



BUYER'S GUIDE



MEL FOLEY

REALTOR®, CRS, ABR

360-770-3115

www.melfoley.com

kw WESTERN
REALTY
KELLERWILLIAMS.



It's All About You

My real estate business has been built around one guiding principle: **IT'S ALL ABOUT YOU.**
My focus is on your complete satisfaction.
In fact, I work to get the job done so well you will want to tell your friends and associates.

IT'S ALL ABOUT YOU.

**YOUR NEEDS
YOUR FINANCES
YOUR DREAMS
YOUR TIME
YOUR CONCERNS
YOUR LIFE
YOUR QUESTIONS
YOUR FUTURE**

Maybe that's why more than 85% of my business comes from repeat customers and referrals.

Good service speaks for itself. I am looking forward to the opportunity to earn your referrals too!

What You Get From Me

- A knowledgeable and professional REALTOR® who represents you.
- Thorough consultation to determine your unique wants and needs in a home.
- Advice on making offers based on expert market evaluation so you don't "overpay".
- A committed ally who will complete your purchase contract, present your offer, and negotiate on your behalf.
- Preparation of all closing documents and guidance through the closing process.
- Assistance with any post-closing issues.
- The backing of an experienced team of professionals and a trusted company, Keller Williams.

As Part of My Service I Will Commit to Helping You with Your Home Search By:

- Organizing and scheduling homes to view based on your unique specifications.
- Personally touring homes and neighborhoods with you.
- Keeping you informed of new homes on the market.
- Advising you of other homes that have sold and for how much.
- Working with you until we find the home of your dreams.

Full Time + Full Service Realtor

CERTIFIED RESIDENTIAL SPECIALIST • ACCREDITED BUYER'S REPRESENTATIVE

kw WESTERN
REALTY
KELLERWILLIAMS. 

The Home Buying Process



START

Home Buying Process



MEET

with your Real Estate Agent



ENTER INTO RELATIONSHIP

- Buyer Agency Acknowledgement Form
- Buyer Exclusive Agent Agreement
- Guide to Buying a Home



DETERMINE

your Purchasing Power with mortgage pre-approval



OFFER

Agent prepares your offer



DECIDE

key elements of your offer: Price, Earnest Money, Dates, Contingencies



YES!

We found your dream home!



TOUR

Properties together



ANALYZE

Your wants, Your needs, Your dreams



NEGOTIATE

Agent presents offer and negotiates terms



DUE DILIGENCE

- Inspection
- Title Search
- Property Disclosure
- Environment
- Appraisal



EXCITING DAY

Contingencies removed



ARRANGE

Insurance



CLOSING DAY

Money & Title are exchanged



SCHEDULE

Moving Arrangements



UTILITIES

Setup



MEL FOLEY • melfoley.com • 360-770-3115



Search and View Properties

Viewing Homes Online or on Your Mobile Device, Tablet, and Computer

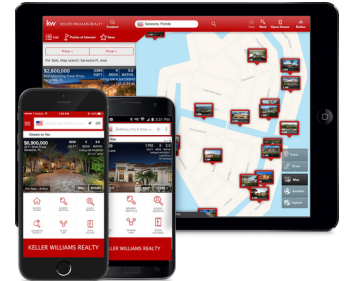
How you proceed with your property search will depend on your unique situation and time frame. In general, it is best to set up a profile on a comprehensive home search website where you can search all the homes on the market that are listed by any company or agent.

As a general rule, I suggest keeping your online search criteria as broad as possible so as not to miss anything that might be a great fit.

Viewing Homes in Person

I can show you *any home* you see advertised anywhere in Washington State *by any company*. Sometimes we will need to set an appointment first before viewing, but many times the property is vacant and can be viewed immediately.

One important thing to remember is the person advertised on the listing is usually the seller's representative who is legally contracted to represent the seller's best interests first and foremost, not yours. So if you want to find out the most accurate info on pricing history, days on market, property details, neighborhood market trends, builder reputation, etc., **call me first** whenever you see an interesting property.



What about FSBOs, Foreclosures, & Short Sales?

I often help my clients work with sellers who wish to sell their home themselves. Much of the time I find that For Sale By Owner's (FSBOs) are not realistic in their asking price and aren't as competitive to all the other options my clients have in the rest of the marketplace. However, I do maintain an awareness of the FSBO properties and may even recommend pursuing one I know if it looks like it may fit your criteria. In this case, you will continue to be represented by me to get the very best possible price and terms.



Prequalification vs Pre-Approval

Prequalification is nothing more than a few pieces of paper that says a lender has talked to you on the phone. They may or may not have pulled your credit. Based on the information that you provided to them verbally, the lender thinks you'll be able to get a loan.

The Seller's Agent may not allow that qualification to carry a lot of weight. If you are approved, it means that your application has been submitted to the lender, your credit has been pulled, you have had your file reviewed by an underwriter, and the lender has agreed to issue you a mortgage based on terms that are acceptable to you. That makes you a very strong Buyer.

Pre-Approval will help you!

- Allow you to determine your actual monthly payment.
- Identify your price range during your home search.
- Estimate of how much money you will need to have for a down payment and closing costs.
- Most importantly, many Sellers (especially banks and short sales) require pre-approval letters with any offer to purchase.

Full Time + Full Service Realtor

CERTIFIED RESIDENTIAL SPECIALIST • ACCREDITED BUYER'S REPRESENTATIVE

kw WESTERN REALTY
KELLERWILLIAMS. 

A Few Helpful Tips

Helpful Tips for a Down Payment

- Start early. Begin saving for a down payment as soon as possible. After a few years it adds up.
- Ask about a FHA mortgage. It only requires 3.5% down payment, provided that you have good credit and you may even be able to borrow that 3.5% as gift funds.
- Consider selling stocks or withdrawing from a 401K account. The real estate market is often a better investment anyway.
- Sell a depreciating asset such as a boat or car to help you purchase one of the greatest appreciating assets: Real Estate.
- Borrow from relatives. Lenders will often allow you to use money from relatives for the down payment if it is provided as a "gift". Check with your lender on restrictions.

5 Tips for when you are a Buyer in Seller's market

- 1 - Be Prepared.
As a buyer in a Seller's Market, you have to be ready to move fast and make an offer.
- 2 - Have your paperwork ready.
Seller's expect buyers viewing their homes to be qualified in advance to purchase a home.
- 3 - Make your best offer first.
A seller's market is not the time for you to ask for the washer and dryer or for a lower price.
- 4 - Be ready to Bid Up.
You may need to offer over full asking price with no additional requests of the seller.
- 5 - Hire the right agent.
The seller's market is the most competitive and aggressive housing market to be in when trying to succeed at purchasing a home. A Buyer's Agent prioritizes your needs.

What to Avoid During the Loan Approval Process

1. Having your credit report pulled by other creditors.
2. Changing jobs, becoming self-employed, or quitting your job.
3. Buying a car, truck, or van, furniture, electronics, appliances, etc.
4. Using credit cards excessively, letting your accounts fall behind or cancelling any credit cards. Avoid taking out any payday loans or direct deposit advances.
5. Spending money you have set aside for closing.
6. Paying off debts or liabilities from your loan application without approval from your lender.
7. Making any large deposits without first checking with your loan officer. Any deposit outside of payroll that is \$500 or higher may need to be documented. Cash deposits are not allowed. Payday loans/advances are not allowed.
8. Selling property for cash without a bill of sale and a copy of the cashier's check and title transfer, if applicable. Call your Loan Officer first.
9. Changing or closing any bank accounts.
10. Cosigning any type of loan for anyone.



The Mortgage and Loan Process

When determining how much you can afford there are three main considerations:

1. Your Down Payment

Mortgages insured by the Federal Housing Administration (FHA) and those available to U.S. Veterans (V.A.) require very low down payments and there are even still 0% down loans available today, plus down payment assistance programs. Ask your lender if you qualify for one of these.

Conventional loans will typically require a 3-20% down payment. However, with less than 20% down you will likely have to pay for Private Mortgage Insurance (PMI) which guarantees the lender will be repaid in case of default. If you are having trouble coming up with the down payment here are some tips to ease the burden.

2. Qualifying for the Mortgage

Your income, credit score, current debt and current interest rates determine the total amount of mortgage for which you might qualify. The higher the interest rate is, the higher the monthly payment will be and therefore the less total price you will have for your property budget.

**** A rough rule of thumb is that every 1% increase in interest rate means 10% less affordability or 10% increase in your mortgage payment.**

Your monthly mortgage payment to the lender includes the following items: **PITI**

P: Principal on the Loan

I: Interest on the Loan

T: Property Taxes

I: Homeowner's Insurance

3. Closing Costs

Closing costs not associated with the loan would be professional property inspections, Escrow fees and recording fees. The majority of real estate Buyer's closing costs (usually ranging from 2-4%) are associated with their loan and include loan origination fees, title insurance costs, appraisal fees, pre-paid property taxes, underwriting /processing fees, and possibly interest rate discount points. These loan-related closing costs can often be wrapped into your mortgage, or better yet, paid for by the Seller if properly negotiated into your purchase contract. Once you have found a specific property your lender can do a preliminary breakdown of your estimated closing costs.

Once you have found the property you want, we will write a purchase agreement. While much of the agreement is standard, there are a few areas that we can negotiate.

Appraisal

An appraisal is a licensed appraiser's opinion of a home's market value, based on comparable sales of other similar homes in the area. Appraisals are usually ordered by the buyer's lender to protect the interests of the lender. This fee is usually part of the Closing Costs.

What do appraisers look at?

- Exterior Condition
- Size of the Property
- Condition of the Interior
- Home Improvements
- Extras and Additions

Full Time + Full Service Realtor

CERTIFIED RESIDENTIAL SPECIALIST • ACCREDITED BUYER'S REPRESENTATIVE

kw WESTERN
REALTY
KELLERWILLIAMS. 

Making an Offer

The Price

What you offer on a property depends on a number of factors, including its condition, length of time on the market, Buyer activity, and the urgency of the Seller.

While some Buyers want to make a lower offer just to see if the Seller accepts, this often isn't a smart choice because the Seller may be insulted and decided not to negotiate at all.

The Move-in Date

If you can be flexible on the possession date, the Seller will be more apt to choose your offer over others.

Additional Property

Often, the Seller plans on leaving major appliances in the home. However, which items stay or go is often a matter of negotiation. Typically you will not be present at the offer presentation. I will present it to the listing Agent, who will in turn present your offer to the Seller.

The Seller will then do one of the following:

- Accept the offer
- Reject the offer
- Counter the offer with changes

By far the most common is the counteroffer. In these cases, my experience and negotiating skills become powerful in representing your best interests.

When a counteroffer is presented, you and I will work together to review each specific area, making sure we move forward with your goals in mind and ensuring we negotiate the best possible price and terms on your behalf.



What happens when my offer is accepted?

Congratulations!

I will send the Purchase and Sale Agreement to your lender and the title and escrow company. Your earnest money will be due within two business days. If your lender asks for additional documents, get those to them ASAP! I will send you the names of qualified, professional home inspectors, and you will schedule the home inspection.

Your earnest money (typically around 1% of the agreed upon price), which shows your intent and commitment to purchase the property is serious, is deposited into a trust account with Escrow. It is then either credited to the purchase price, your down payment, refunded to you if you choose to rescind your offer due to contingencies, or forfeited to the Seller if you fail to close as agreed after you have satisfied all of your contingencies.



Satisfying Contingencies

You may have any number of contingencies written into your contract. If the contingencies are not met you are not obligated to complete the transaction and are entitled to a full refund of your earnest money. These may be related to things such as financing, reviewing covenants, codes and restrictions (CC&Rs), reviewing the Homeowners Association documents and financials, and completing inspections of the home, property, septic system, etc. The two most common contingencies for residential purchases are securing financing and your general home inspection.

Financing Contingency

Once your offer has been accepted it is time to contact your lender and complete the process of applying for your loan for that specific property. This will involve getting your lender more financial documentation for the underwriting process. To ensure your funds are in the Escrow account in time to close, you need to:

- Have a good, preferably local, Loan Officer.
- Provide your Loan Officer whatever documentation/ signatures they need ASAP when requested.
- Do not do anything during this process that will affect your credit score.

Home Inspection Contingency

If you are purchasing a resale property, I highly recommend you have a professional home inspector conduct a thorough inspection. The inspection will include the following: appliances, plumbing, electrical, AC/heating, ventilation, roof, attic, foundation, and general structure. This is not the same as an appraisal inspection.

The inspection is not designed to criticize every minor problem or defect in the home and your inspector will not tell you whether he thinks the home is worth the money you are offering. The home cannot “pass or fail” an inspection. The purpose is to make you aware of any serious repairs that are recommended or necessary. As this is a contingency to the sale, the Seller may be willing to negotiate completion of repairs or a credit for completion of repairs, or you may decide the home will take too much work and money.

I recommend you be present at the inspection. This is to your advantage. You will be able to clearly understand the inspection report and know exactly which areas need attention. Plus, you can get answers to many questions, tips for future maintenance and a lot of general information that will help you once you move into your new home.

In choosing a home inspector, it is important to consider one that has been professionally certified by the state. If you don't know where to start I have worked with many great inspectors in Western Washington that I can refer you to based on the particular real estate type and location in which you are purchasing.

The cost for most residential home/condo inspections is \$375-\$500 and you will contract directly with the inspector and pay them at the time of inspection.



Full Time + Full Service Realtor

CERTIFIED RESIDENTIAL SPECIALIST • ACCREDITED BUYER'S REPRESENTATIVE

kw WESTERN
REALTY
KELLERWILLIAMS. 

Reviewing the Title

Title Report

This is a report with documents that are gathered from various public records: deeds, deeds of trust, liens, various assessments and matters of probate, divorce, and bankruptcy. The Title company will also contact the county/city tax assessors, homeowners association, and utility companies and make sure all outstanding bills and assessments are pro-rated to the closing date and paid off accordingly at closing.

The findings will be presented to you prior to closing in a Title Report that you and your Agent will review.

Title Search

There are two types of Title Insurance:

- Coverage that protects the lender for the amount of the mortgage (usually paid by the Buyer)
- Coverage that protects the equity in the property for the Buyer (usually paid by the Seller at closing)

Both you and your lender will want the security offered by Title Insurance. Title Agents search public records to determine who has owned any piece of property, but these records may not reflect irregularities that are almost impossible to find. Here are some examples: an unauthorized Seller forged the deed to the property; an unknown but rightful heir to the property shows up after the sale to claim ownership; conflicts arise over a will from a deceased owner; or a land survey showing the boundaries of your property is incorrect.

For a one-time charge at closing, Title Insurance will financially safeguard you against any title problems occurring after closing from events that an exhaustive search did not reveal.

Title Insurance Protects against...

- A defect in title caused by forgery, fraud, undue influence, duress, or incompetency.
- A defect in title caused by undisclosed prior mortgages or liens.
- No right of access to and from the land.
- A defect in title caused by improper execution of documents.
- A defect in title caused by documents not being properly filed, recorded, or indexed in the Public Records.

Definitions

Chain of Title:

The sequence in which historical transfers of title to a property have occurred.

Tax Search:

Reveals the present status of real estate taxes against the property.

Name and Judgment Search:

Identifies any unsatisfied judgments against the seller or previous owners which are liened against the property.



Closing 101

Escrow & the Closing Disclosure

As you near the end of the home buying process, your mortgage lender will send you the Closing Disclosures (CD). It is important that you sign your CD as there is a 3-day waiting period after signing the CD before you can sign paperwork with escrow. (Sunday does not count as a day for this waiting period.) The CD will have the final terms of the loan, including interest rate, loan amount, cash to close, etc.

Review this document for accuracy and contact your lender with any questions.

Once you have satisfied all your contingencies and an exact closing date has been scheduled, you will want to contact all utility, phone and cable companies and set up your new accounts for the property to take effect on the day of closing. You may also schedule a final walk-through inspection of the property with your Agent to take place 5 days prior to closing. Closing a real estate transaction is a process that culminates when the final sale deed is recorded with the county.

In Washington State, there can be several days or more between when you sign your closing documents and when the sale is actually recorded with the county and officially closed.

The Closing Timeline

- You and the Seller both sign your closing documents (which usually have to be notarized). Escrow will call you to set the signing appointment once they have all your documents from the lender.

**** Remember to bring your ID!**

- At the time of signing you will wire your down payment and closing funds required to the Escrow account, or you will bring in a cashier's check.
- Part of your closing documents are your loan papers and promissory note provided by your lender. Your Escrow Officer will send the originals of these back to your lender.
- Once your lender has received the documents they will do a final review and then wire your loan amount into the Escrow account.
- When the funds necessary to close have been wired into Escrow and all the documents have been signed, the Escrow Officer does a final review and sends the Deed to the county for recording. Once recorded, the transaction is officially closed.

Your Agent will have arranged to pick up the keys to the property from the Seller or Seller's Agent and can give those to you once everything has been recorded so you can officially take possession.

Don't Forget to Transfer the Utilities!

- | | | |
|--|----------------------------------|------------------------------------|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Water | <input type="checkbox"/> Telephone |
| <input type="checkbox"/> Natural Gas/Oil | <input type="checkbox"/> Sewer | <input type="checkbox"/> Cable |
| | <input type="checkbox"/> Garbage | <input type="checkbox"/> Internet |

Escrow is an arrangement where you use a "third party" (somebody who is neither the buyer or seller) to hold something of value. That third party helps to make the transaction safer by ensuring that both the buyer and seller meet their obligations. The escrow provider is a neutral party in the transaction.

Closing Disclosure			This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.		
Closing Information	Transaction Information	Loan Information			
Date Issued: 4/15/2013	Borrower: Michael Jones and Mary Stone	Loan Term: 30 years			
Closing Date: 4/15/2013	123 Anywhere Street	Purpose: Purchase			
Disbursement Date: 4/15/2013	Anytown, ST 12345	Product: Fixed Rate			
Settlement Agent: Epsilon Title Co.	Seller: Steve Cole and Amy Doe	Loan Type: <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA			
File #: 12,3456	321 Somewhere Drive	<input type="checkbox"/> VA <input type="checkbox"/>			
Property: 456 Somewhere Ave	Anytown, ST 12345	Loan ID #: 123456789			
Anytown, ST 12345	Lender: Ficus Bank	MIC #: 000654321			
Sale Price: \$180,000					
Loan Terms			Can this amount increase after closing?		
Loan Amount	\$162,000		NO		
Interest Rate	3.875%		NO		
Monthly Principal & Interest <small>See Projected Payments Below for your Estimated Total Monthly Payment</small>	\$761.78		NO		
			Does the loan have these features?		

Full Time + Full Service Realtor

CERTIFIED RESIDENTIAL SPECIALIST • ACCREDITED BUYER'S REPRESENTATIVE

kw WESTERN REALTY
KELLERWILLIAMS. 

Why Use a Buyer's Agent?

Save Time & Money with a Buyer's Agent on Your Side!

- Your interests are professionally represented.
- You will have a specialist who knows your needs.
- You will have a skilled negotiator on your side.
- The Seller is typically responsible for the Agent's fee.
- For new construction, the Builder's salespeople work for the Builder, not for you.

Would you try to solve a tax problem worth hundreds of thousands of dollars?

Hire a professional to help you purchase one of your biggest assets.



Loyalty Agreement-Service Pledge

1. I will only commit to working with motivated and qualified individuals in purchasing a home. *That means more time to work with you!*
2. I will, with your permission, expose your buying needs through target mailings, door knocking, and telemarketing. This will include calling expired and canceled listings. (Sellers that wanted to sell in the past and did not for one reason or another.)
3. I will email you daily all the new listings that come available through our company and all other real estate companies in the area, as well as search daily for that special property that suits all your particular needs and notify you immediately.
4. I promise to immediately enter your Buyer needs into the Northwest Multiple Listing Service, exposing your particular buying needs to the entire real estate community.
5. You will have the first opportunity to purchase the best buys available in our marketplace.
6. You will receive my Buyer's Service for free (in most cases *) and you may fire me at anytime if my service does not meet your expectations. *Please see form 41A attached.
7. You will always have someone to assist you. If I am not available, one of my Keller Williams team members will step in to assist you.

Mel Foley and Keller Williams are 100% committed to assisting you in finding the right property to suit your needs. In return, I only ask for your loyalty and commitment to work solely with me and KW in purchasing a property.

MEL FOLEY REALTOR, CRS, ABR
Keller Williams Western Realty
melfoley25@gmail.com
melfoley.com
360-770-3115



Client Signature

Date

Client Signature

Date

MEL FOLEY • melfoley.com • 360-770-3115



When it's time to buy or sell, call Mel!

MEL FOLEY & Sadie

360-770-3115

melfoley25@gmail.com

melfoley.com



Serving Buyers & Sellers in Skagit, Snohomish, Island, and Whatcom Counties.

QUESTIONS/NOTES

Expertise

I am your Skagit County expert! I have been a full time Realtor since 2004 and I have sold over 500 properties. I am your go-to real estate expert for first time homebuyers, investors, view and waterfront homes, upsizing and downsizing. You name it, I will find it!

Communication

I am always a phone call, text, or email away. I am known for my quick response time. With the support of my KW team, I will do a great job making sure everything goes smoothly throughout your transaction.

Personal

I am an avid animal/dog lover and spend many hours a year volunteering at NOAH (Northwest Organization for Animal Help) just south of Mount Vernon. I live in Burlington with my terrier/papillon mix Sadie, and both of us love hiking, walking, swimming, skiing, and boating.

My Commitment to You

I am committed 100% to exceeding my client's expectations. My mission is to make the buying and selling of real estate as cost effective as possible while maintaining the highest level of service for my clients. I strive to make every transaction seamless.