

HOME BUYER'S GUIDE



TRAIL 27
A REAL ESTATE CO.

HOME BUYER'S GUIDE

WELCOME TO THE PATH TO LOVING WHERE YOU LIVE

What exciting times for you to work with a real estate company like no other because we take the time to help you identify your lifestyle goals. Through an in depth consultation you may discover things that you never realized were associated with real estate. We know how to align your ideal lifestyle with your housing needs. Its not about closing a deal for us, its about bettering your life.

Trail 27 has been built around one guiding principle: giving clients an educational experience that exceeds expectations. We realize this is an exciting and sometimes stressful time, so we always remember this is about you, the client. We promise to be patient in answering any questions you have, explaining how the process works at every level so that you understand "the why." Additionally, we will analyze and share comparable data, which will empower your decision making abilities.

This package contains helpful information for homebuyers, including an overview of the entire purchase process, and answers to frequently asked questions.

After you've had the chance to review this information, we'll meet to go over the process, I will ask you a few questions to get to know your goals and expectations, and answer any questions you may have. We only work with people we trust and we expect you have the same expectation, so let's take the time to learn more about one another and make sure we are a good fit.

Trail 27 is honored to guide you down the path of loving where you live.

Sincerely, The Trail 27 Team



WORKING WITH A **TRAIL 27 REAL ESTATE PROFESSIONAL**

Trail 27 agents are trained to understand your goals and guide you down the path to loving where you live. Our Realtors have systems in place to streamline the home-buying process for you.

OUR AGENTS WILL:

- Provide an in-depth consultation to ensure we are clear on our client's lifestyle and housing goals; timeline or urgency; and preferred method of communication
- Educate you on every step of the home-buying process.
- Be a committed ally who excels at negotiating.
- Help you find a mortgage professional who will maximize your financing opportunities.
- Establish an automatic notification system which will immediately email you MLS listings that match your search criteria, so you are current while saving time.
- Preview homes for our out-of-state buyers.
- Run a Comparative Market Analysis (CMA) for top-choice homes.
- Guide our clients towards a compelling offer that will stand out in a multiple offer situation.
- Refer you to contractors who consistently provide our clients with a high level of service.



THE HOME BUYING PROCESS

At Trail 27 we do things differently. Our main goal with each client is to guide them down the path to loving where they live. When setting goals, we focus on how many families we can help not how large a deal we can close. Part of helping our clients is educating them on every step of the home-buying process. Look through the steps below and feel free to give us a call with any questions.

1. Define your lifestyle goals and make your plan

Given that buying a home is such a big step, it's all the more important for you to educate and prepare yourself as much as possible in advance. This means clearly determining why you're buying and what kind of home you're looking for. And because buying and financing a home are so closely related, it also means examining your current financial situation and projecting how much you can afford.

2. Get pre-approved for a loan

Generally, it is recommended that you get pre-qualified for a loan before you start viewing homes with the serious intention of buying. The preapproval process involves meeting with a lender and authorizing them to examine your current financial situation and credit history.

3. Search and preview homes

Simply put, key to the home search process is knowing what you're looking for. Among other things, that means distinguishing between "must-haves" and "like-to-haves". To help you to target your search and define your home preference priorities, this guide includes a Home Search Worksheet on page 28.



THE HOME BUYING PROCESS CONT.

4. Make an offer and negotiate with the seller

Once you've written the offer, your REALTOR® will present it to the seller and/or the seller's representative. At that point, the process – given that a home's eventual sale price is subject to supply and demand – will depend on the kind of market you're in. Generally though, the seller can accept your offer, reject it, or counter it to initiate the negotiation process. ++ earnest money

5. Secure your financing

Once you have a pending agreement, it's time to go back to your chosen lender to finalize your mortgage details so you can close the deal. This means finalizing your down payment, interest rate, regular payment schedule and any other financial conditions associated with the closing.

As noted in the section on loan pre-approval, if you've already been qualified with a lender for a certain loan and home purchase, this phase of buying your new home should be a relatively straightforward matter that centers around finalizing the loan details and signing the mortgage papers.

6. Home Inspection

Next, the buyer schedules a home inspection unless previously waived. An inspector give the buyer an accurate report of the home's condition and discloses any major issues with the home.



THE HOME BUYING PROCESS CONT.

7. Home appraisal

Unless paying cash, you will have a mortgage. Your mortgage lender will require an appraisal to be ordered. An appraisal evaluated the worth of the house. If it does not match with what you are offering, we will have to decide what to do next. A home appraisal contingency lets you back out of or re-negotiate the deal.

8. Final walk-through

This is one of the final steps that should confirm that the house is in good condition, necessary repairs have been completed and that everything that was included is still in the house.

9. Closing

Closing on your new home consists on signing on the house and then recording. Signing day is when you will come into the title office with a certified check for closing costs and down payment made out to the title company and photo identification.

At the end of closing, the deed will be recorded at the county clerk's office by the title company. A copy will be sent to you after processing. Than you will receive a call that you have "funded and recored". At that time, you typically will pick up your keys from the title company where you signed. Congratulations!

THE HOME BUYING PROCESS



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PREPARING FOR CLOSING

You will be finalizing your loan, reviewing documents, and discussing the findings from the inspection. Your agent will be managing this entire process for you.

FINAL DETAILS

Perform due diligence, order the appraisal, conduct an inspection, and review terms with the lender.

IN ESCROW

You and the Seller have agreed to the price and terms. The home is effectively held for you until closing.

THE CONTRACT

In most cases the contract provides you with a timeline to obtain financing, as well as time to inspect the physical condition of the home. Your real estate professional will inform you of all your rights and responsibilities related to the contract.



NEGOTIATION AND CONTRACT

It may take a few tries to get it just right, but hang in there. You're on your way!

CLOSING

This is the transfer of funds and ownership. A title company or an attorney typically acts as an independent third party to facilitate the closing.

CONGRATULATIONS!

YOU ARE A NEW HOME OWNER!

MAKE AN OFFER

Your agent will prepare the offer based on the price and terms you choose.

MEET WITH A REAL ESTATE PROFESSIONAL

Discuss the type of home you're looking for, including style, price, and location.



GET PRE-APPROVED

You will need pay stubs, W2s, and bank statements. Knowing what you can afford is critical to a successful home shopping experience.

SEARCH FOR HOMES

The fun part! Your agent will schedule showings and help you find the perfect home.



ADVANCED SEARCH

Not all real estate websites are the same. Your real estate professional has tools and systems to ensure you see every available home that meets your criteria.

THE BUYER'S ADVANTAGE

As the home buyer, your agent's commission is paid by the seller of the home in almost all circumstances. This means your representation costs you nothing!



FREQUENTLY ASKED QUESTIONS

How will you tell me about the newest homes available?

The Multiple Listing Service (MLS) provides up-to-date information for every home on the market. We constantly check the “New on Market” list so we can be on the lookout for our clients. We will get you this information right away by phone and/or e-mail..

What is the difference between a short sale, a foreclosure and a REO?

A short sale is very often another term used for Pre-Foreclosure. A short sale is when a lender agrees to take less than the full amount owed on the home. These can take months to close.

A foreclosure is when a property that has been in default goes to auction. A realtor does not represent a client in an auction. Foreclosures are purchased with cash at an auction.

If a property is not sold at the auction, it goes back to the bank that owns it and sits in the assets column as a Real Estate Owned asset, or REO. The bank will hire a Realtor to list and sell their REOs. REOs are typically listed below market value and draw multiple offers, which typically results in a purchase price higher than the asking price. The bank, or seller, of a REO typically gives priority to Cash offers.

How does for sale by owner (FSBO) work?

Homeowners trying to sell their home without agent representation are usually doing so in the hopes of saving the commission. If you see a FSBO and want the advantages of our services, let us contact the owner for you and make an appointment. Most of the time the homeowner will work with an agent, even though their home is not listed, since the agent is introducing a potential buyer to their property. Remember that the seller generally pays for our service so it is a win-win for you: you get professional services for no cost.



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Common Terms

ADJUSTABLE RATE MORTGAGE (ARM)	The interest rate is tied to a financial index making the monthly mortgage payment go up or down over time.
ANNUAL PERCENTAGE RATE (APR)	The percent of interest that will be charged on a home loan.
APPRAISAL	A report highlighting the estimated value of the property completed by a qualified 3rd party. This is typically done for the benefit of the buyer or the buyer's lender to ensure the property is worth the purchase price.
ASSOCIATION FEE/HOA FEE	In addition to a mortgage, certain housing communities such as townhomes have a monthly fee associated with maintaining the common areas and amenities.
BALLOON MORTGAGE	A long-term mortgage loan that starts small but has a large payment due at maturity.
CLOSING	When the new title to the property is officially recorded by the County Recorder's Office and ownership of the property transfers to the new buyer.
CLOSING COSTS	The buyer and seller have expenses associated with the transaction other than that of the actual cost of the home. For example, the buyer has a variety of fees due for obtaining a new loan and the seller must pay commission to both agents.
CLOSING DISCLOSURE	A form that provides the final details about the mortgage loan. It includes loan terms, projected monthly payments, and how much the extra fees will be.
COLLATERAL	Something of value (in this case your home) that is held to ensure repayment of a mortgage or loan.
COMMISSION	A percent of the sale price of the home that is paid to agents. The seller pays commission to both the buyer and listing agent.
COMPARABLES	Homes in the area of interest that have recently sold that have similar features.
CONTINGENCIES	Conditions which must be met in order to close. Contingencies are typically tied to a date, referred to as a deadline. If the contingency is not satisfied the contract may be canceled.

COUNTEROFFER	The response from the seller in regard to an offer.
DEBT TO INCOME RATIO	A lender will evaluate whether a borrower's income is large enough to handle their payments on existing debts plus their new mortgage payments.
DOWN PAYMENT	A percent of the cost of the property that is paid up front as a part of the mortgage.
EARNEST MONEY	The deposit made from the buyer to the seller when submitting an offer. This deposit is typically held in trust by a third party. Upon closing, the money will generally be applied to the down payment or closing costs.
ESCROW	This term has multiple meanings; earnest money is typical held by a third party until closing in "escrow." It can also be referred to as the time period from when the contract is written and accepted by the seller to when the home sale actually closes.
EQUITY	The difference in the market value of a home versus what is owed on the home.
FHA	A mortgage that is financed through a private lender and insured by the Federal Housing Administration, often requiring a lower down payment and income to qualify.
FIXED RATE	The interest rate will remain the same for the entire life of the mortgage.
HOME EQUITY LINE OF CREDIT	A loan or line of credit that your lender may offer using the equity in your home as collateral.
HOME INSPECTION	The process in which a professional inspects the seller's home for issues that may not be readily apparent, and then creates a report for the buyer to review.
HOME PROTECTION PLAN	A one-year service that covers the cost of repairs or replacements to items covered in the plan (such as stoves, dishwashers, A/C, heaters, etc.).
HYBRID	A loan that starts with a fixed rate period, then converts to an adjustable rate.
MORTGAGE INSURANCE	Insurance written in connection with a mortgage loan that protects the lender in the event the borrower cannot repay their loan. This is usually not required if the borrower has 20% or more for the down payment.
MORTGAGE NOTE	A promise to pay a sum of money at a standard interest rate during a specific term that is secured by a mortgage.
MULTIPLE LISTING SERVICE (MLS)	The national list of real estate properties that are available for sale. These are the most reliable sources to receive up-to-date listing information.
PRE-APPROVAL	The process in which a lender makes an initial evaluation of how much money a buyer might be qualified to borrow based on the preliminary financial information provided. This gives the seller more confidence in the buyer's ability to close escrow, but is not a guarantee that the loan will be approved.

PRINCIPAL	The underlying amount of the loan which is actually borrowed.
PROPERTY TAXES	These are the taxes that are enforced by the city, town, county, and state government entities. Sometimes they are included in the total monthly mortgage payment paid to the lender and sometimes they are paid directly by the home owner.
REO	Real estate owned properties or foreclosed properties currently owned by a financial institution such as the bank that made the loan to the previous owner.
REVERSE MORTGAGE	This is specifically for seniors and it allows them to convert the equity in their home to cash.
SHORT SALE	A situation when the seller's lender is willing to accept an offer and allows the sale to be completed for an amount less than the mortgage amount owed by the seller.
TITLE	A legal document proving current and proper ownership of the property. Also referred to as a Title Deed, this document highlights the history of property ownership and transfers.
UNDERWRITING	The process in which the potential home buyer is evaluated for their financial ability to obtain and repay a loan. This normally includes a credit check and an appraisal of the property.
VA LOAN	Special no down payment loans that are available to Americans who have served in the Armed Forces. These loans are issued by private lenders and are guaranteed by the Department of Veterans Affairs.



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