

A GUIDE TO BUYING YOUR HOUSE



J U S T I N J A C O B S O N

SUMMER 2021
EDITION

BREAKING DOWN THE PROCESS

1. Get Pre-Approved

By getting pre-approved prior to beginning your home search, you will be able to determine what you can comfortably afford and allow us to move quickly once we find the right home.

Pre-approval:

- Demonstrates that you are a serious buyer
- Saves you time
- Gives you leverage in a multiple offer situation

2. Needs Analysis

- Describe your perfect home
- What are your "must haves"?
- When do you need to be in your home by?

3. Select & View Properties

- All brokers have access to the same information
- If you find an available home... CONTACT US
- Communication is key to finding the right home quickly

4. Writing an Offer

- Be prepared to move quickly once we find the right home
- Earnest Money Deposit
- Proof of funds for your down payment and closing costs
- Pre-approval letter
- Letter to the seller

5. Negotiate

After we present your offer to the listing agent, it will either be accepted, rejected, or the seller will make a counter-offer. This is when we will use our knowledge of the market & expert negotiating skills to negotiate the terms of the contract on your behalf.



CONTRACT TO CLOSE

6. Conduct Applicable Inspections

Once seller has accepted your offer to purchase their property, it is time to bring in a professional home inspector to ensure the property meets the required standards. Any serious issues that arise will be brought to the attention to the seller and we will be responsible for fixing the noted repairs.

7. Remove Contingencies

- Financial Contingency: If financing the purchase, the contract will state that it is contingent on the home appraising for the contract price and financing.
- Inspection Contingency: Purchase is contingent on the property being professionally inspected and repairs done by the seller.
- Home Sale Contingency: Selling your current home.

8. Mortgage Lender

- Credit Check
- Underwriting
- Survey
- Appraisal
- Insurance

9. Conduct Title Search

- Remove any encumbrances
- Obtain title insurance

10. Obtain Funds for Closing

11. Final Walk Through

12. Close on the Property



WHY LISTING PRICES ARE LIKE AN AUCTION'S RESERVE PRICE

For generations, the homebuying process never really changed. The asking price was generally the ceiling of the negotiation.

The actual sales price would almost always be somewhat lower than the list price. It was unthinkable to pay more than what the seller was asking.

Today is different.

The record-low supply of homes for sale coupled with the very strong buyer demand is leading to a rise in bidding wars on many homes. Because of this, homes today often sell for more than the list price. In some cases, they sell for a lot more.

You may need to change the way you look at the asking price of a home.

In this market, you likely can't shop for a home with the former mentality of refusing to pay full price or more for a house.

Due to the low supply of houses for sale, many homes are now being offered in an auction-like atmosphere in which the highest bidder wins the home.

Today, the asking price is often becoming the floor of the negotiation rather than the ceiling.

Therefore, if you really love a home, know that it may ultimately sell for more than what sellers are asking.

Make sure you know your budget, know what you can and can't afford, and work with a trusted advisor who can help you make all the right moves as you navigate the home-buying process.

Let's connect so you have a trusted real estate professional on your side.



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5 TIPS FOR MAKING A SUCCESSFUL OFFER

1. Listen to your Real Estate Advisor

With so many buyers competing for a limited number of houses for sale, it's more important than ever to know the ins and outs of making a confident and competitive offer. Your real estate professional should be your primary source for answers to the questions you have when you're ready to make an offer.

2. Understand Your Finances

Having a complete understanding of your budget and how much house you can afford is essential. The best way to know this is to get pre-approved for a loan early in the homebuying process. Be sure to take this step so you can stand out from the crowd. It shows sellers you're a serious and qualified buyer and can give you a competitive edge if you enter a bidding war.

3. Be Ready to Move Quickly

According to the Realtors Confidence Index, published monthly by the National Association of Realtors, the average property sale today receives five offers and is on the market for just a few weeks. These are both results of today's competitive market, showing how important it is to stay agile and vigilant in your search. As soon as you find the right home for your needs, be prepared to submit an offer as quickly as possible.

4. Make a Fair Offer

It's only natural to want the best deal you can get on a home. Don't submit an offer that will be tossed out as soon as it's received. The expertise your agent brings to this part of the process will help you stay competitive.

5. Be a Flexible Negotiator

After submitting an offer, the seller may accept it, reject it, or counter it with their own changes. In a competitive market, it's important to stay nimble throughout the negotiation process. You can strengthen your position with an offer that includes flexible move-in dates, a higher price, or minimal contingencies.



OWNING A HOME IS STILL MORE AFFORDABLE THAN RENTING ONE

If the pandemic and the changes we've faced recently have made you seriously think about buying a home instead of renting one, you're not alone. You may, however, be wondering if the dollars and cents add up in your favor as home prices continue to rise. According to the experts, in many cases, it's still more affordable to buy a home than to rent one. Here's why this is the case today:

ATTOM Data Solutions released the Q1 2021 Rental Affordability Report, which states:

"Median home prices of single-family homes and condos in the first quarter of this year were more affordable than the historical averages in 52 percent of countries with enough data to analyze."

How is this Possible?

The answer: historically-low mortgage rates. ATTOM Data Solutions explains:

"Rising wages and falling mortgage rates still compensated for near-20 percent spikes in home prices over the past year, helping to keep the median home prices affordable for average wage earners around the country."

These low rates are a big factor in driving affordability. The report also notes that:

"With workplace pay rising and home mortgage rates continuing to hit historic lows, major expenses on a median-priced home nationwide still consumed just 23.7 percent of the average wage across the country in the first quarter of 2021... It remained well within the 28 percent standard lenders prefer for how much homeowners should spend on those major expenses."



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FINDING THE RIGHT NEIGHBORHOOD

There are many factors to consider when selecting a neighborhood that is right for you. Below are just a few of the many factors — you may think of others that are important to you.

Neighborhoods have characteristic personalities designed to best suit single people, growing families, two-career couples, or retirees.

Scout the Neighborhood.

It is important that you scout the neighborhood in person. You live in more than just your house.

- Talk to people who live there.
- Drive or walk through the entire area at different times of the day, during the week and on weekends.
- Travel to and from places that you would typically frequent to be sure you are comfortable.
- Look for access to major thoroughfares, highways, and shopping.
- Check with local civic, police, fire, and school officials to find information about the area.
- Look at the traffic patterns around the area during different times of the day and drive from the area to work.
- Is the neighborhood near parks, places of worship, recreation centers, shopping, theaters, restaurants, public transportation, schools, etc..?

Investigate to determine if the neighborhood matches your lifestyle!



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REASONS TO HIRE A REAL ESTATE PROFESSIONAL

Contracts

We help with all disclosures and contracts necessary in today's heavily regulated environment.

Experience

We are well-versed in real estate and experienced with the entire sales process.

Negotiations

We act as a buffer in negotiations with all parties throughout the entire transaction.

Education

We simply and effectively explain today's market conditions and decipher what they mean for you.

Pricing

We help you understand today's real estate values when setting the price of a listing or making an offer to purchase.

Contact Me to Talk More

I'm sure you have questions and concerns about the real estate process.

I'd love to talk with you about what you read here and help you on the path to selling your house. My contact information is below and I look forward to hearing from you.

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