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Top 1% of all Realtors on the Peninsula
(Based of Sales Volume)

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Understanding the Buying Process

Now that we have begun the process of purchasing your new home, there are some things you should keep in mind. The following should help you better understand the procedures involved in buying a home.

1. Prequalification

It is in your best interest to be prequalified by a lender. This allows both you and the seller to have a higher level of confidence that the sale will go to closing. It will establish a positive atmosphere and more likely lead to successful upfront negotiations.

2. Credit Checks

To preclude any surprises or delays in the purchase process, the mortgage company should run an in-file credit report at the onset of our relationship. If there are any errors in the report, you will want to resolve them before we seriously look for a home. A "good" credit report will carry a great deal of weight with the seller during negotiation. The regulations prevent us from showing you the report. If there are any problems, we will advise you on how to contact the Credit Bureau for corrections.

3. The Search

We normally only need to look at 3 to 4 houses. Once I really understand what you are looking for and your focused price range, almost every home in the area will eliminate itself. I study the market regularly and together we will choose the 3 to 4 homes which will meet your needs. Looking at any more than 3 to 4 at one time will be counter productive-they will all blend together. If one of these is not "your home," we will come back and look at "why" before we select 3 to 4 more. Please remember, you risk losing the home you really want by procrastinating on a decision.

4. Earnest Money Deposit

When you write a contract you will be required to deposit "earnest money" with the Real Estate Company. If the contract falls through due to no fault of yours, the earnest money will normally be refunded. However, a default on your part will most likely result in the loss of your deposit. State law strictly governs the disposition of these deposits. We can only return the deposit to you once the contract has been ratified by agreement of all parties, or court order.

5. Estimate of Monthly Payments

Your estimate of monthly payments will be based on the principle loan amount, interest rate, taxes and insurance costs (PITI). Depending on the type of financing used, there may also be a monthly MIP/PMI added to this. To ensure you are able to take advantage of current rates, ACT NOW! Don't lose your dream home due to procrastination!

6. Estimate of Closing Costs

I will show you or have already shown you an estimate of funds required to close on a home in your desired price range. THESE ARE ESTIMATES AND THERE MAY BE SOME VARIATIONS THAT OCCUR (examples: mailing fees, change in prices of surveys or appraisals, the amount in escrow accounts, etc.)

7. Mortgage Company Cost Estimates

TWO forms from the mortgage company could be confusing and differ from costs you and I discussed: Good Faith Estimates and Truth in Lending Statements. Should you have questions after reviewing them, call me.

8. Loan Processing

BE SURE TO HAVE ALL CREDIT CARD/LOAN NUMBERS and mailing addresses for the loan officer at the time of loan application. Verifications of required information will be mailed out to the appropriate people. Lenders require that the credit report and appraisal fee be paid at the application. These are non-refundable. It is IMPERATIVE you respond IMMEDIATELY to requests for information from the lender to preclude any delays on your part. Remember, your loan must be approved BEFORE the attorney or Title Company will initiate further actions, or before work can be started on your home, if necessary.

9. Interest Rates, Discount Points, and Lock-Ins

Interest rates and points may vary from DAY to DAY. NEITHER THE LENDER NOT THE REAL ESTATE AGENT HAS ANY CONTROL OVER THESE VARIANCES. Many lenders and loan programs will allow a "lock-in" of the loan for 45-60 days (75 days or longer may be available with some lenders). If you don't close by the lock 'expiration date your costs may change. Be aware of the conditions which affect YOUR LOAN.

10. Home Inspection

If you are using a professional home inspector, keep in mind they will go over the home in complete detail. Many minor items will appear on the report. Do not be alarmed. You will have an opportunity to discuss these items with the home inspector to determine which, if any, you want to ask the seller to correct. Remember, however, that the seller may have the option of declining to correct some deficiencies not expressly agreed to in the contract.

11. Lead-based Paint

If the property you are buying was built before 1978, harmful lead-based paint may be present. If you have a concern about the presence of lead-based paint, we recommend you consult a professional inspection/testing service.

12. Communicate with Seller

If you have any questions or concerns or want to look at the house again, go through your agent. This will prevent any misunderstandings between you and the seller.

13. Insurance

You will need to talk to an insurance agent to determine needed coverage for your new home. Be sure your insurance agent knows the lender's insurance requirements. Insurance papers **MUST** be at the attorney's office or Title Company **PRIOR** to closing.

14. Utilities

Prior to settlement, you will need to have all utilities transferred to you. If the utilities are already on, it will be your responsibility to call the appropriate offices and give them the necessary information to set up an account in your name. Do not wait until the last minute to do this! If the utilities have been turned off, some localities require an inspection before the utilities can be turned on. You may be required to pay a fee for this inspection. These fees vary from location to location, and it may take a few days for the inspection to be made. You will need the utilities on before the walkthrough inspection. Once again, do not wait until the last minute to take care of this. **THE AGENT CANNOT DO THIS FOR YOU.**

15. Surveys and Title Search

After your loan has been approved, the attorney or title company will order a survey and do a title search. If there are any survey or title problems, we will keep you informed of the seller's efforts to resolve them.

16. Walk-Thru

A day or two before closing, you will conduct a final walk-thru inspection of the property. Items subject to inspections are heating and cooling equipment, electrical and plumbing systems and appliances included in the sale (plus any other items specifically agreed to in the contract). All must be in working order. Unless substantive changes have occurred with the property, **NO OTHER ITEMS MAY BE CONSIDERED DURING THE WALK-THRU.** Therefore, it is very important that any work you want done (i.e. patching, painting, etc.) be written into the contract.

17. Certified Funds Needed

A day or so before closing, the attorney or title company should get final figures from the lender and workup a settlement sheet. If you need to bring money to closing, the exact amount will be made known at that time. **REMEMBER, IT MUST BE CERTIFIED FUNDS!!** We will do our best to get you the needed information as soon as possible.

18. Closing/Settlement

This is the final step in buying your home. At the attorney's office or Title Company, you will sign the necessary papers to transfer title of the property to you. You will also be required to sign forms provided by the lender to consummate the loan. Once everything is signed, the home is **YOURS!!**

19. Buyer's Remorse

It is not unusual for buyers to question their decision after they sign the contract. It's normal! Remember that much planning and information went into your decision; take a deep breath and trust yourself. The doubts will pass.

This information is deemed reliable as obtained from appropriate sources. However, neither Frank Cotrupi nor Long & Foster makes any warranty, expressed or implied.

Purchaser's Acknowledgement of Receipt:

(Signature)

(Signature)