



# Buyers Guide



Your complete Guide to a  
successful Home-Buying Process.

Jessica Provencher



Are you ready to purchase a new home? A real estate purchase is one of the biggest financial transactions most people will do in a lifetime. Understanding the buying process demystifies the steps you will take to get the keys to your new home.

This Home Buyer's Guide will give you valuable information and tips for the home buying process.

We will cover the top 10 stages of home buying. It will give you a better understanding of each stage and how to successfully maneuver through them.

1. Before you begin
2. Talk with a lender
3. Establish a price range
4. Evaluating locations/communities
5. Why Work with a Realtor?
6. Viewing homes and writing the offer
7. What happens when you're under contract
8. Contingencies
9. Request for repairs
10. The close

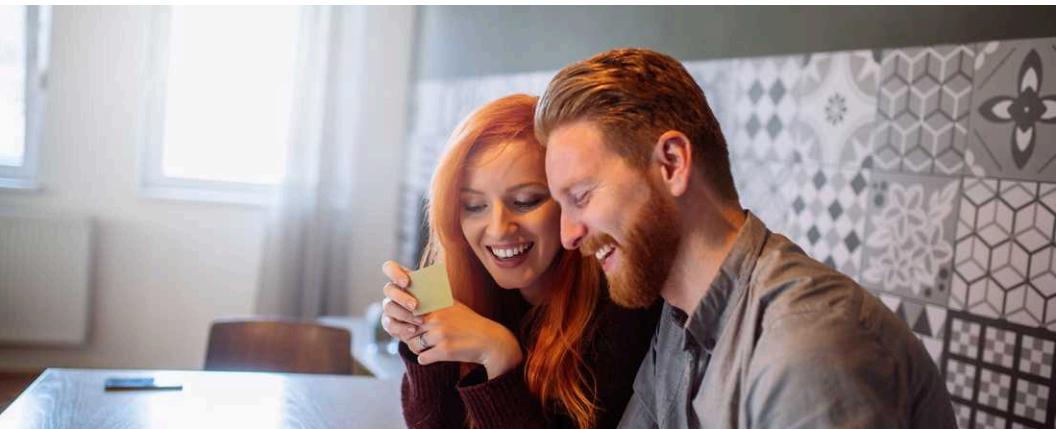
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# Before You Begin

Before you start looking for homes or talking with a lender, you need to prepare yourself for a home purchase. Regardless of whether you are buying your first home or your tenth home, the first thing you need to do is identify the reason for buying. What are you hoping to accomplish with this home purchase?

- Is this your first home and you're ready to start building equity?
- Have you outgrown your current home and need more space?
- Is this a job relocation?
- Empty nest? Ready to downsize?

These are just a few of the reasons people begin to think about a home purchase. Some buyers find it's helpful to create a list of musts/needs/like-to-have aspects of the new home. The list should include the home specifics, such as a chef's kitchen or walk-in closet, as well as community elements such as school district or proximity to shopping. Your list will be as unique as you are, but by building your criteria in advance, you will save time and avoid making an expensive mistake. It doesn't matter if you've been considering a change for months or you were inspired by an open house you viewed, it's important to understand your motivation so you can ensure you find the home that really fits your needs.



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# What kind of house do you want?



For some homebuyers, living in a particular neighborhood takes over all other priorities, but for others, the home itself matters more.

Ideally, you'll find the perfect home in the neighborhood you love at a price that's below your budget, but realistically, you will have to make some compromises, especially if you have a long list of requirements.

How many bedrooms do you need? Do you want a garage? Is a walkable neighborhood important? Do you require nearby facilities? Are you searching for a child Friendly Area?

# Talk With a Lender

Do you know how much house you can afford? In order to find out you should talk with a lender and get pre-approved for a home loan.

The next step you'll want to take is to speak with a mortgage lender. It's important to get a feel right upfront about how much home you can qualify to purchase. The lender you work with can be your bank or a mortgage broker. If you don't already have a relationship with someone, don't worry we have excellent relationships with many local lenders and are more than happy to make recommendations.

When you meet with the lender, be prepared to bring all your information with you. You will need your pay stubs, W2s, bank account statements, and the last 2 years' tax returns to verify income. You also need to disclose your debt. The lender will run your credit and use your FICO scores as well as the debt listed on the report to determine your debt-to-income ratio.

It's important that you disclose all your debt, even if it doesn't seem to be on your credit report. Your lender is your advocate, but the last thing you want is for something unexpected to pop up at the last minute and lose you the loan and the home.

There are some important things to avoid while you're trying to get a mortgage:

- Don't apply for any new credit such as credit cards or car loans
- Don't pay off a credit card balance
- Don't close any credit cards
- Do not max out a credit card
- Do not pay off any collections or old charge offs
- Do not change jobs

While some of these things seem counter-intuitive, credit is a touchy animal, and even doing things that seem "good" could actually lower your score and cost you a loan.

# Establish a Price Range



Now that you know how much you can **qualify** for, it's time to decide how much you actually want to **spend** on the new home. These are not necessarily the same thing. Even though you can qualify for a certain monthly payment doesn't mean that you actually want to spend that much. It's easy to be excited about a price range and pre-qualification, but before you head out to see homes, take a moment to understand how that monthly mortgage payment might affect your lifestyle.

What other expenses do you need to include in your monthly budget? Do you enjoy dining out on a regular basis or perhaps a round of Sunday golf? What about vacations and children's sports clubs. There are many other demands on our income and it's easy to feel "house poor" by delegating too much for the mortgage payment.

Lenders will help you consider all your loan options as well as give you an estimate about extra costs involved in buying a home such as homeowner's association dues, property taxes, and extra fees. It's important to remember that these costs will vary depending on the home you find to buy: for instance, homeowner's association fees can vary drastically from one community to another. As you review the information you receive from your lender, make sure you notice how much is budgeted for these extra fees.

The last step you should take is to consult your tax professional. Learn how a possible new purchase will affect your taxes. If you are a first time home buyer, you might find that even with a larger monthly payment, you may save money due to the tax savings.

# Evaluating Locations & Communities

Now that you have an idea of your budget, it's time to consider where you would like to live. If you are simply looking to up or down-size, this might be as simple as looking around the corner or down the street, but most of the time it's more involved than this. You might be moving across town or even across the country and how can you decide where the best possible community is for you and your family.

Fortunately, there are many online tools available to help you. With websites offering everything from home listings to school and crime statistics, you can do some preliminary research to help you identify some possible options. Of course, unless you're already familiar with the area, you'll need to see the neighborhoods in person, but you should be able to narrow the search by spending a little time online.

Your research should include:

- Home listings
- Local schools and rankings
- Commute time to jobs
- Crime statistics
- Environmental considerations
- Noise considerations (trains, airports, quarries)
- Smells from farming and other industries
- Access to solar and alternative energies
- Local events, theater, art
- Shopping and dining
- Upcoming tax assessments
- Building and zoning ordinances
- Parking



There are many sites available for you to peruse. Another tip is to use Google Earth to zoom into the communities and homes that interest you.

# Why work with a Realtor?



**Fiduciary responsibility:** When you work with a Realtor®, their fiduciary responsibility is to you. That means you have an expert who is looking out for your best interests, an expert who's contractually bound to do everything in their power to protect you. That's big -- the value of that commitment cannot be overstated. "For more than 100 years, Realtors® have subscribed to the NAR's strict Code of Ethics as a condition of membership. Realtors® have the expertise and experience to help sellers protect their investment and help buyers build theirs."

**Complex, ever-changing real estate regulations:** Buying or selling a home is not like purchasing a plane ticket. Every home is different, and laws change every year and vary from state to state. Generally speaking, people purchase a new home every 7-10 years, and a lot can—and usually does—change between transactions. Realtors® are immersed in real estate, and they must stay current with all the updates in regulations, laws, contracts, and practices. Once you retain your Realtor®, they put that knowledge to work for you.



**Following a code of ethics:** When you work with a Realtor®, you're partnering with a professional who operates according to a strict code of ethics. In place for over 100 years, the Realtor® Code of Ethics ensures that consumers who work with a Realtor® are treated professionally and ethically in all transaction-related matters.

# Why work with a Realtor?



**Help finding the right home, beyond square footage and baths:** Browsing online is a terrific way to start a home search—in fact, almost 90% of people start their home search online. But when it's time to buy, knowing all the pros and cons of a property can help you make the right decision.

Realtors® live and breathe real estate, and they can share information about a home that you wouldn't otherwise know. For example, they can tell you about the perils of polybutylene piping (a plumbing material that's prone to bursting), or the concerns with FRT plywood (a roofing material that can spontaneously combust in higher temperatures, like those in attics). Your Realtor® can go beyond the aesthetics and tell you important details about homes you're considering.

**Pricing and selling a home:** There are lots of sites where you can view price estimates before you buy, but you take a risk using them. In some markets, online estimates can be off by as much as 35%, and they often rely on tax records and data that is extremely outdated. Realtors® know the local market, have access to the freshest sales data and can share recent comparable properties to ensure you are not over paying.

**Contracts and negotiations:** Finding the right home is the fun part. Then the real work begins. Today's contracts can be 20 pages long—not to mention addendums and riders. Realtors® can help you navigate these complex documents and craft an attractive offer that makes sense for you. Plus, when it comes to negotiations, your Realtor® is your advocate and can bring an objective voice to a very subjective situation.





# Viewing Homes & Writing Offers



## THE LOCATION

Once you own a home there is a lot you can change, but the one thing that you can never alter is its location. When you go house hunting, consider location as an important factor to each home. Also consider factors like: Ease of access, traffic, noise, commute time, play areas, schools and public transportation.

## THE SITE

Beyond location, look at the site of the home. Do you have lots of stairs to climb? Do the neighbors windows look directly into the home? Is the front yard suitable for kids or pets?

## THE WINDOWS & LIGHTING

Do you love a bright sunny room or do you love privacy? Look at your potential home with light and sunshine in mind. Look at locations of electrical outlets. Will they suit your lighting needs?

## WANTS & NEEDS

Consider your list of needs and wants as you view each home and make sure you do not compromise on essentials because you've fallen in love with the kitchen backsplash.

## THE OFFER

Once you find a home you'd like to write an offer on, you and your agent will discuss price and terms. If you can't offer full price, sometimes offering a quick escrow or fewer contingencies can help you succeed with your offer.



# You Are Under Contract



Once the sellers accept your offer, you will enter the escrow period. Your lender will start the process of getting the final approval for your loan. They will present you with a Good Faith Estimate of your costs and terms of the loan. The lender will also order a formal appraisal of value. The appraised value must match or exceed the amount you offered for the home or the lender may not be able to lend the full value you are expecting. The next section will discuss contingencies in more detail.

This is also the time during which you should hire a home inspector and complete any and all final due diligence and investigations of the home condition. In addition to a general home inspection, there are several other inspections you may consider such as lead paint, radon, water test, septic, well, pest, and more. It is good practice to work with an inspector who is familiar with the area and who is licensed so that they understand the nuances of the construction, materials, and climate that could impact the health and safety of homes in the area.

The sellers may provide you with a complete disclosure of issues they are aware of with the home and neighborhood for you to review (this is required by law in some NH but not MA). Until you remove contingencies, you can still cancel the purchase without any financial penalty, so this is the time to check out the community, the home, and any factors that may affect your use and enjoyment of the property.

# Contingencies

As soon as you have entered into an agreement with the sellers, you begin the contingency period. This is the time to do all your investigations regarding the property and your ability to enjoy living in the home. Purchase contracts include a variety of contingencies that must be released in writing or they remain in effect. Until you remove these contingencies, you can still cancel the transaction with little to no monetary penalty.

## Typical contingencies include:

- Home inspection
- Mold or environmental inspection
- Termite inspection, lead paint, or radon inspections
- Septic inspection
- Water tests
- Appraisal, the home must appraise for the offered value
- Mortgage
- Clear title, the sellers must have the legal ability to sell
- Insurability, you must be able to obtain reasonable home fire insurance
- HOA, this includes the condo documents and condo financials
- Home Sale/Suitable Housing

One of the most common misunderstandings about contingencies is that as long as the seller fixes the issue, the buyer must complete the sale. This is not true. For instance, if the home inspection discovers a root problem with a tree that is pulling up the sidewalk, the seller might take out the tree. But what if there are a few other similar trees on the property? They could eventually cause a problem, as could the roots which were left in the ground. As you can see, the buyer has the option of cancelling based on the desire not to acquire possible future problems.

# Request for Repairs

If the home inspection discovers an issue the buyers are uncomfortable with, they can ask the sellers to make repairs. This is a formal request for repairs. The form used will release the buyer's home inspection contingency if the seller agrees to the repairs, so it's important to take this step once all inspections have been completed and issues uncovered.

While there was once a time when buyers could request that torn window screens are replaced, today the request for repairs is reserved for more serious issues...true deal breakers. Your buyer's agent will walk you through the inspection results and help you understand common requests and what you might expect.

## **Once the seller receives the request for repairs they can:**

1. Agree to the requested repairs
2. Refuse to do any or all of the repairs
3. Offer a monetary amount in lieu of making repairs

Just like the original contract, a request for repairs can have several counter-offers made before an agreement is made. Again it's important to realize that once the parties come to an understanding, then the home inspection contingency is removed and the buyer cannot use that as a reason for cancellation without a possible monetary penalty.



# The Close

The closing is often not as dramatic an ending as you might expect. By this time the loan approval has been completed and mortgage documents signed. The close is really just the day the title transfers from sellers to buyers. This is accomplished in a series of steps which involve:

- Final walk-through
- Signing the closing documents
- Funding the loan
- Recording the deed
- Getting the keys

That's it! You own the new home!

Buying a home is exciting! By taking it step-by-step, you can easily navigate the process and find the right home for you and your family.



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Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.

– Franklin D. Roosevelt

# What My Client's Say



**KRISTEN SPEARS**



Jessica is amazing and was so helpful during our journey of buying a home. She took the time to thoroughly answer all questions we had and gave us her expert opinion whenever we asked. You can tell she is passionate about what she does and is very knowledgeable about all things real estate.



**CASEY MANNING**



She helped my fiancé and I sell both our properties, and buy our new home, and made the whole process quick and easy. She was incredibly knowledgeable about the nearby towns, the quality and value of homes on the market and her advice on what to do to market our properties really paid off in our sales.



**MIKE LEONARD**



She was PHENOMENAL to work with and really made the home buying process a lot easier and less stressful for us. She is dedicated to her customers 1000%. Her hard work helps get deals done and makes your life easier in the process.



# LET'S GET STARTED!



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