



A Guide to Buying a Home in Massachusetts



BERKSHIRE HATHAWAY
HomeServices

Commonwealth Real Estate

TO BEGIN:

Select Your Berkshire Hathaway HomeServices Commonwealth Real Estate sales associate and get pre-approved for a mortgage.

The Home Buying Process

Pre-approval

The first step towards buying a home is determining how much you can afford. As soon as you start actively looking for a home, you need to talk to a qualified mortgage consultant. Your Berkshire Hathaway HomeServices Commonwealth Real Estate sales associate can connect you to a mortgage consultant who has access to many lenders at no cost or obligation to you.

There are two sections to any mortgage application: you as the buyer and the property. A pre-approval is a credit commitment based on your financial situation, given by the lender's underwriter. A credit approval requires documentation of all assets, income, debt, and credit history. A maximum mortgage amount and interest rate will be determined by analyzing the documentation you provide. The pre-approval is conditional, requiring an executed Purchase and Sale Agreement and satisfactory appraisal on the subject property. After you have submitted the required paperwork, this should take no more than one working business day depending on the type of mortgage for which you have applied. This is often taken over the phone, and may need only a signature depending upon the lender or program.

In today's market, the vast majority of Buyers are pre-approved for a mortgage when they make an offer to purchase. You will be able to compete if you also make an offer while pre-approved. Because all conditions to the approval are listed on the pre-approval letter, the Seller can see just how strong a Buyer you are. If there are conditions in the initial "pre-approval" other than a purchase and sale and appraisal, you will have the opportunity to clear them in order to show a "clean" letter to the Seller. This tells the Seller that your financing is virtually secured.

The Offer

When you sign the Offer to Purchase real estate, you will be asked to submit a deposit to show you are earnest about your desire to purchase the property. A common earnest money deposit is \$1,000 but may be more for higher end property. The offer will contain:

- your offering price
- additional deposit to be paid when signing a Purchase and Sale Agreement
- date for signing the Purchase and Sale Agreement
- closing date
- any inspection contingencies
- mortgage contingency (if any)
- any other contingencies which may be appropriate for the particular transaction

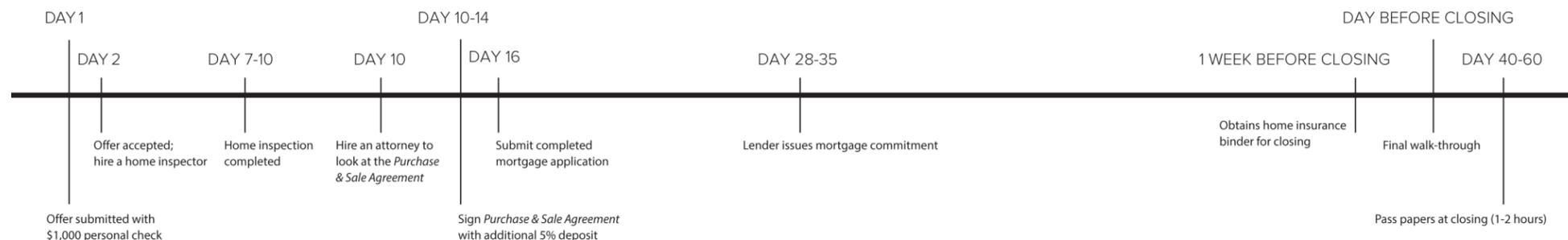
The Inspections

Inspections should be done within seven (7) days of the accepted offer. Remember that the date included in the offer is the dead-line by which you must put in writing any objection, request for adjustment, or rejection of the property. If the date passes without anything in writing from you, it is assumed that all inspection contingencies are satisfied. Your earnest money deposit may be retained by the Seller if you do not meet these deadlines or fail to close.

The Purchase and Sale Agreement

The Purchase and Sale Agreement formalizes in more detail the original Offer to Purchase. It expands upon what has already been agreed, without changing the original terms unless both parties agree. It is usually drafted by the listing office and should be reviewed by attorneys for the Buyer and Seller. The date for signing a Purchase and Sale Agreement is customarily 10-14 days after the acceptance of the Offer. Normally, when the Purchase and Sale Agreement is signed, the last remaining contingency is the mortgage contingency. Remember, this is when the balance of your remaining (5% or 10%) deposit is due.

This timeline represents approximately 60 days. The time periods shown on this chart are fairly typical but may differ in your situation, depending on various needs and negotiations between Buyer and Seller.



The Closing

The closing is generally held at the office of the bank's attorney or at the Registry of Deeds. It may however be held anywhere that is mutually agreed upon. At the closing you will need funds as directed by the lender's attorney as well as your personal checkbook for additional amounts that may be due because of adjustments. You will also need to produce a legal form of identification. There will be many, many documents for you to sign. Your attorney will review the documents and explain and approve them for your signature.

After approximately one-two hours and once the deed is recorded, you will be declared the proud owner(s) of your new home!

Some Helpful Things To Consider When Making An Offer

When a very low offer is made, a Seller's willingness to negotiate may stiffen. They may get insulted and refuse to make a counter offer. A stronger opening offer will often get the Seller's attention and encourage their willingness to negotiate. At the time of signing a Purchase and Sale Agreement, a Seller is usually looking for a deposit equal to 5% (usually 10% with new construction) of the agreed purchase price. This money is held in an escrow account and is brought to the closing as part of your down payment.

Inspections are intended to uncover any major problems or to detect serious structural, mechanical or other defects in a home that you might not have seen in an ordinary viewing of the home. It is not meant to gather a list of minor repairs that the home might need.

Some Helpful Home Buying Hints

You are about to take on the task of finding the right home. It is an important job which could become laborious and chaotic. With a little planning and a Buyer's Agent, the process can be less stressful, organized, and enjoyable. Don't "squeeze in" house hunting. Leave enough time to properly inspect the homes you see. If a home is out of the question don't linger.

You may want to bring other family members if you're taking a second look at a home. Remember, it could become their home too!

After seeing a home, share your impressions with your Berkshire Hathaway HomeServices Commonwealth Real Estate sales associate. The more you share with them, the better they will be able to find the right home for you, saving you time. Whenever you see another company's ad for a home in which you may be interested, please give your Berkshire Hathaway HomeServices Commonwealth Real Estate sales associate a call. They can tell you about it and show it to you. As you see homes, try to eliminate and keep only two or three as serious possibilities. The more homes you try to keep track of, the more difficult it becomes to make a final decision.

Whenever you see an Open House advertised on a home you might like to see, please call your Berkshire Hathaway HomeServices Commonwealth Real Estate sales associate to assist you. Your sales associate has a better understanding of your current situation and can help review your options. Give some thought to hiring an attorney to represent or advise you as early as possible. You will need your attorney when the time comes for the signing of paperwork. Finally, please call your Berkshire Hathaway HomeServices Commonwealth Real Estate sales associate for any questions you may have or information you may need. They are available at your convenience.

Due Diligence Checklist For Buyer's Agent

- Obtain the Seller's Statement of Property Condition, if available, from the Seller's agent.
- Ask Seller's agent if there is a homeowners' warranty.
- Check to see if there is a termite warranty.
- Verify assessed value, age of home, square footage of home and owner of record. (Go to the Town Hall and get a Field Card from the Assessor's Office or go online to public records).
- Acquire subdivision/zoning restrictions, if applicable.
- Verify average utility bills upon request.
- Check to see if house is in a flood plain (usually noted on mortgage plot plan).
- Check abutting properties as needed.
- Check for any neighborhood/building covenants, fees, etc.
- Check for building permits issued for prior modification of home (usually noted on Field Card).
- Verify types of flooring (tile, hardwood, plywood, etc). Check comparable values and have your Berkshire Hathaway HomeServices Commonwealth Real Estate sales associate prepare a Comparative Market Analysis (CMA) prior to recommending an offer range (except in Dual Agency situation; sales associate cannot recommend a price).
- Recommend consulting an attorney.
- Recommend professional property inspections; sometimes further evaluations and inspections are performed by professionals in specific fields, such as an inspection for Lead Paint or a Septic Inspection.

- Structural condition of property
- HVAC system
- Plumbing systems
- Well capacity
- Septic system
- Radon
- Water purity
- Condition of appliances
- Irrigation system
- Presence of termites or pests
- Lead in water
- Asbestos
- Roof condition
- Electrical capacity
- Pool inspection
- Synthetic stucco
- Presence of lead-based paint
- Excessive moisture and mold

Where you deserve to be



BERKSHIRE HATHAWAY
HomeServices
Commonwealth Real Estate

CommonMoves.com