

Your Guide to Purchasing

Provided by Joe Kennedy

“In Tune With Your Real Estate Needs”





Joe Kennedy



Portland Native- Portland has always been my home. Having lived and worked on both sides of the river, I am well versed in the many personalities Portland's metro area neighborhoods offer. I absolutely love Portland. I fully take advantage of being located between the beach and mountains. Besides being an avid outdoor adventurer, I enjoy gardening and picking tunes on my guitar and mandolin.

Full Service, Trusted Advisor- Direct and timely communication is paramount throughout the buying and selling process. I take pride in giving timely feedback and welcome all questions along the way. When challenges arise, I am able to problem-solve and find solutions that work for my clients so that end goals are achieved.

Experience you can count on- Staying up to date on the current local housing market trends is a must when pricing your home to sell. Besides sharing my knowledge of data and statistics, I will help you negotiate the best price and terms when selling, with consideration of market trends. When it comes to purchasing, I have a deep understanding of what to look for in a home, especially the systems of a home and how they could affect it's value. I am your trusted advisor when selling, purchasing or investing. Lastly, I am a certified relocation expert.

My Goals- Building professional relationships with my clients in which they can honestly say it was a 100% positive experience. I know my goal has been fulfilled when I have repeat business with clients or have been referred by past clients.

Joe Kennedy

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Principal Broker in Oregon

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Recent Testimonials

“Joe expertly handled 5 transactions for us last year. Quite simply... Joe makes real estate easy. He reaches out early, thoughtfully and with his warm nature to ensure that every need is taken care of to the utmost success. He preaches that he gives 5 star service and I can attest that he does! Every step, phone call, conversation is important to Joe which equates to his clients feeling that they are his number one priority through the entire process. I cannot suggest Joe's partnership in your real estate transaction enough. He is the highest caliber in the Portland Real Estate market.” -Sydney L.

“Was extremely lucky to have Joe Kennedy help us with selling our property. We previously worked with a different realtor who supposedly had a great reputation but was not getting the job done on so many levels. Joe came in to help us - immediately we felt that we were in good hands. The level of service, communication, attention to detail, knowledge, positivity and good ol' elbow grease that he provided to get the property sold was second to none. Even with a difficult closing situation that had a lot of hurdles, Joe managed to get everything buttoned up and closed on time. Can't recommend him enough.” -Michael T.

“Joe Kennedy is a great realtor. Joe kept a deal together that most realtors would have just given up on. The odds were against us but Joe kept pushing forward over every hurdle (which there were many). He has a great work ethic and truly cares about helping his clients. I am happy we had a chance to make two deals happen and the end result was magnificent!” – Matt D.

“Joe and I have worked together on numerous transactions and he is a great negotiator for his clients and will give sound advice. I'm lucky to work with him.” – Olivia P.

*Recipient of the Five Star Professional.

Awarded for Volume and Client Satisfaction.



WINDERMERE
Foundation

*Foundation Representative for
Portland Heights Branch



How Do Realtors® Help 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 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

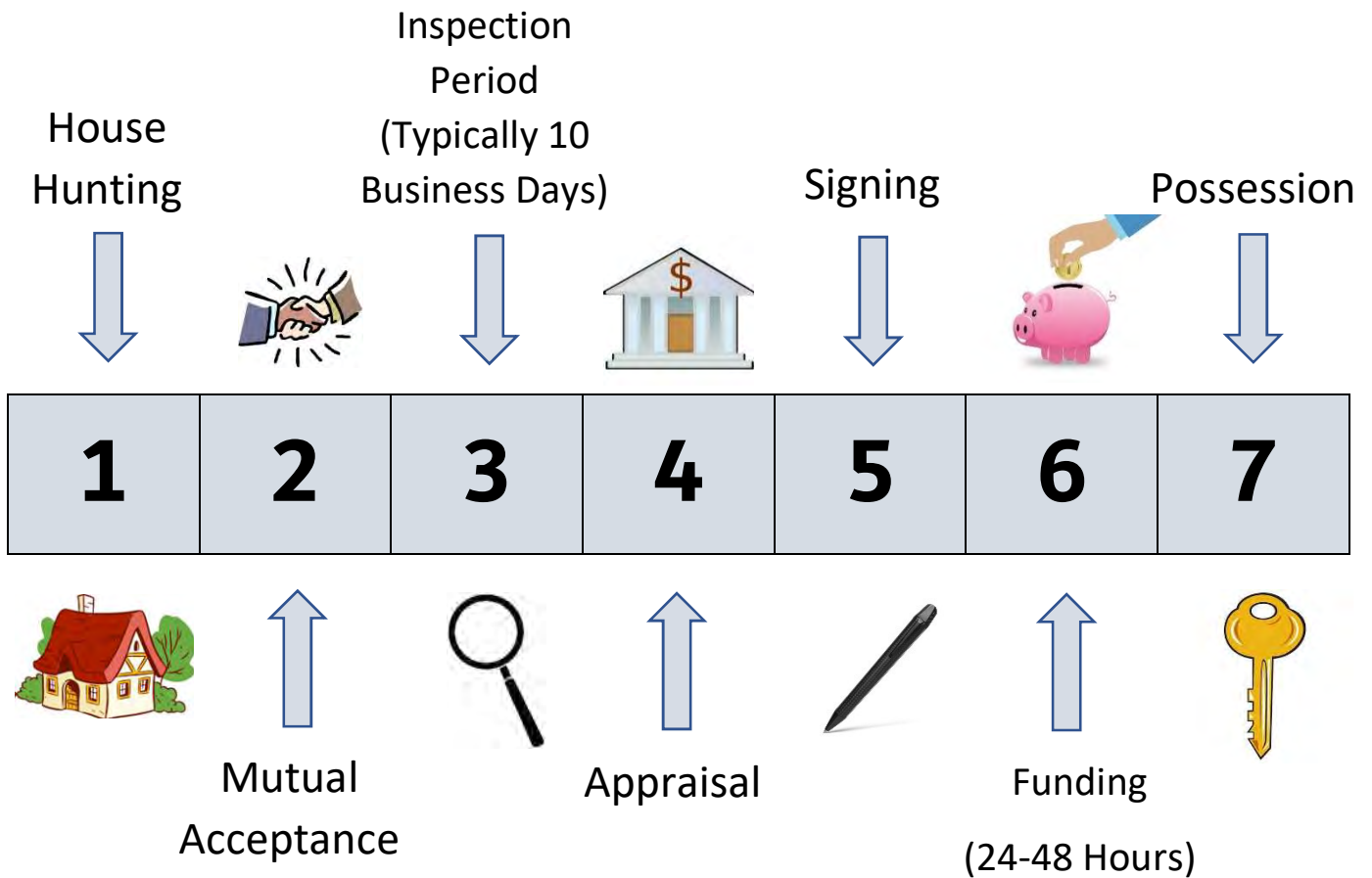
- › Explain the buying process
- › Review & arrange financing options
- › Guide through the inspection process
- › Guide through the appraisal process
- › Explain closing procedure
- › Schedule & manage vendors
- › Guide through TRID requirements
- › Track due diligence deadlines
- › Recommend providers & coordinate with:
 - › Lenders
 - › Appraisers
 - › Inspectors
 - › Title company

NEGOTIATION

- › 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



Seven Steps to Buying a Home





Answers to

Frequently Asked Questions

How does my offer get presented to the seller?

In today's electronic world, offers are sent via email to the seller's agent. I will call the agent to let them know it's coming and tell them a little bit about you and the details of your offer. Then I will follow up with the agent again to confirm receipt of your offer.

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.

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.

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.

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.

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.





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 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

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 by your Real Estate Agent (you can look too!)
- 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
 - Wait for the Seller's reply.
 - Counter-offers | Rejections | Acceptance
 - Schedule all inspections (10 -business day inspection period)
 - Earnest \$ Deposited within 3 business days
- 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!**

What is Escrow?

Understanding the Escrow Process

An escrow is an arrangement in which a neutral third party (the escrow agent) assembles and processes many of the components of a real estate transaction, records the transaction, and ultimately, disburses and distributes funds according to the buyers', sellers' and lenders' instructions. Your transaction is typically closed by an Escrow Officer. People buying and selling real estate usually open an escrow for their protection and convenience. Both the buyer and seller rely on the escrow agent to carry out their written instructions relating to the transaction and to advise them if any of their instructions are not mutually consistent or cannot be carried out. If the instructions from all parties to an escrow are clearly drafted, the escrow officer can proceed on behalf of the buyer and seller without further consultation. This saves much time and facilitates the closing of the transaction.

Typical Roles in the Closing Process

The Seller/Agent

- Delivers a fully executed Purchase Sale Agreement to the escrow agent.
- Executes the paperwork necessary to close the transaction.

The Buyer/Agent

- Deposits collected funds required to close (in with the escrow agent).
- Approves the commitment for title insurance, or other items as called for by the Purchase Sale Agreement.
- Executes the paperwork and loan documents necessary to close the transaction.

The Lender

- Deposits loan documents to be executed by the buyer.
- Deposits the loan proceeds.
- Directs the escrow agent of the conditions under which the loan funds may be used

The Escrow Agent

- Clears Title
- Obtains title insurance
- Obtains payoffs and release documents for underlying loans on the property
- Receives funds from the buyer and/or lender.
- Prepares vesting document affidavit on seller's behalf.
- Prorates insurance, taxes, rents, etc.
- Prepares a final statement (often referred to as the "HUD Statement" or "Settlement Statement") for each party, indicating amounts paid in conjunction with the closing of your transaction.
- Forwards deed to the county for recording.
- Once the proper documents have been recorded, the escrow agent will distribute funds to the proper parties.

In Summary

Escrow is the process that assembles and processes many of the components of a real estate transaction. The sale is officially closed when the new deed is recorded and funds are available to the seller, thus transferring ownership from the seller to the buyer. The escrow agent is a neutral third party acting on behalf of the buyer and seller .

What is Title Insurance?

About Title Insurance

Title is a bundle of rights in real property. Protecting purchasers and lenders against loss is accomplished by the issuance of a title insurance policy. Usually, during a purchase transaction the lender requests a policy (commonly referred to as the Lender's Policy) while the buyers receive their own policy (commonly referred to as an Owner's Policy).

In short, the policy states that if the status of the title to a parcel of real property is other than as represented, and if the insured (either the owner or lender) suffers a loss as a result of a title defect, the insurer will reimburse the insured for that loss and any related legal expenses, up to the face amount of the policy, subject to exceptions and exclusions contained in the policy.

Typically there are two policies issued. The Mortgagee's Policy insures the lender for the amount of the loan. The Owner's Policy insures the purchaser for the purchase price.

How is title insurance different from other types of insurance?

While the function of most other forms of insurance is risk assumption through the pooling of risks for losses arising out of unforeseen future events (such as sickness or accidents), the primary purpose of title insurance is to eliminate risks and prevent losses caused by defects in title arising out of events that have happened in the past. To achieve this goal, title insurers perform an extensive search and examination of the public records to determine whether there are any adverse claims (title defects) attached to the subject property. Said defects/claims are either eliminated prior to the issuance of a title policy or their existence is excepted from coverage. Your policy is issued after the closing of your new home, for a one-time nominal fee, and is good for as long as you own the property.

What's involved in a title search?

A title search is actually made up of three separate searches:

- Chain of Title – History of the ownership of the subject property
- Tax Search – The tax search reveals the status of the taxes and assessments
- Judgment and Name Search – Searches for judgment and liens against the owners' and purchasers' names

Once the three searches have been completed, the file is reviewed by an examiner who determines:

- Whether or not the Chain of Title shows that the party selling the property has the right to do so.
- The status of taxes for the subject property. The Tax Search will also indicate the existence of any special assessments against the land and whether or not these assessments are current or past due.
- Whether there are any unsatisfied judgments on the Judgment and Name Search against the previous owners, sellers, or and purchasers.

Rights established by judgment decrees, unpaid federal income taxes and mechanic liens all may be prior claims on the property, ahead of the buyer's or lender's rights. The title search will only uncover defects in title that are of public record, thus allowing the title company to work with the seller to clear up these issues and provide the new buyer with title insurance.

In Summary

After the searches have been examined, the title company will issue a commitment, stating the conditions under which it will insure title. The buyer, seller and the mortgage lender will proceed with the closing of the transaction after clearing up any defects in the title that have been uncovered by the search and examination.



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.

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



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