



home buyers

STRATEGY GUIDE

THE HOMEBUYING PROCESS
IN GREATER BOSTON



KENDALL
GREEN
LUCE

Do you have a strategy for buying your next home?

By signing the Massachusetts Property Transfer disclosure as your buyers' agent, the Kendall Green Luce Team declares that our fiduciary responsibility is clearly and only to you. You can trust that we will guide, inform and educate you throughout the process, helping you to make decisions that support your side of the transaction. The Kendall Green Luce Team can recommend additional resources such as mortgage lenders, real estate attorneys, architects and other contractors. We are available every step of the way.

1. Preparation
2. Making An Offer
3. Purchase and Sale Agreement
4. Closing

We have worked with a diverse, global range of clients including first-time buyers as well as seasoned home buyers. The team can ensure you that we understand the various and unique needs of each and every client and tailor the home buying experience to provide the first level class of service buyers should expect to receive.



1. *Preparation*

FINANCIAL PREPARATION:

The first step in the home search process involves finances. Are you in a position to pay cash or will you need to obtain financing through a bank? It's important to know what you can afford on a monthly basis, the amount of your down payment, and how much you qualify for overall for the home.

SEARCH PREPARATION:

Before you start searching, make a wish list to identify the issues that are important to you in purchasing your next home. Based on the list you derive, we will utilize our extensive Compass Network as well as the MLS database to create a range of carefully selected properties for you to preview.



2. *Making An Offer*

PRICE, TERMS, & CONDITIONS

The asking price does not always necessarily mean that's what you will offer. Together we will review a close market analysis and the property to determine a fair offer price that you are comfortable proposing. You'll also need to determine a closing date, a binder check amount, the purchase and sale agreement deposit amount, and if there will be any contingent conditions pertaining to the offer.

Factors to consider when deciding on an offer price:

- Number of days the home has been on the market
- Current price (is it in line with local comparable homes?)
- Condition of the home and any repairs needed
- Number of competing offers

INSPECTIONS

- Home Inspection
- Radon Inspection
- Pest Inspection
- Certificate of Occupancy (new construction)
- Environmental Inspections
- Title V (if applicable)

This is not recommended; however waiving inspections in the current market can sometimes strengthen an offer proposal. Another alternative is a pre-offer inspection. This is becoming common practice in multiple bid situations.

ATTORNEY

Once your offer has been accepted, you will want to start the process of interviewing Real Estate attorneys to represent you until completion of sale. Real Estate attorneys will typically review condo documents, negotiate with the seller's attorney on your behalf, as well as schedule and coordinate the closing date.

3. *Purchase and Sale Agreement*

WHAT IS A PURCHASE AND SALE AGREEMENT?

A purchase and sale agreement is a legal contract in Massachusetts that obligates a buyer to buy and a seller to sell. This contract is signed after there is a mutually accepted offer. It is negotiated by the attorneys and is signed by both parties involved. This agreement states the final sale price and all terms of the purchase.

Some examples of what the purchase and sale agreement will include are: a description of the property you are purchasing, the amount of mortgage being financed, dates and terms of any contingencies, how the property is to be delivered upon closing, the closing date, any exclusions in the sale, etc.

TIMELINE

A purchase and sale agreement can be signed anytime following the signed accepted offer. It's usually no earlier than 3 days after offer acceptance to allow lawyers time to draw up the agreement and can be ten to 30 days after the accepted offer. The earlier a purchase and sale agreement is set to be signed the more serious buyers appear to sellers but this date will be determined by the terms and conditions of your offer.

DEPOSIT

On the day of the purchase and sale signing your second deposit will be due. This deposit will be held in an escrow account usually by the seller's agent brokerage firm. In some cases, the attorney can hold escrow.

The purchase and sale deposit is usually 5%-20% of the purchase price. This percentage of the agreed-upon purchase price is an additional deposit towards the purchase price made by the buyer at the time of the signing of the purchase and sale agreement.

*Wire fraud is on the rise, so buyers should always communicate wire instructions and information via phone and not send any money that hasn't been requested verbally from your agent or attorney. This is just a measure of safety and should be a standard practice anytime funds are being wired.

4. *Closing*

THE PROCESS:

The closing date (the target date to close the transaction and transfer ownership) is determined by the buyer and seller when the parties agreed to and accepted the terms of the purchase and sale agreement. This date may be amended by a mutual agreement or delayed due to remaining outstanding conditions required to close.

CLOSING COSTS:

You will need to be prepared to bring a personal check to the closing to pay for closings costs. You will be provided your closing disclosure prior to the closing date so you can be prepared. See following pages for a rough estimated breakdown of closing costs.

AGENT FEES:

As a buyer's agent our fees are almost always paid by the seller of the home you purchase. There are sometimes exceptions to this, but normally you may have no out of pocket expenses to have the Kendall Green Luce Team guide you through the process.



Key Terms:

APPRAISAL-

Assessment of the property's market value typically done for the purpose of obtaining a mortgage.

CONDO FEE-

A monthly maintenance fee paid by condo owners. Property taxes are not included in monthly condominium fee.

PURCHASE AND SALE DEPOSIT

A percentage of the agreed-upon purchase price paid by the buyer at the time of the signing of the purchase and sale agreement.

DEBT TO INCOME RATIO-

The percentage of an individual's monthly gross income relative to the amount of debt owed.

OFFER BINDER-

A check that goes with your offer to show good faith of interest in the subject property.

OFFER ACCEPTED-

The point in time when a seller accepts all the terms of a buyers offer for a property.

PRE-APPROVAL-


Potential buyers provide a complete financial picture to mortgage brokers, who provide preliminary approval of the buyer's loan.

UNDER AGREEMENT-

Refers to the time between the signing of the accepted offer by the seller, and the closing.

CONTINGENCY

A provision in the offer/purchase and sale agreement that makes the contract null and void if the certain event were to occur.



Closing Costs:

1. Attorney fees for the bank and the buyer for title search, drawing papers, etc. (approximately \$650-\$1200). The attorney's fee is lower if he/she also represents the lender. Ask your attorney about this.
2. Recording fees- approximately \$400 (\$125 for the deed, \$175 for the mortgage, \$35 for the declaration of homestead and \$65 for the municipal lien certificate).
3. Courier fee= \$30 - \$60.
4. Survey and plot plan - \$150.
5. Municipal Lien Certificate - ranges from \$25 to \$65 depending on where the property is.
6. Bank charge for credit report and flood certification fee- \$50 - \$75.
7. Title Insurance - usually right around \$4.00 per thousand of purchase price.
8. Tax escrow amount - often between 2 and 6 months, depending on when in the tax cycle you're closing. Ask your attorney about this.
9. Appraisal fee- ranges - usually \$400 - \$600
10. Hazard Insurance - for single and multi-families - most banks require a one-year, prepaid insurance policy.
11. Points, if applicable.

Please Note, This is meant to be a general guide, but is not meant to be completely inclusive. The list and amounts of fees can vary every time, depending on the lender, the attorney, and the loan. Your attorney and lender will be able to give you estimates well in advance of closing.