



## Buying a Home with a Lichtenstein Rowan, REALTORS Sales Associate

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Buying a home raises a lot of questions. Through years of experience, we have found that some basic questions are asked frequently. Our goal is to help answer your specific questions. And to make it easier for you, we provide this guide for buyers. Home buying is an adventure to be enjoyed, and as your Realtors, we can make your home search easier and faster.

Most likely you have already decided why it is best for you to buy a home in the Roanoke Valley. Do you want to stop paying rent and start building equity? Do you want to move into a different neighborhood? Or do you just want to move to a larger or smaller home? Whatever the reason, a home is one of the best investments you can have. To choose a home, consider:

- a. Location. Do you want a neighborhood? Do you want County or City? Ask yourself how many minutes you're willing to commute to work. Is the area good for resale?
- b. Style of home. One floor living, colonial, split level, condominium, etc. Decide how much space you need, number of bedrooms, baths, a new home or a resale home.

### **HOW LICHTENSTEIN ROWAN, REALTORS HELP YOU BUY A HOME**

We are in the business to provide every service connected with your home search, from expert advice in the early stages through careful monitoring of your closing costs. The closer we can work with you and get to know you, the more effective our Sales Associates can be to save you time and possible grief. We will personally conduct your search for a home and work jointly with mortgage lenders to analyze your finances and determine the price range of homes that would best suit your pocketbook. Once we find a home, we will personally guide you through the intricacies of making an offer on a home and presenting your offer to the seller. The final step will be to follow-up on all aspects of the transaction to help ensure you close on the house on time.

### **HOME OWNERSHIP IS THE KEY TO FINANCIAL SECURITY**

Historically, housing has appreciated in value. However, over the past 3-4 years, we have not experienced the appreciation of previous years. Although no one can say a specific home in a specific location will increase in value, generally speaking the odds favor most homeowners. The monthly mortgage payments include principal reductions that become a solid form of savings. Tax advantages are available to homeowners. The thousands of dollars you pay in mortgage interest and real estate taxes may be deductible on your tax return. This tax deduction alone can sometimes make owning your own home cheaper than renting! Consult your tax advisor to determine the tax benefit available to you. A fixed rate mortgage (and even a variable rate mortgage) can allow you to take control of your housing costs.

### **WHAT PRICE HOME CAN YOU AFFORD**

It's always best if we look for financing before you find a home. Knowing where you stand concerning how much money a lender will lend you (based upon your income, debt and credit rating) is extremely important. So first, let's find out how much money a bank or mortgage company will lend you. If you add the amount which you can borrow and your down payment, you will get the price of the home which you can afford. Remember to keep enough cash for move-in expenses and closing costs.

We will help you contact a lender who will work in your best interests. Generally, they will want to know your employment history, the source of your downpayment, your assets, gross monthly income, bank balances, and debts. In approving your loan, a lender will get an appraisal of your home, verify employment and income, verify credit, etc. It usually takes a minimum of 30 days to process your mortgage, but it depends on the time you need in order to supply the information required and for the lender to verify your data. It is your responsibility to contact an insurance agent to request homeowner's insurance.

Closing costs will vary depending on the price of your house and type of loan you apply for. The lender will give you a "Good Faith Estimate" of the closing costs, which will include: origination fees, discount points, lawyers fees, title insurance, survey, transfer tax, appraisal fee, mortgage insurance, escrows (which includes homeowner's insurance and taxes), and interest for the days left in the month in which you close.

## **HOUSE HUNTING**

The primary source of information about what's available in the housing market is the Roanoke Valley Multiple Listing Service (MLS). The MLS gives us important information on homes such as location, size, style, number of bedrooms and baths, heating/cooling system, etc. plus extra features such as fireplaces, family rooms, and more. Our Sales Associates can show you **every house listed by any REALTOR** in the Roanoke Valley.

**LOCATION:** Inspecting a neighborhood is as necessary as inspecting the home you may buy. You should drive around the neighborhood at various times during the day, visit the schools, or talk with the neighbors. Location will be a prime factor influencing future buyers when it comes time to sell your home.

**NEW CONSTRUCTION:** Buying a new home is attractive because everything's new, from floors to appliances. Electrical, plumbing and construction is currently built to modern building codes. Newness is more assurance that your maintenance costs will be predictable, and a builder's warranty is generally always given on new homes.

**RESALE HOMES:** An existing home has an established neighborhood and grounds. Some resale homes may be larger than new homes, and their prices may be lower. Look for soundness of the foundation and walls, type of plumbing, extent of the electrical system, condition of the heating and air conditioning, fuel efficiency, and repairs that may be needed due to wear and tear:

**Foundation:** Look for evidence of water seepage or moisture problems. Minor settling cracks are usually not structurally significant.

**Drainage:** Crawl space or basement should be dry. A sump pump is primarily for foundation draining.

**Floors:** Check condition of flooring, whether drywall or plywood. There should be solid construction of bridging and joists.

**Walls:** Look at condition of walls, whether drywall or plaster. Check for absence of water marks.

**Heating:** Know the type of heat used. There will be periodic maintenance required—oil fan motor, lubricate bearing, replace filters, etc.

**Electrical:** Look for adequate number of circuits and outlets for everyday needs. Circuit breakers are generally preferable to fuses. Wiring should not be frayed or brittle. Any non-working outlets should be repaired by seller.

**Plumbing:** See that there is good water pressure throughout the house. The bathroom and kitchen fixtures should be in good shape. Any leaks should be repaired by seller.

**Appliances:** The appliances should be in good shape.

**HOME INSPECTIONS:** You may choose to hire a professional home inspector to look over every minor part of a home for a fee. He will give you a written report that judges the home's quality and condition. The home inspection is primarily geared to determine that the electrical, plumbing, appliances, heating and air conditioning are in safe working order, that there are no structural defects in the property, and that the roof is free of leaks.

## **THE SALES CONTRACT**

In Virginia, any contract to purchase real estate must be in writing in order to be valid in the Courts. The first step is for you to make a written offer including the conditions of the purchase. Your Sales Associate will write-up the offer and present it to the seller or his agent. The seller will decide either to accept your offer, reject your offer, or counter offer on specific details. Our goal is to keep the negotiation process running smoothly. Once the seller signs the offer, it becomes a sales contract and may not be changed unless all parties agree in writing. The more important aspects of items which are negotiated in a contract include: sales price, personal property included in the sale, financing, settlement date, inspections, any other contingencies or "subject to's".

## **SETTLEMENT PROCEDURES**

A settlement agency or attorney will meet with us to review and sign the loan papers, deed, and statement of final settlement costs. The amount needed to close consists of your downpayment, closing costs, and escrows – less any deposit made at the time of your offer and less any closing costs that the lender requires at the time of application (appraisal fee, flood certification fee and credit report fee). A certified or cashiers check payable to the settlement agency or attorney is required at the time of closing for your final settlement costs. This amount is not usually known to the penny until a day or two before settlement, but should be very close to the "Good Faith Estimate" provided by your lender at time of application. At closing, you obtain ownership of the house and take possession of the keys. **The home is yours!!**

## **WHAT IS TITLE INSURANCE?**

Title insurance is purchased by an optional one-time premium that covers title defects which even the most astute title examination may not discover. Unfortunately the attorney is not liable for loss caused by hidden defects. For instance, an attorney cannot be sure of marital rights of previous owners that signatures that appear on all recorded documents are genuine, or if there is an unknown heir of a former owner who can appear to assert his claim. Even a perfect-looking title can be seriously defective because of hidden defects. Then, if anything should happen to defeat your title, your cause of action would be against the seller. Your chance of recovery would depend upon your finding a previous owner, suing the previous owner, winning the suit and, finally, recover damages of the previous owner can pay a judgment against him.

A lender requires title insurance on the loan amount. Because of the diminishing debt of the mortgage and the increasing equity of the owner in the property as payments are made, it is apparent that there could be a title failure with the owner suffering loss because he had no title insurance. Title insurance assures you of the best possible legal defense if your title is attacked and reimburses you up to the face amount of the policy if the title, or any part of it, should fail. We recommend owners title insurance.

## **CLOSING YOUR REAL ESTATE TRANSACTION**

At the closing everything finally comes together. The terms of the purchase agreement are carried out, documents are signed, money passes hands and you become the owner of the property that you have agreed

to purchase. The date and time of settlement should coincide with the date of closing set forth in your purchase agreement. It is necessary for all purchasers to attend settlement in person unless special arrangements are made prior to settlement. Settlement services include: ordering the title examination and reviewing the abstract of title, certifying the title to the title insurance company issuing the title insurance, assembling necessary information and documents and related preparations for settlement, reviewing the loan instructions and preparing documents, and receiving and disbursing settlement funds for your account. Additional fees may be incurred for overnight mail services or additional documents.

The lender may also require a survey. The attorney or settlement agency will order the survey unless notified otherwise. In surveys of acreage, the surveyor often charges by the hour and the exact amount of the bill may not be known until after the survey is completed. Your lender estimates the amount of the survey in its Good Faith Estimate. We recommend a survey be obtained.

A report showing that no visible evidence of wood destroying insects has been observed, or if observed that treatment be done and damage repaired, is an expense of the seller. If you are not served by public water and sewer, the seller will have to provide evidence that the water is potable and free from bacteria and your sewage disposal system is functioning satisfactorily.

You should make arrangements to transfer utility services for the property into your name. We will provide you the names and phone numbers of the public utilities upon request.