

Making an Offer

Once you have found the property you want, we will prepare a **Purchase and Sale Agreement** that defines the terms of your offer and deliver it to the seller. Much of the agreement is standard and there are a series of steps we will go over with you, including “counter offers” and other negotiable items.



Price

What you offer on a property depends on a number of factors. A seller with a house that has been on the market for a long time may be willing to accept a lower price. Sellers generally set asking prices so they have room to negotiate. Your offering price opens these negotiations. You should also consider the cost of necessary repairs that will require extra investment on your part. You can use these to justify offering a lower price.

Deposit / Earnest Money

The amount of earnest money accompanying the offer should be clearly stated, plus the amount of money you will be paying at closing and your sources of financing.

Personal Property

Light fixtures, drapery rods, chandeliers, washers, dryers, refrigerators, storm windows and doors, and other items not physically attached should be specified in writing if they're to be included in the purchase of the home.

Financing Contingency

How long after the offer is accepted to arrange financing and the sources of financing and the exact terms for which the buyer is applying.

Closing Date

Your offer to purchase should also include your proposed closing date. This is the date the actual and legal transfer of ownership occurs.

Move-in Date

If you can be flexible on the possession date, the seller will be more apt to choose your offer over others who may be asking for a longer closing period.

FOR YOUR PROTECTION GET A HOME INSPECTION

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that are in need of attention.

In a home inspection, a qualified inspector takes an in-depth, unbiased look at the home to:

- Evaluate the physical condition: structure, construction, and mechanical systems
- Identify items that need to be repaired or replaced
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes



WHAT THE HOME INSPECTION COVERS

A home inspector provides a visual, non-invasive inspection of various structures of a property. They do not drill into walls, move structures, or in any way damage the property to perform tests.

The purpose of the inspection is to determine if the components are in working order at the time of the inspection. A typical home inspection includes a visual inspection and operational check of the following:

- *Exterior siding, doors, windows, decks, drainage, retaining walls, etc.*
- *Interior doors, ceilings, floors, windows, built-in appliances, etc.*
- *Structural Systems*
- *Electrical Systems*
- *Air Conditioning Systems*
- *Heating Systems*
- *Plumbing Systems*
- *Ventilation and Insulation*
- *Roofing*

POTENTIAL RED FLAGS

Water damage: Improperly treated water damage can cause the growth of mold and mildew.

Radon: This odorless gas, found mostly in rocky areas, can cause cancer.

Mold: Toxic mold can cause serious health problems, or even death, especially to infants and those with weak immune systems.

Termites and Carpenter Ants: These insects weaken the structure of a home over time.

Defective Roofing: This can be a costly problem to repair, depending on materials and age of the roof.

Aluminum Wiring: Found in some homes built in the mid 1960's to the early 1970's, this is a potential fire hazard.

Major Foundation Problems: Foundations can leak, erode, or shift. Requires expert consultation.

Missing or Inoperable GFCI: A ground fault circuit interrupter (GFCI) switches off electric power to a circuit when it senses any loss of current. A missing or malfunctioning GFCI can lead to electrocution, electric shock, and electric burns. Luckily, these can be installed by an electrician fairly inexpensively.

Mixed Plumbing: Old and new plumbing components can cause supply issues and may need updating.

Undersized Electrical System: Found mainly in older homes, this can result in a shortage of household circuits and outlets.

Lead-based Paint: Houses built before 1978 should be checked for lead based paint as this can cause lead poisoning, particularly in children and pregnant women.

These red flag items are not always deal-breakers. If these items are found in the property, find out if the issues can be resolved, and at what cost. The expense to repair or replace can sometimes be negotiated between buyer and seller to save a deal.



be an INFORMED BUYER

It is recommended you be present at the inspection; this is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention.

Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home.

SELLER'S PROPERTY DISCLOSURE

As a buyer, when you make an offer on a home, we will request the seller to provide a Property Disclosure Statement; it is a helpful source of information on what the seller knows about the condition of the property.

The document is a multi-page questionnaire the Seller completes normally at the time they list the house with their agent. It covers in great detail the structural and environmental condition of the home.

The seller must state if they have any knowledge of various conditions or occurrences of their home, for example, if there has ever been a plumbing problem. They can answer if they know, but if they don't know, it doesn't mean it never happened before they bought the home. Or if they never lived in the home but were investors or inherited it, they might not know, and they would mark the "don't know" or "no" box.

What's most important is that you review the disclosure statement with your agent and know what action you can take to negotiate or reject the purchase based on disclosures made.

You should not rely on the disclosure for your in-detail information, but do a full and complete home inspection in order to thoroughly examine the home and understand any and all conditions, defects or potential trouble spots that come along with it.



Home Warranty & Insurance

WHAT IS A HOME SERVICE CONTRACT? (a.k.a. Home Warranty)

Home Warranty is a descriptive term and was coined because the home service contract industry evolved by offering sellers a service contract to homebuyers as a form of a "warranty." The term home warranty seemed to fit and has persisted. Many home service contract companies still widely use the term "home warranty" in their name or on their contracts.

ISN'T A HOME SERVICE CONTRACT LIKE INSURANCE?

Actually, a home service contract is nothing like homeowners insurance. Insurance covers you for risk of partial or total loss of your property due to sudden and unpredictable events such as fire, wind, hail, theft, collision or other accidents. Insurance does not cover breakdowns due to normal wear and tear. Service contracts cover breakdowns due to normal wear and tear. The two products complement each other - they do not overlap.

IS A HOME SERVICE CONTRACT A GOOD CHOICE?

The service contract focuses on major, built-in household appliances and home systems; generally covering things like dishwashers, ovens, disposals, wiring and plumbing systems, and most importantly, heating, ventilation and air conditioning systems (HVAC). Many home service contract providers also offer a menu of optional coverages, such as pool pumps, spas and free standing appliances, i.e. refrigerators, washers/dryers, etc. At an average cost of \$350 - \$500 for a 12-month period, having a home service contract is highly recommended.

A HOME SERVICE CONTRACT OFFERS YOU:

- Peace of Mind: Knowing you're protected against unexpected repair or replacement costs.
- Budget Protection: From the high cost of home repair.
- Convenience: Most service contract providers have representatives available toll-free 24 hours a day, 365 days a year.

HOMEOWNERS INSURANCE

Unless you pay cash for your home, one of the requirements that will be made by your lender is proof of a valid homeowners insurance policy, secured before closing. This policy protects both your investment as well as the lenders from unforeseeable events and covers most home casualties, liability and personal property.

OBTAINING INSURANCE

Allow plenty of lead time before closing to find homeowners insurance. Costs and coverage can vary, so obtain at least three quotes from different companies. When evaluating policies to find the one that best suits your needs, consider questions such as:

- What is covered?
- What is not covered?
- How much will the insurance cost?
- Are discounts available for such things as smoke detectors and fire alarms, burglar alarms, non-smoking owners, combined auto and home policies, higher deductibles?
- What is the deductible?
- Is the home in an area prone to hurricanes where wind insurance may be a separate policy?
- Is the home in a flood zone where separate flood insurance is required?

Note: Some personal items such as expensive jewelry or valuable collectibles may not be covered in standard homeowner policies. When getting your quotes, include an inventory of your possessions to see if riders are required to cover these items.