



HOME BUYER GUIDE

**KEYS FOR SUCCESS
IN A VOLATILE MARKET**



**KELLERWILLIAMS[®]
PREFERRED REALTY **

TRINITY TEAM
ALISSA MESNICKOW
REALTOR

KEYS TO YOUR SUCCESS



GETTING YOU HOME



Are you on the hunt for your next home? Congratulations!

But be prepared. Colorado is experiencing a record-setting real estate market. If you're a serious buyer, you should be aware of the current environment (low inventory, big demand) which only heightens the importance of making informed decisions. Especially since, for most of us, a home is one of the biggest purchases we make.

Which is how this valuable outline fits in. Use it to clarify and organize key steps you need to implement during the homebuying process. Identify where you are in your personal timeline and, ultimately, what you need to do to successfully unlock the door of your next home.

 **Do your research**
Clarify and Organize Key Steps



Lay the Groundwork

Be honest with yourself (and your spouse or co-signer) about your expectations. What are your wants and needs criteria? These might include desired location, home type, size, condition, neighborhood, potential for expansion or improvement, special features or amenities you need or want and, of course, the price range you are comfortable paying.

What compromises (if any) are you willing to make?

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KEYS TO YOUR SUCCESS

Check Your Piggy Bank

In order to purchase a home, you may need to get a home loan (mortgage). A lender will want to do a full review of your finances, including calculations to determine your ability to repay. Here are a few items to consider:

- Check the amounts in all checking and savings accounts (liquid assets)
- Verify the amounts in any investment or retirement accounts, such as a Roth IRA or 401(k)s
- Check your credit score
- Calculate your DTI (Debt to Income Ratio)



DTI = a ratio comparing how much you owe with how much you earn in a given month. It typically includes monthly debt payments such as rent, mortgage, credit cards, card payments, and other debt. Having a DTI ratio of 36% or less is considered ideal.



Tip: Learn the Lending Lingo!

When you meet with your future realtor and mortgage lender this will help you have significantly better communication and, as a result, move the process along more quickly.

Choose a Realtor

Good research is important! There's nothing wrong with exploring online real estate sites. They put a lot of excellent information at your fingertips. But an experienced agent can be your best ally when you get serious about buying, particularly if this is your first home and you haven't been through the process before.



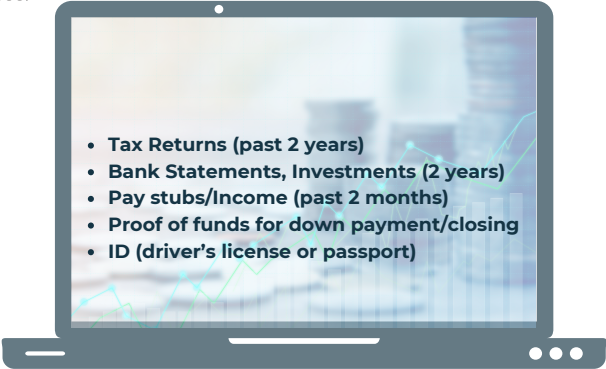
Key Roles a Good Realtor Performs

- **EDUCATES** you about the market
- **LISTENS** to your wants and needs
- **PRESENTS** homes that fit your criteria
- **COORDINATES** with other professionals
- **NEGOTIATES** on your behalf
- **OVERSEES** paperwork and deadlines
- **EXPLAINS** any problems that may arise and helps you find solutions

A realtor can provide valuable information on market conditions, pull up comparable sales to help you see whether a house is worth the asking price, help you prepare the required contracts and legal documents, including your offer and counteroffers, and work through any sticking points that might develop. If you're new to the area, she can also share information and resources about available homes in different neighborhoods or school districts. She may even have access to homes which haven't yet been listed publicly.

GATHER Documentation

NOTE: This step isn't necessarily in chronological order. But at some point, you'll need to submit financial documentation to your lender. Most can be provided digitally but the sooner you start gathering, the better. The lender may have other requests as they process your loan, but these are the basics:

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- **Tax Returns (past 2 years)**
 - **Bank Statements, Investments (2 years)**
 - **Pay stubs/Income (past 2 months)**
 - **Proof of funds for down payment/closing**
 - **ID (driver's license or passport)**

Lender | Pre-Approval

How do you choose a Lender? Look for compatibility and traits that you value, such as trust, communication and credibility. Qualified referrals and good consumer reviews are also helpful.

Begin initial discussions. Explain your needs. Provide info regarding your financial status.

Work with the lender to discover your options and determine if any additional pre-work is needed prior to getting pre-approved.



Offer to Purchase

Once you find a home you love, it's time to make an offer! Here's when, again, it pays to have a knowledgeable realtor and savvy lender on your team. Their expertise can help give you the competitive edge needed to negotiate a compelling purchase offer, Even during a volatile market.

In addition to the standard contract language contained in the purchase agreement, the offer to purchase also includes several key areas that are commonly negotiated:

Price: The price you offer on a property depends on several factors, including its condition, length of time on the market, buyer activity, and the urgency of the seller. Obviously, your price is also determined by the dollar amount you are approved for, willing, and able to pay. Some buyers want to make a low offer just to see if the seller accepts, but this is rarely advisable. The seller may be insulted and decide not to negotiate at all! The right offer price will usually be in-line with a home's fair market value. Let your realtor's market research, experience, and expert negotiating skills help guide this process.

Terms: Terms cover other financial and timing factors. An example of this could be the "Move-In Date" since, if you can be flexible on the possession date, the seller may be more apt to choose your offer over others. Another might be "Additional Property." Often the seller plans on leaving major appliances in the home, however, what items stay or go can often become a matter of negotiation.

Contingencies: Contingencies are clauses that allow you to back-out of the deal if the house has a problem that, when you went under contract, didn't exist or that you weren't aware of, Contingencies specify any event that will need to take place for you to fulfill the contract.

Offer Presentation

Typically, you will not be present at an offer presentation. Your agent will present it on your behalf to the listing agent and/or seller. The seller will then do one of the following:

- **Accept** the offer
- **Reject** the offer
- **Counter** the offer with changes

By far the most common is the counteroffer. When this occurs, your realtor will work with you to review the specifics and, with consideration being given to your goals, help determine how best to negotiate revised pricing and/or terms and move forward.

Due Diligence | Funding

Removing Contingencies - Once your offer is accepted, your realtor will guide you through the due diligence steps involved to satisfy and remove any contingencies. These may include Inspections and the resolution of potential issues that may arise as the result.

Funding - Mortgage and finance related items will be finalized as necessary. These may include a Credit Check, Underwriting, an Appraisal, a Survey, and Insurance. A Title search will be conducted and, assuming there are no encumbrances, Title Insurance will be obtained, final signatures will be gathered and funds will be transferred.

Closing

Closing - Closing marks the end of your home buying process and the beginning of life in your new home! The transfer of title moves ownership of the property from the seller to you. Two events that must occur to make this happen are: Delivery of Buyers Funds and of the Deed. At the end of closing, the deed will be taken and recorded at the county clerk's office and sent to you after processing.

WELCOME HOME!



How can I help
make YOUR home buying
dreams come true?

Shoot me a text, an email,
or give me a call.

Let's get started today!



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