

HOME BUYER GUIDE

Frequently Asked Questions



Your New Jersey Real Estate Experts



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Meet Charles Korb



Charles Korb is the Team Lead of Korb Real Estate at Keller Williams West Monmouth, a high-performance real estate team serving buyers and sellers across New Jersey.

With nearly 10 years of experience in the real estate industry and over 100 families helped, Charles has built a reputation for delivering results. His team helps sellers achieve the numbers they want and guides buyers to secure the homes they want at the price they need – every time.

Known for strategic negotiation, market expertise, and a results-driven approach, Charles is focused on building a trusted brand and name across the state. For clients looking to move with confidence, he and his team provide clear guidance, aggressive advocacy, and a smooth, stress-free process.



Contract

What is "Attorney Review"?

When you have located the property you wish to purchase, you will most likely present an offer to purchase by signing a Contract with your realtor. This contract will then be sent to the Seller to sign. Once the price of the home has been negotiated and the contract has been signed by all parties, it is still not a binding contract. Contracts prepared by realtors for 1-4 family residential homes in New Jersey must provide a three-day attorney review period. During attorney review, either party may review the proposed contract with their respective attorney who has the right to propose changes to the Contract or cancel it altogether. Please note that the law does not allow you to make changes or cancel the contract on your own, as you can only do this through your attorney. It is your best interest to discuss the contract with your attorney during the 3-day review period so that your attorney may more effectively represent your particular concerns.

When is Attorney Review over?

If neither party decides to consult with an attorney or if after consulting with an attorney neither party decided to make any changes to the contract, then attorney review will automatically conclude at the end of the 3 day period. You count 3 days from the day attorney review begins and you do not count the day it begins. You do not count Saturday, Sunday or any Legal Holiday. However, in most cases at least one party's attorney will write an attorney review letter which disapproves the contract and requests changes. In this case, once the disapproval letter is sent the contract is no longer binding on the parties until both parties agree on the new terms in the attorney review letter. Often times, both parties' attorneys will send an attorney review letter with proposed changes for the added protection of each party.

Until the parties agree to each other 's terms or reach some compromise, there is no Contract. This process could be resolved within the first day or it could take a week or longer. Remember that until Attorney Review is concluded, you do not have a binding contract.

What happens to my deposit?

Usually, the Seller 's Attorney requests to hold the deposit money, which will be deposited into their Trust Account until either the Closing, when it will be applied towards the purchase, or until the Contract is legally cancelled in which case it will be returned to you. If there is a dispute as to whether you are in breach of the Contract, the Seller may refuse to authorize the release of the deposit money which will result in the deposit money being held in trust until you and the Seller reach a settlement or until you or the Seller begin an action in court to determine whether there was a breach of the Contract and how much damages either party is entitled to. You should be sure to send the deposit to either yours or the Seller 's attorney by the date specified in the Contract, which is usually 14 days from the date of the Contract. If you do not send in the deposit, you are in breach of the Contract.

Mortgage

What is the Mortgage Contingency Clause?

The Mortgage Contingency Clause makes the Contract contingent on your ability to obtain a mortgage loan.

You have a contractual obligation to apply for the loan immediately after attorney review and comply with all of the lender 's requirements to approve you for the loan. If you cannot secure the mortgage loan by the contingency date despite your best efforts, either party may cancel the Contract.

What is Mortgage Commitment?

The only document that satisfies a Mortgage Contingency is a Mortgage Commitment. A pre-qualification or pre-approval letter do not obligate a lender to satisfy a loan. Although they may be a helpful indicator of a borrower 's ability to meet the requirements to obtain a loan, they are not an actual guaranteed approval.

Only a Mortgage Commitment without conditions (except minor routine conditions within the buyer 's control) will obligate a lender to satisfy a loan and complete the Mortgage Contingency.

Inspection

What kinds of inspections should I perform?

Since a home is probably one of the largest investments you will make, you should definitely conduct thorough inspections on the property prior to purchasing. Aside from verifying the home is in good condition, you need to identify any risks associated with the property. Unlike other investments, you could actually take on liabilities from purchasing a home due to underground oil tank, septic tanks, mold or other contaminants if you fail to properly detect these problems through a home inspection. The kinds of inspections you should consider performing are as follows:

- Structural Inspection
- Termite Inspection
- Radon Inspection
- Septic Inspection (if applicable)
- Tank Sweep (this is the only way to determine if there is an abandoned oil tank located underground)

You should begin with a general inspection by a home inspection company and you can discuss with the inspector whether he recommends further inspections. In addition to the general inspection offered by most home inspection companies some buyers choose to use the services of professional engineers who have a higher degree of expertise to inspect their home which usually costs more but can be more thorough. It is also wise to have an environmental company do a property sweep to identify any potential underground storage tanks. If any tanks are located, if there is evidence of mold, or if a property is serviced by oil, septic or well, then a separate test must be performed for each of these situations. If a property is serviced by well water, then the seller is required to have it tested and provide you with the results of the testing. Another inquiry you should be sure to make, either prior to or immediately after signing the contract, is to find out whether the property is located in a flood zone. You should contact the township to find out what information they can give you on this.

If defects are discovered during the inspections, can I cancel the Contract?

Nearly all Contracts contain an inspection contingency clause, meaning if you discover defects, which the Seller refuses to repair, you are entitled to cancel the Contract with a full refund of any deposits paid. Most Contracts give you 10 to 14 days from the date in which the Contract was signed or from the conclusion of Attorney Review to perform all inspections. Therefore you must act diligently in scheduling all inspections you want to perform and be sure to forward the inspection reports) along with your concerns to your attorney within the timeframe allowed so your attorney can negotiate repairs with the Seller. Usually, before you are allowed to cancel the contract because of defects, you must first give the Seller the opportunity to fix the defects. Sometimes, instead of agreeing to make certain repairs, a Buyer and Seller agree to a reduction in price or a credit at closing which reduces the Buyer 's closing costs.

Title and Survey

What is Title Insurance?

This type of insurance protects you as an owner against liens, judgments, easements and other loss of title that could occur due to negligence, mistake or even fraud. In almost any situation where there will be a mortgage on the property, the lender will require title insurance. Even if you are paying cash, you are strongly encouraged to obtain title insurance. We recommend that only your attorney order your title searches and insurance on your behalf. Never agree to have Sellers order your title insurance. Title insurance rates and costs are generally the same from one company to the next as they are governed by the New Jersey Department of Banking and are based upon the purchase price and mortgage amount.

What is a Survey and do I need it?

A survey is used to map out the exact location of all improvements on the property (which includes the house) relative to the perimeter of the property lines. It can also show the location of easements, setbacks and encroachments, which can affect the use of your property. Occasionally, you are able to use the Seller 's survey if they have a recent original copy and are willing to sign an affidavit of no change. However, it must be acceptable to both your lender and your title company. This can save you money but it is always best to obtain your own survey. Even if you do not intend to build on the property and it appears to be clear boundaries from the use of a fence, etc., you should always get a survey because without a recent survey provided to the title company before closing, your title insurance cannot protect you against any claims in the future that are based on information that a survey would have revealed. Also, without a survey, there really is no guarantee that the house you intend to buy is on the property you are buying. The survey company will want to know if you want them to set corner markers, which are stakes placed at each corner so you can know the exact boundary lines when you are on the property.

Closing

Will I close on the Closing Date in the contract?

Probably not. The date of the closing on the contract is an estimated closing date and should be used as a rough guideline. Please do not plan on closing on this particular date, as that is not always possible. Lenders take longer to process loans nowadays so there is a good chance your closing will take place after the date that is listed on the Contract.

The estimated closing date can be extended by either you or the Seller without cause for up to 14 days to accommodate delays, contingencies and lender issues which are all common to any transaction. As soon as your lender is ready to close, they will notify you and your attorney. At this point, the closing can be scheduled.

What do I need to bring to the Closing?

It is impossible to determine the exact amount to be paid or received at closing until 24 hours prior. Lenders and all those who must provide figures to us often do not do so until immediately prior to closing. On the day before closing, you will be provided with the exact amount you need to bring to complete the transaction and this amount will include all your closing costs outlined in the next section below. Funds will need to be in the form of a certified check(s), cashier 's check(s) or bank check(s). You should also bring your I.D. including any alien cards if applicable.

How much will my closing costs be?

One of the most underestimated factors during the closing process is the various settlement charges or closing costs. At some point during your mortgage application process, your mortgage company will provide a document to you entitled

"Good Faith Estimate" which can be used as a rough guideline. Your closing costs will consist of the following:

Lender costs: You should speak to your lender to learn of the closing costs they require you to pay upfront or at the time of closing

Title insurance: Includes the costs for both the insurance & the title searches
Survey: You will have to pay the fee at closing

Homeowner's Insurance: Your lender will require you to purchase a 1 year policy at or prior to closing (if you pay for this prior to closing, be sure to provide your lender with the paid receipt and policy declaration page)

Condo/Townhome Association Fees: If you are purchasing a condo or townhome, you may be required to pay a three-month capital contribution as well as the first two-months maintenance fee. Certain associations also require a Buyer to pay for a Resale Statement, which shows us what needs to be collected at closing from both parties. Lastly, depending on what day your closing occurs, you may be required to reimburse the Seller a "per diem" amount of the maintenance fees if the Seller had already paid for any days following the closing.

Taxes: In addition to the tax escrow your lender will collect at closing, which is usually 2-3 months of taxes, you may be required to reimburse the Seller a "per diem" amount of any taxes the Seller already paid for the days following the closing.

Recording Fees: You will have to pay a fee to record the deed and mortgage with the County, which is usually around \$350

Buyer Agent Commission: Your Agent's fee will be included in the costs collected at closing. This will depend on purchase price and what is agreed on in your buyer agency agreement.

What if something goes wrong with the property after closing?

In New Jersey, a purchaser 's acceptance of a deed for real property from a non-builder Seller is generally viewed by the Courts as satisfaction of all warranties and representations contained in the agreement of sale between parties. All warranties are "merged" into the deed; hence the doctrine's name. Upon the purchaser 's acceptance of the deed at Closing, the deed thereafter solely determines the parties' respective rights and liabilities. Thus, unless the parties specifically agree prior to closing that the Seller 's responsibility or liability for something "Survives" closing, the Buyer has no legal recourse if something goes wrong after the closing. For this reason, you should be diligent in conducting your final walk-thru prior to the closing to ensure the property is in the same condition as it was at the time of inspection and that any agreed upon repairs were made.

Taking Title

There are 3 primary ways for multiple property owners to hold title. These ways are:

- Tenants in Common
- Joint Tenants
- Tenants by the Entirety

Tenants in Common

Where title is held as Tenants in Common, when one person passes away, the title and interest in the property passes on to their heirs or devisees of their will. It does not automatically go to the other person sharing title.

Joint Tenants

Where title is held as Joint Tenants, when one person passes away, the interest automatically passes to the other person with whom they share title.

Tenants by the Entirety

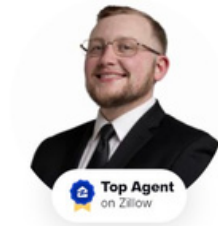
Where title is held as Tenants by the Entirety, which is only available for married couples, the property automatically goes to the other person when one spouse dies, similarly to Joint Tenants. However, unlike Joint Tenants where one person can sell or give away their own interest without consent of the other, with Tenants by the Entirety, one spouse cannot sell or give away their interest without the consent of the other.

In New Jersey, unless the deed specifically says the buyers are receiving title as Joint Tenants or Tenants in Common, two married owners will be considered Tenants by the Entirety. And where two unmarried persons take title, they are considered Tenants in Common, unless the deed specifically states otherwise.

This description above oversimplifies the differences in the types of ownership, as their effect on inheritance and taxes can be complicated, depending on your particular situation. Thus, depending on your plans and intentions, you may be better off holding title differently and so you should see a tax professional and/or estate-planning attorney before deciding the best way for you to hold title. Please let me know prior to closing how you would like to hold title.

OUR ACCOLADES

- Over 100 Homes Sold
- 50+ 5 Star Reviews
- Multiple Year recipient of Re/Max Awards
- Multiple Year recipient of NJAR Circle of Excellence Awards
- Top Agent on Zillow



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