get the home but maximize your protection as a buyer.

NEGOTIATIONS

Not all offers are accepted right away, some not at all, and some require negotiations. The contract is not final until it is mutually accepted by both parties.

MUTUAL ACCEPTANCE

When the contract has been mutually accepted and signed by both parties all of our contractual deadlines and obligations begin upon date of acceptance.

PHASE 3

OPENING ESCROW

Escrow is a third party handling the closure and funds. Once we have the mutually accepted contract, that contract and earnest money gets opened (deposited) at escrow in preparation for the close of sale.

INSPECTIONS

Inspections are one of your protections as a buyer. As your Realtor we will be present at all inspections. Pending any findings that require repairs by the seller, a new negotiation opens.

APPRAISAL

Once inspection is complete and any/all repairs complete, the appraiser goes on behalf of the bank. The house has to appraise at the price agreed to on the offer or higher, or the bank won't lend the funds.

PHASE 4

SIGNING

Once the lender has the appraisal at value and all of the necessary items requested of you by the underwriter, then the loan documents will be sent to escrow. Once escrow has the loan docs they will call you to arrange a signing. When you go to escrow you are signing your loan documents and transferring any/all down payment money needed, as per the lender.

FUNDING

Once the documents have been signed by both the seller and buyer and any/all down payment monies have been collected, the lender will release the remainder of money to escrow. That is when the loan has been fully funded.

RECORDING

Recording takes place at the county courthouse. Once escrow receives the funds from the lender they will then release for recording numbers. Once recording numbers have been received by escrow then your sale is officially closed and it is now officially your new home!

****Contingencies removed in this phase****

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The Purchasing Process



Buying Process Checklist

The buying process is one of many different and important steps to adhere to. Listed below are some of the important aspects to ensure a successful closing of your new home so you can keep track throughout the process.

Pre-Approval Letter from Lender

Tour Properties

Confirm / Write offer / Negotiate Price

Home Inspection

Continued Negotiations / Mutual Acceptance

Post Inspection Agreement

Lender Commitment Letter (Loan)

Appraisal

Home Warranty (Optional)

Termite Inspection

Get Insurance

Establish Utilities (Utility Transfer)

Closing Costs

Final Walk Through

Country Recorder (Closing)



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Do's & Don'ts When Buying



Do's

- Get a Pre-Approval
- Check your Credit Report
- Continue reducing credit debt
- Expect a credit check
- Consider future location of home
- Shop mortgage rates
- Read mortgage disclosures
- Save more than you think you need
- Invest in an inspection
- Correct any credit report issues prior
- Look for first-time home buyer programs

Don'ts

- Let your emotions drive decision
- Change Jobs
- Make new major credit card purchases
- Get hung up on small fixes
- Get focused on shiny gimmicks
- Forget to estimate closing costs
- Pay discount points on loan if not worth it
- Apply for credit before closing
- Travel out-of-state during deal (unreachable)

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IMPORTANT TERMINOLOGY TO KNOW DURING YOUR PROCESS

Glossary of Common Terms

Amortization

Refers to the process of paying off a debt over time through regular payments. A portion of each payment is for interest while the remaining amount is applied towards the principal balance.

Closing Costs

The costs associated with your loan, typically 3%.

Closing Date

Your closing date is the day you become the legal owner of your new home. During the contract negotiation phase, a closing date is agreed upon, which must be listed on the purchase agreement contract

Closing Disclosure

A form that provides the final details about the mortgage loan. It includes loan terms, projected monthly payments, and how much the extra fees will be.

Earnest Money

A deposit you pay when you sign a contract with the seller to show that you're serious about buying and not just window-shopping. This amount is deducted from the sale price at closing

GFE

Good Faith Estimate - An estimate of closing costs that the lender is required to give you.

Loan Docs

These are the loan detail documents that you will sign at Escrow, making it official.

Mutual Acceptance

This is the date the contract is mutually agreed between both parties. (And then you begin Phase 3)

Escrow

Service offered by the lender to make it easy for you to pay your property taxes and insurance. Taxes and insurance are generally due once a year, but your lender will build a little extra into your monthly payment for taxes and insurance, saving it on your behalf, and then forwarding the payments to the tax assessor and insurance agent once a year as your bills become due.

Origination Fee

A one-time fee charged by the lender for making the loan to you. Yes, this is in addition to all the interest they're going to charge you. Some banks don't charge an origination fee, and others will drop the fee if you negotiate well.

PMI

Private Mortgage Insurance. If your down payment is less than 20%, you'll have to buy Private Mortgage Insurance which protects the bank if you fail to make your payments.

Settlement Statement ("HUD")

The standard document with the details of the sales transaction, and the closing costs.

Term

The # of years a mortgage lasts. Usually 15 or 30.

Underwriting

The process in which the potential home buyer is evaluated for their financial ability to obtain and repay a loan. This normally consist of a credit check and appraisal of the property.

The VonRaven Group logo is written in a dark red, cursive script. The words "The VonRaven Group" are connected together in a fluid, handwritten style.

Meet Our Team



Myron VonRaesfeld

Myron has been providing housing and real estate investment advice to his clients and friends since 1984.

Myron is the Broker Associate with Keller Williams Estate Properties in Los Gatos Ca and has recently branched out to the Raleigh North Carolina area. In 2014, Myron served the real Estate Community as the President of the Santa Clara Association of Realtors and continues to serve on the Board of Directors of the California Association of Realtors. Myron is very experienced with investment properties and Real Estate Exchanges. In addition to his Real Estate Sales

Myron also owns and operates a thriving property management company in Santa Clara CA. This management company specializes in student rentals around Santa Clara University and University of North Carolina. Whether you need his help or advice on the East or West Coast Myron has you covered Coast to Coast.



Carolyn Graven
THE VONRAVEN GROUP

Are you ready to have a Realtor who cares about you and makes your home selling or buying process enjoyable?

Meet Carolyn Graven. She employs her singular background to help her clients achieve their real estate needs and goals. Combining more than 25 years in the business world with real estate expertise gained through her own purchase, sale, and management of several residential properties, Carolyn is proving herself to be an invaluable resource for discerning buyers and sellers of Raleigh area homes. While her business know-how has allowed her to fine-tune her organizational and communication skills, multiple property ownership and sale has strengthened her transactional know-how and provided insight into the emotional experience of buying and selling a home. Those two strengths, business acumen and property ownership, are augmented by Carolyn's trained eye for design. Her degree in merchandising and interior design is an asset when it comes to preparation of a home for sale, and analysis of a property's potential for her buying clients. Above all, Carolyn is dedicated to customer service, and is a champion of North Carolina and the Raleigh area in particular. She loves finding people just the right home for their needs and goals. By uniting that commitment to customer service with her enthusiasm for the Raleigh area, she is always ready to assist a wide range of clientele, whether they are first time buyers, seniors downsizing, or seasoned investors.



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Questions and Notes