



BADGER

real estate

Buyer's Handbook

***YOUR SEAMLESS EXPERIENCE TO
PURCHASING YOUR
FIRST OR NEXT HOME.***



The Inner Workings of Home Buying



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Preparation 01

MORTGAGE PRE-APPROVAL

Determine what you can afford and work with a lender to get pre-approved for a mortgage. Be prepared with a down payment, 20% is the ideal number, but this varies depending on the type of loan. We partner with phenomenal lenders & can help you find a mortgage lender if you do not already have one.

HOUSE HUNTING

Work with a Badger RE Agent to compile a list of homes that fit both your budget and your ideal features. Be sure to fill out our "Dream Home Questionnaire" so we can get a better idea of what you are looking for.

EARNEST MONEY

Earnest money is 3% of the purchase price that is held by Escrow to make your offer more desirable. Earnest money is due 2 business days after mutual acceptance. **Earnest money goes towards your down payment.**

BIDS & NEGOTIATIONS

When you find the right home for you, we will present a fair offer on your behalf. Be prepared to negotiate to determine the price that works best for you and the seller. Don't feel put out if your offer is rejected or countered, this is all a normal part of the home buying process.



Under Contract Detailed Steps

1. Write up Offer
2. Contract Negotiated
3. Contract Accepted
4. Contract sent to Lender & Escrow Company
5. Earnest Money Deposited
6. Buyer's Inspection period
7. Negotiation of Inspection
8. Appraisal Ordered
9. Receive Escrow Packet—Return ASAP (Possible ID affidavit requested)
10. Appraisal takes place-possible conditions
11. Document go to Lender for Underwriting
12. Lender may request additional verification of documentation
13. Final conditions from Underwriter i.e. bank statements, proof of employment
14. Final walk through/re-inspection
15. Final Approval from Underwriter/possible final conditions
16. Documents drawn by lender & sent to Escrow
17. Escrow works up your documents
18. Signing Appointment set by Escrow-expect a call
19. Signings by Seller & Buyers-separate appointments
20. Escrow sends Lender final signed documents
21. Lender Releases Funds
22. Recording of new owner at County
23. Transfer of Title from Seller to Buyer
24. Property is Closed
25. Keys delivered to Buyer!



Confirmation



HOME INSPECTION

A home inspection is the immediate step after an offer is accepted by the seller. If the sale is dependent on the results of the home inspection, you have a limited window of time to complete it. Time is of the essence in this step. We will set you up with a home inspector if you do not have one. Buyer is responsible for the inspection fee.

POST-INSPECTION AGREEMENTS

Depending on the results of the inspection, you may have the opportunity to counter-offer to request certain faults or problems be repaired or deducted from the agreed upon price.

HOME WARRANTY

A 1-year optional warranty may be available to cover repairs on appliances and systems in the home. This may include the HVAC, plumbing, and electrical systems of the home.



Legal Steps

TITLE SEARCH

Before your purchase can be considered legal, a Title company will complete a Title Search. This examination covers all city records of the property's title history, including deeds, court records, indexes, and other documents. The purpose of this search is to confirm the seller has the legal right to sell the property in question, and that there are no hindrances that may prevent the buyer from taking full possession.



CLOSING DISCLOSURE FROM LENDER

Once these steps are completed to satisfaction, your lender will issue a final Closing Disclosure letter. This letter covers all loan terms and agreements for the mortgage they are granting for this purchase. It will also outline all mortgage fees and any stipulations prior to closing.



APPRAISAL

An appraisal is required by the lender to ensure the value of the property meets the value of the loan. Although this is in their best interest, it also confirms you won't be over-paying for your new home! The lender contracts the appraiser and the fee is paid up front by the buyer(s).

Title & Escrow

What is it?

A Title and Escrow company handles the transfer of funds and related documents from one party to another. An Escrow company should always be hired when purchasing a property. Escrow Officers impartially carry out the written instructions given by the principals (buyer, seller and lender).

BUT WHAT DO THEY DO?

DOCUMENT REVIEW:

Once you are under mutual acceptance, Escrow will take over. The Escrow Officer will be able to review any and all documents relating to the purchase of your new property. This may include purchase agreements, condo bylaws, mortgage documents, deed, and transfer documents. They'll also conduct your title search! The seller's agent will also be asked to provide the Title Commitments for review.

CLOSING FIGURE REVIEW:

Any figures involved in the sale, such as expenses, or existing liens and encumbrances, should be reviewed before closing. Any taxes applicable to the purchase, like sewer or property tax, should also be closely reviewed.

LEGAL ADVICE

Badger Real Estate's Agents are not attorneys. Although they are highly knowledgeable in real estate rules & regulations they are not permitted to give any legal advice. If you would like to hire an attorney to review any documents that is at the discretion of you, the Buyer.



Safety Requirements

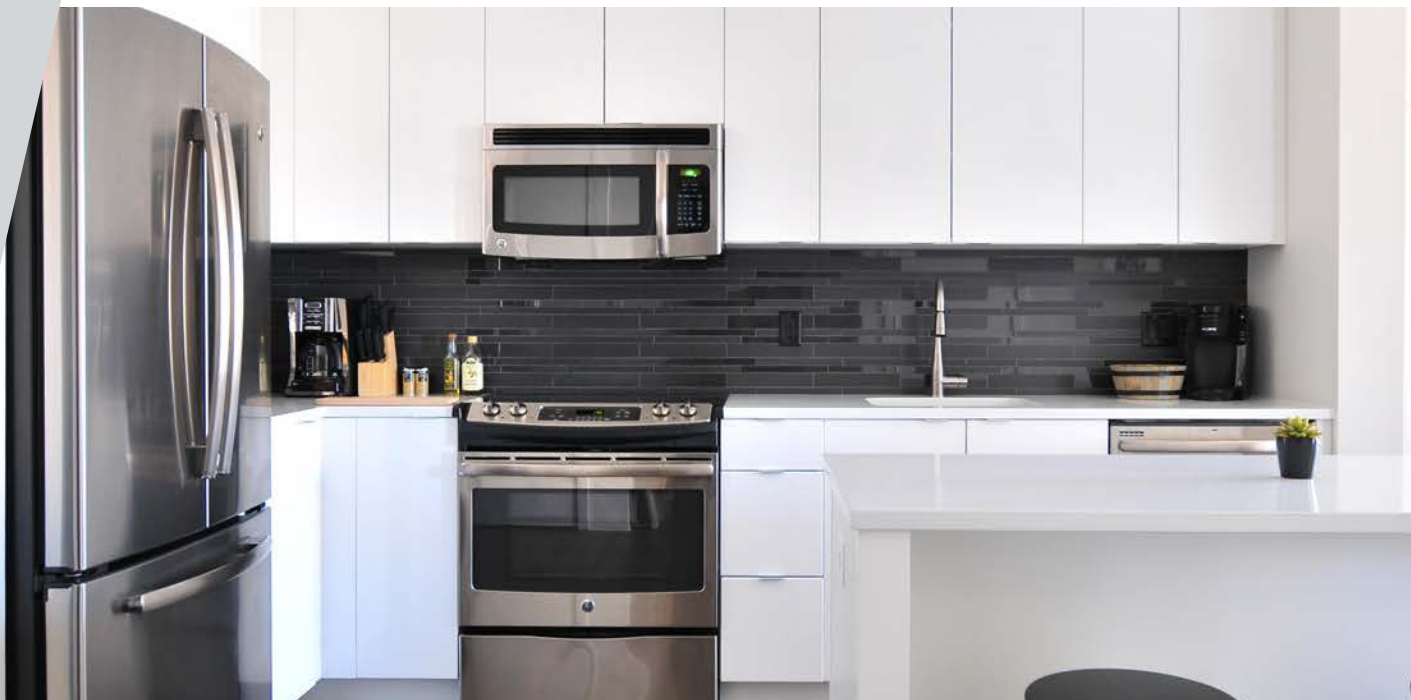


PROOF OF INSURANCE

An additional stipulation of the mortgage agreement is proof of homeowner's insurance. You can incorporate this fee into your monthly payments.

CLOSING PAYMENTS

Towards the end of the sale, you will be presented with a settlement statement, which will outline the total closing costs required to finalize the sale.



Under Contract Mistakes

Before closing on your new home, there are some key times you need to check in with your lender! Don't risk getting caught off guard by a refusal to commit.

LARGE PURCHASES

You might think pre-approval means you're set to go, but you should avoid making any major purchases that require opening a new line of debt until after the close of your home. This includes things like student loans, car purchases, or large furniture purchases. Don't risk losing your mortgage approval!

ADDING CREDIT

Do not open any lines of credit or apply for new credit cards without speaking with your lender first. This will alter your original income and debt ratios that your approval was dependent on.

MAINTAIN YOUR CREDIT

Don't miss any bill payments! This is the easiest way to maintain your credit during the closing process.

LARGE TRANSFERS

Your lender may flag your account as suspicious if you transfer large sums of money between accounts or make any large undocumented deposits. This could risk your approval.



DON'T QUIT YOUR DAY JOB

Your mortgage approval was dependent on stable income. Don't change jobs during the closing process, or you may be deemed too risky for your mortgage.

05 Final Pieces

UTILITIES

Prior to closing, you should schedule all utilities to be changed to your name in time for when you take possession of your new home.

FINAL WALK THROUGH

This is your opportunity to make sure it's in the same condition as the inspection, and to review any outstanding items required by the agreement. It's an opportunity to have peace of mind before the sale finalizes. Although this step is not mandatory, it is highly recommended.

YOUR CLOSING CHECKLIST:

- Bring your valid, government-issued ID.
- Have a cashier's check ready as laid out by your settlement statement document. Wiring may also be available.
- Obtain any outstanding documents required by the title company or lender.





Closing Thoughts

THE FINAL CLOSING PROCESS

By reviewing your contract of sale, the Escrow Officer will be able to determine what fees are owed by whom and prepare your final closing documents. Part of conducting the closing will also involve ensuring all fees are paid, the seller receives the money owed, and that the Buyer's title is recorded.

THE COSTS OF CLOSING

Both the Buyer and Seller will incur various fees over the course of the sale. For the Buyer, these fees typically include:

- Mortgage Application fees
- Underwriting fees
- Title Insurance
- Appraisal fees
- Homeowner's Insurance
- Escrow fees
- Notary or Recording fees
- Home Owner's Association or Condo fees, if applicable
- **ALWAYS CHECK WITH YOUR LENDER & ESCROW FOR FINAL FEES**

CLOSE OF SALE

This is the process that finalizes your purchase! Now that everything is official, you will receive the deed from Escrow and keys from Badger Real Estate!

POST-CLOSE REMINDERS

Keep all your closing documents.

Closing Terminology

APPRAISED VALUE - an opinion of the value of a property at a given time, based on facts regarding the location, improvements, etc. of the property and surroundings

LOAN APPLICATION FEE - paid to lender at time of application; cost varies by lender

CREDIT REPORT - a report on the past ability of a loan applicant to pay installment payments

POINT - 1% of loan amount

ORIGINATION FEE - fee buyer pays lender to originate new loan

LOAN DISCOUNT - points lender charges; may be paid by either buyer or seller on conventional loans; number of points fluctuates with mortgage money market

PHOTOS - charged by lender for photographing property

TAX CERTIFICATE - certificates issued by taxing authorities showing the current years taxes and the last year that taxes were paid

MORTGAGEE'S TITLE POLICY - required by lender to ensure that lender has a valid lien; does not protect the buyer

OWNER'S TITLE POLICY - insures that buyer has title to property

ESCROW FEE - charged by the title company to service transaction and to escrow money and documents; amount varies with company; usually split between buyer and seller

RESTRICTIONS - certified copy of deed restrictions required by lender

TAX PRORATION - seller credits buyer taxes from January 1st to closing

DOCUMENT PREPARATION - fee charged for preparing legal documents for transaction

SURVEY - confirms lot size and any encroachments and easements or restriction violations

INSPECTIONS - an examination of property for various reasons such as termite inspection; inspection to see if required repairs were made before funds are received, etc.

REAL ESTATE FEES - an amount paid to real estate broker as compensation for their services

PRIVATE MORTGAGE INSURANCE - insurance against a loss by a lender in the event of default by a borrower (mortgagor)

RECORDING FEES - charged by County Clerk to record documents in the public records

HOMEOWNER'S INSURANCE - protects property and contents in case of loss; must be for at least loan amount or for 80% of the value of the improvements, whichever is greater

ESCROW ACCOUNT - funds held by lender for payment of taxes, maintenance and insurance when due

MAINTENANCE FEE - charged by home owners association as set out in subdivision restrictions

ASSUMPTION TRANSFER FEE - fee assessed by lender to buyer to assume present loan

AMORTIZATION SCHEDULE - schedule showing principal and interest payments throughout the life of the loan

PREPAYMENT PENALTY - charged by lender for premature payment of conventional loan balance, payment of taxes, maintenance and insurance when due

Congratulations!

HOME BUYING IS A MAJOR MILESTONE!

AS YOUR REAL ESTATE AGENTS, YOUR BEST INTEREST IS AT THE HEART OF WHAT WE DO. YOU CAN TRUST IN BADGER REAL ESTATE TO REPRESENT YOU AND GUIDE YOU THROUGH THIS PROCESS FOR SEAMLESS EXPERIENCE.



www.badgerrealestate.com

