

# Welcome!

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## YOUR GUIDE TO PURCHASING A HOME





# Joe Kennedy



Born and raised right here in Portland, Oregon, I have an exceptional feel and understanding for the community and the local real estate market. I have always had a passion for homes, starting in my early years working at the family plumbing business and then painting houses throughout college. As a middle-school teacher for fifteen years in the Portland area, I developed relationships with students and families, and helped them grow and succeed. As your realtor, I strive to establish a relationship that seeks to meet your home needs. My success is based on positive results and your happiness in the end. I look forward to working with you!

I graduated from Gonzaga University with a B.A. in History, and also hold a Masters in Teaching from the University of Portland. In the fall of 2015, I taught a college course at Concordia University. I mention my education to show how I am well-rounded and an effective communicator. Lastly, my ability to problem-solve, my work-ethic and attention to detail is what you can count on to make your home-buying experience smooth and successful!

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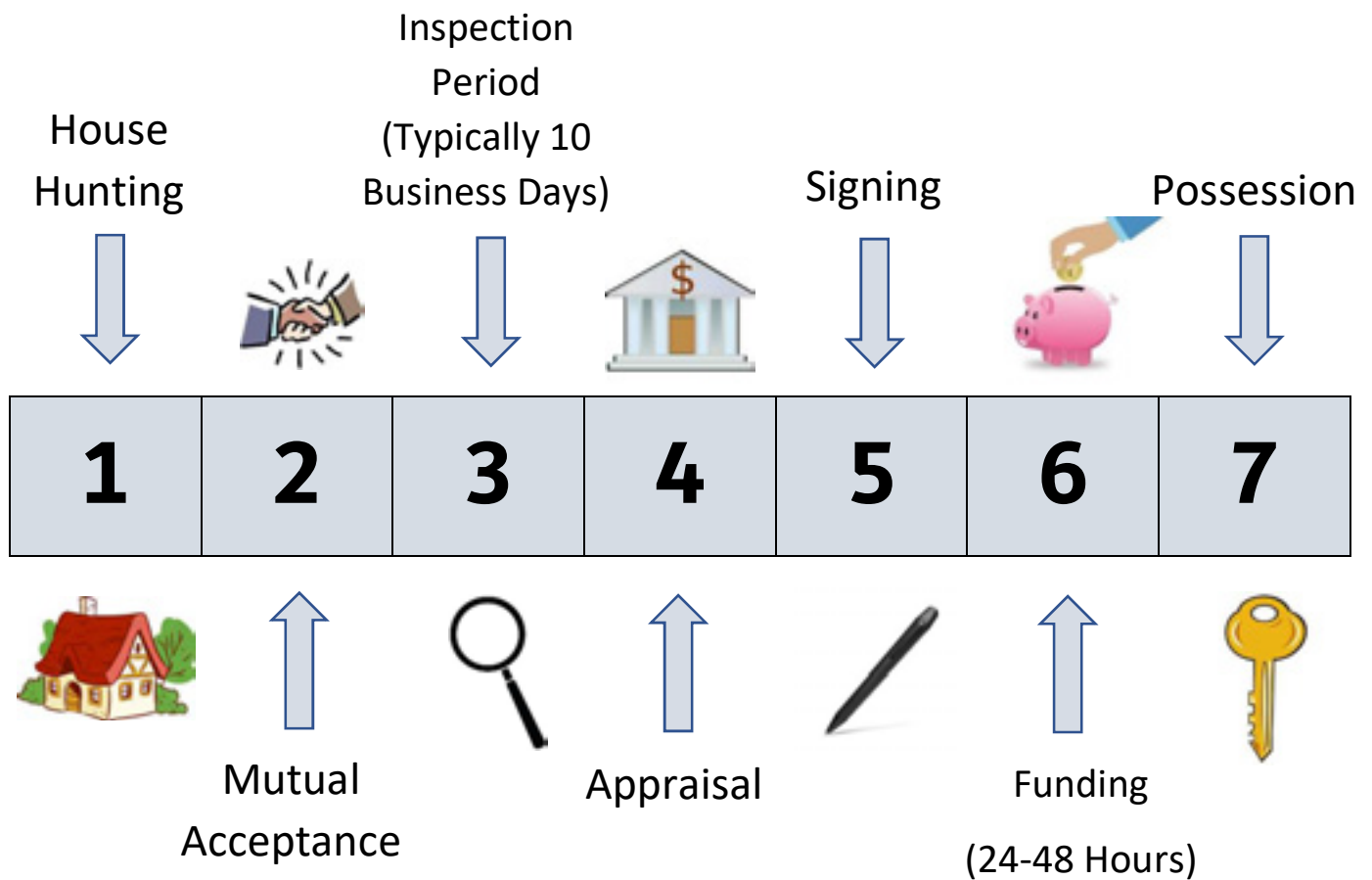
[www.brokerjoepdx.com](http://www.brokerjoepdx.com)



[www.joekennedypdx.com](http://www.joekennedypdx.com)

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## Seven Steps to Buying a Home



# 55 SERVICES

REALTORS® Provide to Buyers



## MARKET INSIGHTS

- Provide Market Overview
- Produce Comparative Market Analysis
- Show What Comparable Homes Are Selling for
- Provide Relevant Neighborhood Information on:
  - ▣ Schools
  - ▣ Parks
  - ▣ Dining
  - ▣ Recreation
  - ▣ Commute Times
  - ▣ Arts, Culture & Entertainment

## BUYER NEEDS

- Conduct Pre-Showing Interview to Determine Needs
- Help Find the Right Home to Purchase
- Connect Buyer with Mortgage Broker to Determine How Much Home They Can Afford
- Set Up Customized Property Search
- Promote Needs Within Office
- Promote Needs to Sphere of Influence
- Send "Buyer Needs" Postcards to Desired Neighborhoods

## SHOWINGS

- Preview Homes
- Schedule Showings
- Show Homes
- Community Tour

## CONTRACTS

- Explain Contract to Buy & Sell
- Explain Buyer Agency Agreement
- Explain Required Disclosure Documents
- Explain Deeds
- Explain Title Work
- Obtain & Review Qualification Letter

## COMMUNICATION

- Explain the Buying Process
- Review & Arrange Financing Options
- Guide Through the Inspection Process
- Guide Through the Appraisal Process
- Explain Closing Procedure
- Schedule & Manage Vendors
- Guide Through TRiD Requirements
- Track Due Diligence Deadlines
- Recommend Providers & Coordinate With:
  - ▣ Lenders
  - ▣ Appraisers
  - ▣ Inspectors
  - ▣ Title Company

## NEGOTIATION

We negotiate the following:

- Offer Strategy
- Price
- Inspection Resolution
- Appraisal Resolution
- Title Resolution
- Multiple Offers
- Seller Concessions
- Earnest Money
- Inclusions & Exclusions
- Conditional Sale Contingency
- Survey Resolution
- Due Diligence Resolution
- Closing & Possession Date
- Payment for Failed or Untimely Possession

# ANSWERS TO FREQUENTLY ASKED QUESTIONS



## WHAT IF I NEED TO SELL MY HOME BEFORE I BUY A NEW ONE?

To put yourself in the best negotiating position before you find the new home you want, hire a qualified real estate agent to help you put your home on the market. Once you write an offer on a new home, your offer will be "contingent" upon the sale of your home. A buyer in this position may not have the same negotiating power as one whose home has already sold (or at least has an accepted offer). The seller may be hesitant to accept your offer because there are too many things that must happen before the sale can close.

## HOW DOES MY OFFER GET PRESENTED TO THE SELLER?

I will call the agent who is the listing agent for the home you have chosen. We will make arrangements with the seller to present your offer. I will be there to explain the details of your offer and negotiate on your behalf.

## WHAT HAPPENS IF I OFFER LESS THAN THE ASKING PRICE?

If you offer less money, the seller has three options. They can accept the lower offer, counter your offer or reject it completely. Remember that there could be another buyer who is also interested in the home you've chosen. If they happen to write an offer at the same time you do, the seller will have two offers to compare. There are usually many aspects of each offer to consider, but ultimately the seller will want to accept the best and most complete offer. In active real estate markets, homes often sell for their listed price. In hot markets, there may be many buyers vying for the same house,

which sometimes drives the final sale price above the original listing price.

As a real estate professional, I can help you plan your strategy, based on the current real estate market in our area.

## DOES IT COST ME MONEY TO MAKE AN OFFER?

When you write the offer on the home you've chosen, you will be expected to include an earnest money deposit. The deposit is a sign of your good faith that you are seriously interested in buying the home.

## WHERE DOES MY EARNEST MONEY GO?

Once the buyer and seller have a mutually accepted offer, the earnest money is deposited into a trust account. That deposit becomes a credit to the buyer and becomes part of the purchase expense.

## CAN I LOSE MY EARNEST MONEY?

Real estate contracts are complicated legal transactions. This is another area where having a knowledgeable and professional agent is a necessity. Rarely does the buyer lose the earnest money. Most often, if the transaction falls apart, there are circumstances beyond the buyer's control that cause it to happen. If the buyer willfully decides, however, that they no longer want to buy the house and has no legal reason for rescinding their offer, then the seller has the right to retain the earnest money.

## IS THAT ALL THE MONEY THAT'S INVOLVED?

Some lenders require the cost of the appraisal and credit report at the time of the loan application.



# BUYER'S TERMS



## LOAN AMOUNT

The amount of the mortgage based on the purchase price, minus the down payment.

## DOWN PAYMENT

Cash that the buyer provides the lender as their portion of the purchase price. The down payment is considered the buyer's equity (or cash investment) in their home.

## POINTS

Fees charged by the lender to offset their interest rate, if it's below the prevailing market rate. One point equals one percentage point—so one point on a \$100,000 loan would be \$1,000.

## APPRAISAL FEE

The amount paid for the lender's appraisal of the property.

## CREDIT REPORT FEE

The fee charged by the lender to obtain a credit report on the buyer.

## TITLE INSURANCE FEE

A one-time premium that a buyer pays for protection against loss or damage in the event of an incorrect search of public records or misinterpretation of title. The title insurance policy also shows what the property is subject to in terms of liens, taxes, encumbrances, deed restrictions and easements.

## ESCROW FEE

The amount a buyer pays the escrow company or closing agent for preparing papers, accounting for all funds and coordinating the information between all parties involved in the transaction.

## CLOSING COSTS

A general term for all the estimated charges associated with the transfer of ownership of the property.

## PREPAID INTEREST

The amount of interest due on the loan during the time period between the closing of escrow and the first mortgage payment, due at the time of closing.

## PITI

The estimated house payment, including principal, interest, taxes and insurance.

## PRINCIPAL AND INTEREST

The loan payment, consisting of the amount to be applied against the balance of the loan, and the interest payment, which is charged for interest on the loan.

## TOTAL CASH REQUIRED

The total amount of cash the buyer will need, including down payment and closing costs.

## PREMIUM MORTGAGE INSURANCE (PMI)

Insurance for the lender, to cover potential losses if the borrower defaults on the loan.



## Out of Pocket Expenses

Buyers should be prepared to have enough liquid funds available to pay for the typical up-front costs required prior to closing on a home.

- ❖ Earnest Money = 1-2 % of sale price
- ❖ Home Inspection = \$300 - \$500
- ❖ Locate Underground Oil Tank = \$100
- ❖ Soil Testing = \$175- \$250
- ❖ Sewer Scope = \$125
- ❖ Lead-based Paint Testing = \$60+
- ❖ Radon Testing = \$125 - \$195
- ❖ Heating Oil Reimbursement
- ❖ HOA Document Review by Attorney = \$300 - \$800
- ❖ Mortgage & Escrow Costs:
  - Closing Costs (loan, escrow & title fees) = \$1,500 - \$5,000
  - Prepaid expenses for PITI = \$1,500 - \$5,000



### PITI Mortgage

(Principal, Interest, Taxes & Insurance)

Provides for 1/12 of the estimated annual property insurance premiums, property taxes, homeowners' association dues and/or special assessments, if any, to be paid to the mortgagee with the monthly principal and interest payment.

### EARNEST MONEY DEPOSIT

At the time a written offer is initiated, you will be required by the seller to include a personal or cashiers check as earnest money. Accepting cash can be done but is not recommended. (A good rule-of-thumb is about 1%-5% of the purchase price of the home.)

The money is deposited into the listing broker's escrow account or a title company upon acceptance and will remain in escrow until the time of closing. This amount is credited to the buyer as partial down payment and represents your intent to purchase the property. If the offer is not accepted, this amount (or original check) will be returned to you. Also, in the event that you do not qualify with the lender for a new loan or if the contract is "terminated" for another contractually acceptable reason the earnest money will be refunded to you.

## Home Inspections & Repairs

All inspections, negotiations and estimates for repairs must be completed by the last day of your home inspection period.



It is the seller's right to refuse any repairs and the buyer's right to walk away if the seller refuses to repair the items or credit the buyer money for the repairs. Negotiation depends on several factors including seller motivation, original price negotiations, who is performing the repair and when the repair shall be made.

Generally, the seller would pay for repairs that pose immediate safety risks and those which should have been part of regular maintenance. The seller will probably not pay for upgrades, improvements or optional repairs. In addition, if the repair will benefit the buyer for an extended period of time, the buyer may want to consider contributing toward the repair.

There are several ways to request that a seller pay for repairs that are discovered during inspection:

1. Request the seller make the repairs prior to closing with no offer to contribute money.
2. Request the seller make the repairs prior to closing and raise the sale price to reflect partial contribution to the repair.
3. Request a credit for closing costs in order to handle your own repairs.
4. Reduce the sale price for the whole or partial amount of the repairs

### Home Inspectors

When interviewing a home inspector, ask the inspector what type of report format he or she provides. There are many styles of reports used by property inspectors, including the checklist, computer generated using inspection programs, and the narrative style.

Take the time and become familiar with your report. Should the report have a legend, key, symbols or icons, read and understand them thoroughly. The more information provided about the site and home, the easier to understand the overall condition.

At the end of the inspection your inspector may provide a summary with a question and answer period. Use this opportunity to ask questions regarding terms or conditions that you may not be familiar with. You should also accompany your inspector through the entire inspection if possible. This helps you to understand the condition of the home and the details of the report.

## Buyers' Agenda

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### *Track Your Progress!*

- ☐ Interview and select a lender.
- ☐ Obtain a pre-approval letter.
- ☐ Choose desired search criteria with your Real Estate Agent.
- ☐ Review RMLS listings sent daily by your Real Estate Agent.
- ☐ Request showings and make appointments to see properties.
- ☐ Visit properties with your Real Estate Agent. While on your search, prepare to write an offer by selecting home inspectors, researching schools and neighborhoods, reviewing the Buyer's Advisory and staying in touch with your Loan Officer.



- ☐ Find your dream home!
- ☐ Your Real Estate Agent will gather background information about the property and study comparables to determine an appropriate offer amount.
- ☐ Write an offer and a promissory note for earnest money.
- ☐ Wait for the Seller's reply.
- ☐ Counter-offers | Rejections | Acceptance
- ☐ Schedule all inspections (10 -business day inspection period)
- ☐ The promissory note is redeemed.
- ☐ Have all scheduled inspections executed.
- ☐ You and your Real Estate Agent will review the Preliminary Title Report delivered by Escrow.
- ☐ Remove the home inspection contingency (or back out).
- ☐ Obtain a bank appraisal.
- ☐ Complete any conditions for bank funding.
- ☐ Obtain final loan approval.
- ☐ Conduct final walk-through and check repairs.
- ☐ Receive estimated settlement statement.
- ☐ Sign loan documents at escrow | Be prepared with down payment and closing costs.
- ☐ Wait for funding from lender. (24-28 hours)
- ☐ Wait for escrow to record deed.
- ☐ Confirm closing.
- ☐ **Get your keys!**

## Inspection & Testing Referrals

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Provided below are inspection referrals that have shown expertise and professionalism. You are not required to use anyone from the list. I am happy to schedule all inspections and testing for you...just let me know your preference.

### Home Inspectors

- **Caliper Home Inspections**  
Charley Newhouse- 971.220.5503  
[www.caliperinspections.com](http://www.caliperinspections.com)  
Cost: \$350 - \$450
- **Mountain View Home Inspections**  
David Gilpatrick- 971.645.1509  
[www.mountainviewhomeinspections.com](http://www.mountainviewhomeinspections.com)  
Estimated average cost: \$350 - \$450  
(age of home and sq. footage affects \$)
- **Pillar to Post**  
Chris Livingston- 503.682.3053  
Estimated average cost: \$395 - \$525  
(age of home and sq. footage affects \$)

### Radon Testing

- **Caliper Home Inspections**  
Charley Newhouse- 971.220.5503  
[www.caliperinspections.com](http://www.caliperinspections.com)  
Cost: \$150 - \$195
- **Environmental Works**  
503.719.6715  
[www.eworksnw.com](http://www.eworksnw.com)  
Cost: \$150
- **Matt 'n Mel's Sewer Scoping Services**  
971.246.0188  
Cost: \$125

### Sewer Scope

- **Environmental Works**  
503.719.6715  
[www.eworksnw.com](http://www.eworksnw.com)  
Cost: \$125
- **Matt 'n Mel's Sewer Scoping Services**  
971.246.0188  
Cost: \$125

### Soil Testing, Tank Locate & Decommissioning

- **Environmental Works**  
503.719.6715  
[www.eworksnw.com](http://www.eworksnw.com)
- **Xavier Environmental**  
503.236.3796  
[www.xavierenvironmental.com](http://www.xavierenvironmental.com)

# HOW MUCH HOUSE CAN YOU AFFORD?

## FINANCING



Determining how much you can afford before you begin your home search will save you valuable time.

I can help you locate a lender who will assist you in finding a financing package that will best meet your needs. But there are a few steps you should consider beforehand to make the process as smooth as possible:

### CREDIT REPORT

It's important to check your credit report before you see your lender because:

- Lenders check this to determine the amount of loan you qualify for
- It allows you to correct any mistakes in the report before lenders see it
- If there are any blemishes in your report that are not errors, you should be prepared to explain them to your lender

You are entitled to one free request each year from each of the three credit bureaus. The best way to do this is to go online to [AnnualCreditReport.com](http://AnnualCreditReport.com).

### CREDIT SCORE

You may want to check your credit score at the same time you check your credit report (usually for a fee). This score influences how much lenders are willing to loan to you and at what interest rate.



### DOWN PAYMENT

Most lenders will give better financing terms to borrowers that can put a 20 percent down payment on the purchase. If you are unable to do so, you will likely be required to purchase Private Mortgage Insurance (PMI) and perhaps pay a higher interest rate.

### PREAPPROVAL

A letter of preapproval from a lender shows that they have checked all your documentation and are prepared to make you a loan. Getting preapproved prior to starting your home search saves you time by:

- Keeping you focused on viewing only the homes that are within your budget
- Helping you obtain your financing more quickly once you find a house you want to buy





## LOAN APPLICATION CHECKLIST



Thank you for choosing Pacific Residential Mortgage! In order to start the loan application process, please gather and return the following items at your earliest convenience. Once all of these items are received, we can move forward together with your loan application.

### BANK INFORMATION

- ✓ Most current pay check stub(s) covering the last 30 day period; for self-employed applicants, a year-to-date profit & loss statement is required (for all businesses owned)
- ✓ Last two years' W-2s or 1099s
- ✓ Last two years' federal tax returns (personal and corporate, if applicable), please include all pages and all schedules. Please sign page 2 of the return(s)
- ✓ Most recent statements for all assets covering the last 60 days, including bank accounts, investment accounts, and retirement accounts (such as IRAs/401(k)s etc.). Please include all pages, even if blank

### PERSONAL INFORMATION

- ✓ A legible copy of your driver's license, both front and back (pictures taken with a smart phone work very well)
- ✓ Bankruptcy papers (if applicable within the last 7 years)
- ✓ Divorce decree (if applicable), including any support orders
- ✓ The name and telephone number of your homeowner's insurance agent for all properties owned (if applicable)
- ✓ Provide current rental/lease agreement (if financing an investment property)
- ✓ A copy of each of your last mortgage loan statement(s) (if applicable)

Pacific Residential Mortgage, LLC • [pacresmortgage.com](http://pacresmortgage.com)



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***Dreams Approved Daily***

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