



First Time Home Buyers



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Tips for Home Buyers

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Tips for Home Buyers

Saving for a down Payment

Research has shown time and again one of the greatest hurdles to home buying is coming up with the – sometimes dreaded – down payment. Here are a few practical strategies to help you clear the hurdle and come up with the cash you need.

6 Steps to Saving for a Down Payment

1. Plan for progress.

Savings isn't all dollars and cents. It's a little emotional. To remind you why you're in the savings game, it's a good idea to find a few visuals – photos or a list of features of your dream home. When you've chosen your reminder, store it close to your budget, wallet, or in the place you pay bills to remind you of what you're working for.

2. Slow your spending.

The biggest enemy of spending is the impulse to buy. When you're tempted make a purchase over \$25, wait 10 days to decide whether it's something you really need.

3. Spend less for convenience.

Your mother was right, good things take time...and so do cheap things. From coffee on the go to lavish meals out, most consumers are paying quite a bit for convenience. Become friends with your kitchen to help your bottom line.

4. Drink more water

According to the National Soft Drink Association, the average American household spends about \$850 annually on sweetened drinks. In contrast, water costs just a penny per gallon. Make the switch to water and you'll start your life as a homeowner not only richer, but a bit healthier too.

5. Track expenses

Experts agree, the only thing more powerful than creating a budget is actually reading and tracking it. Schedule some time every week to review your spending habits and find new ways you can save.

6. Eliminate the excess spending

Locate the excess in your budget and slash it. Trade the gym for home workouts, swap expensive movie nights for checking out free videos from the library, and keep an eye out at the end of each month for services you aren't using.

Serious Sources for a Down Payment

If you're serious about saving up these sure fire moves will help you reach your goal.

Tax Refund: You know it's coming, why not use it toward your down payment? If you're really serious about home ownership, talk to an accountant about tax planning to make sure there is a little green at the end of the year to help with your down payment.

Borrow from the 401(k): It's not losing your retirement, but rather using a piece of one investment to make another. First-time homebuyers can borrow up to \$10,000 from their Individual Retirement Accounts (IRAs) without paying early withdrawal fees. Talk to your 401(k) or IRA administrator to find out how it will affect your retirement.

More work: Yes, we said it: more work. If you're serious about reaching your down payment goal, consider spending a few hours working part-time. Ten hours per week at \$10 per hour for a year will get you \$5200 closer to your goal.

Payroll deductions: One of the best ways to save money is to hide it from yourself. Redirecting some funds from your direct deposit to a special savings account can be a great way to trick yourself into saving.

Tips for Home Buyers

Improving Your Credit Score

What makes up your credit score? FICO scores are based on specific credit history, with hundreds of inputs used to find your score. Here are the five main parts of your credit score.

Payment History: 35% of your credit score

Payment history measures how you've paid on your debts. Payment history is the largest part of your credit score because if you've recently missed payments to your creditors, it's likely those missed payments will continue, and may lead to default. Payment history also measures how "severe" a missed payment has been. An item in collection is worse than an item paid 30 days late.

Tips to improve:

Make payments on time, all the time — even items in dispute. Pay the bill and worry about refunds later.

Amounts Owed: 30% of your credit score

The biggest enemy of spending is the impulse to buy. When you're tempted make a purchase over \$25, wait 10 days to decide whether it's something you really need.

Tips to improve:

Don't close out "old" credit cards, and don't lower your available credit limits. Having access to credit is good.

Credit History Length: 15% of your score

Your credit history is your track record of managing credit. Credit history matters in the FICO model because "experienced users of credit" are viewed differently from new users of credit. Similar to the hiring process for a job, the credit bureaus want to see this isn't your first experience.

Tips to improve:

Don't close out cards with "history". You need them to show you're experienced credit.

Tip:

Don't close "old," no-fee credit cards when you're done with them. Instead, use them periodically. Always pay your balances in full. This builds credit history and length.

New Credit: 10% of your credit score

This category accounts for your recent attempts to secure new credit. In general, the more credit for which you've applied, the more damage it will do to your credit score. This is truer for credit cards than for mortgage applications. A consumer in search of new credit cards is presumed to "need" more credit lines, which is not viewed favorably.

Tips to improve:

When you shop for a mortgage, multiple credit checks can count as a single credit inquiry, protecting your credit score.

Types of Credit: 10% of your credit score

The type of credit you carry matters, and not all credit types are the same. Installment loans such as mortgage loans and student loans, for example, are considered "better" than credit cards and charge cards. This is because installment loans eventually pay down to zero. Consumer cards, by contrast, are likely to go up.

Tips to improve:

Don't carry an abundance of store charge cards. Interest rates are high and the FICO model looks unfavorably upon them.

Quick Tips

Keep clear of credit limits.

Carrying a \$500 balance on a credit card with a \$500 limit is bad for your FICO because you're "maxed out." Conversely, carrying \$500 on a card with a \$5,000 limit is good. Keep your balance ratios under 30% for best results.

Resist "cash register" offers.

Many retail stores offer discounts for "opening up a store charge card." The discounts are tempting, ranging from 25% of your purchase price. To receive your discount, however you'll be subject to a credit inquiry for a charge card will be nearly maxed-out from the outset. These are each negative for your FICO. If you're buying a home sometime soon, you may save more money by passing the in-store offer.

Tips for Home Buyers

4 Need-to-Knows Before You Move Into the Neighborhood

Buying a home can feel like the most intense research project ever. From mortgages to contracts to property condition issues, there's a lot to look at. An additional area you'll definitely want to investigate in detail: your new neighborhood. Here are five items you definitely need to know.

1. How recession-resistant it is

Let's face facts: some locations have fared better than others over the course of the recession.

And some of the hardest-hit neighborhoods are where the best deals are to be found. But know that the harder-hit areas might take longer to see an uptick in home values, so you may want to stay put longer before you sell.

2. The neighborhood's flavor

Is the area you're considering popular for outdoor adventures and family events at the park, or fancy restaurants and wine tastings at the museum? Find out by pulling up listings on Trulia and seeing what the folks who live there have to say.

4. Neighborhood hot spots

Before you buy or move into an area, find out where all the stores, farmer's markets, parks, restaurants and other hot spots your family will want to use are located near to your home-to-be. Your real estate agent can be a fabulous source for this kind of info, and check your Trulia mobile app to see any nearby haunts with Yelp! reviews.

5. The vibe at different times of day or week

A home, and a neighborhood, might feel different at various times and days, so visit several times and vary when you go. On sunny Sunday afternoon you might hear birds singing and see children playing, but at night you could notice graffiti or music blasting from a nearby home. Also, knock on neighbor's doors and see what insider info they can share.



4 Need-to-Knows

1. Recession resistance
2. The neighborhood Flavor
3. The neighborhood hot spots
4. The vibe at different times of day/week

Tips for Home Buyers

Decide on the Type of Home to Buy

What makes a home the perfect home? Here are some things to look for.

Do you want a yard or a condo in a high-rise? Finding the right home and the right neighborhood takes a lot of time. But it can also be a lot of fun. Use this guide to help you weigh your options and uncover important considerations.

Single-Family Home

Single-Family home is a free-standing house with its own surrounding lot. It can vary greatly in size, number of rooms, style, and layout. Some even feature a garage or a pool. A single-family home is often the most private kind of home you can buy.

Condominium

A condominium, also known as a “condo,” is a unit that generally shares a wall or other structural part with an adjoining unit, so it’s not as private. In a condo, you only own the space inside your unit, so that’s all you pay taxes on. A management company typically handles maintenance and upkeep of the home’s exterior and yard. You’ll pay

Planned Unit Developments (PUDs)

Planned Unit Developments are usually freestanding houses with yards. But, as with a condo, there are usually rules you need to follow that guide the appearance of your house and your yard. You’ll also typically pay HOA fees that go toward maintenance, security, and other services.



Housing Cooperatives of “Co ops”

Co ops are essentially corporations that own a building that has multiple units. When you buy a share in the corporation, you’re buying the right to live in a unit of the building. Like a condo, you usually enjoy a property management company who takes care of the maintenance.



Your Life Style Needs

- Number of Bedrooms and Bath
- Parking Spaces / Garage
- Storage Space / Laundry Space
- Home Office / Communications /Cable
- Patio / Back Yard / Fence

Tips for Home Buyers

House Hunting Resources

It is important for home shoppers to know how to find houses that are available for sale in the community which they have elected to buy. There are many different resources available to the home shoppers. The following are a few of those resources:

Realtor

Real estate professionals have the expertise to assist you in narrowing your home search, seeking only on the homes that match your features, interest, and price range. This can be an invaluable time saver by eliminating homes that do not meet your criteria. The realtor is the source of important information about the home and the neighborhood itself: how long the home has been for sale, the school system, and the home's best features and so on. Rather than going through properties of all types, your agent can help you focus on the homes that match what you are specifically looking for.

Online

Online sites such as Homescape.com, Realtor.com, Trulia and Zillow allow you to view millions of homes right from your computer screen. Access to multiple listing services used by the realtors makes these systems truly amazing. Keep in mind that on line sites tend to be behind up to 60 days on removing listings so, before you get too excited about a find, have your realtor check to make sure it hasn't been sold.

Local Newspaper

Most local newspapers have daily classified ad sections which feature area homes for sale. Real Estate firms often advertise homes that are for sale in newspapers. Usually weekend editions have expanded coverage and often indicate "Open Houses" which are being conducted in the area. Newspapers also list "For Sale By Owner" or "Builder" ads in the classified section.

Real Estate Shoppers Guide

These are specific real estate magazines which typically feature selected homes for sale in an area. These are usually printed weekly or monthly, and are often available in vending machines, grocery stores, convenience stores, and banks. Real Estate Shopper Guides are helpful because they generally have full color pictures and detailed information about the homes for sale in the local area.

Department of Housing and Urban Development (HUD) and Department of Veteran Affairs (VA)

Both HUD and VA offer acquired properties for sale to the general public. The homebuyer should understand that these homes are usually sold "as is", and often are in need of repair. The homebuyer may have difficulty finding a lender that will allow financing for both the purchase and required repairs for these properties.

Local Lending Institutions

They may have foreclosed homes in their inventory. Interested parties should contact the lender's Real Estate Owned (REO) office to find out if any are available. In some cases, Lenders may be willing to offer homebuyers special financing incentives in order to sell these houses.

MASSACHUSETTS MANDATORY LICENSEE-CONSUMER RELATIONSHIP DISCLOSURE

This disclosure is provided to you, the consumer, by the real estate agent listed on this form. Make sure you read both sides of this form. The reverse side contains a more detailed description of the different types of relationships available to you. This is not a contract.

THE TIME WHEN THE LICENSEE MUST PROVIDE THIS NOTICE TO THE CONSUMER:

All real estate licensees must present this form to you at the first personal meeting with you to discuss a specific property. The licensee can represent you as the seller (Seller's Agent) or represent you as the buyer (Buyer's Agent) and also can assist you as a facilitator.

CONSUMER INFORMATION AND RESPONSIBILITY:

Whether you are the buyer or seller you can choose to have the advice, assistance and representation of your own agent who works for you. **Do not assume that a real estate agent works solely for you unless you have an agreement for that relationship.** With your consent, licensees from the same firm may represent a buyer and seller in the same transaction. These agents are referred to as dual agents.

Also a buyer and seller may be represented by agents in the same real estate firm as designated agents. The "designated seller or buyer agent" is your sole representative. However where *both* the seller and buyer provide written consent to have a designated agent represent them then the agent making such designation becomes a "dual agent" for the buyer and seller. All real estate agents must, by law, present properties honestly and accurately. They must also disclose known material defects in the real estate.

The duties of a real estate agent do not relieve the consumers of the responsibility to protect their own interests. If you need advice for legal, tax, insurance or land survey matters it is your responsibility to consult a professional in those areas. Real Estate agents do not have a duty to perform home, lead paint or insect inspections nor do they perform septic system, wetlands or environmental evaluations.

RELATIONSHIP OF REAL ESTATE LICENSEE WITH THE CONSUMER

(Check one) ☐ **Seller's agent** ☐ **Buyer's agent** ☐ **Facilitator**

IF A SELLER'S OR BUYER'S AGENT IS CHECKED ABOVE COMPLETE THE SECTION BELOW:

Relationship with others affiliated with _____
(Print name of real estate firm or business and license number)

(Check one) ☐ The real estate agent listed below, the real estate firm or business listed above and all other affiliated agents have the same relationship with the consumer named herein (**seller or buyer agency, not designated agency**).

☐ Only the real estate agent listed below represents the consumer named in this form (**designated seller or buyer agency**). In this situation any firm or business listed above and other agents affiliated with the firm or business do not represent you and may represent another party in your real estate transaction.

By signing below I, the real estate licensee, acknowledge that this disclosure has been provided timely to the consumer named herein.

(Signature of real estate agent) (Printed name of real estate agent) (License Number/Type) (Today's Date)

By signing below I, the consumer, acknowledge that I have received and read the information in this disclosure.

(Signature of consumer) (Printed name of consumer) (Today's Date)

(Signature of consumer) (Printed name of consumer) (Today's Date)

☐ Check here if the consumer declines to sign this notice.

TYPES OF AGENCY REPRESENTATION

SELLER'S AGENT

A seller can engage the services of a real estate agent to sell his property (called the listing agent) and the real estate agent is then the agent for the seller who becomes the agent's client. This means that the real estate agent represents the seller. The agent owes the seller undivided loyalty, reasonable care, disclosure, obedience to lawful instruction, confidentiality and accountability, provided, however, that the agent must disclose known material defects in the real estate. The agent must put the seller's interests first and negotiate for the best price and terms for their client, the seller. (The seller may authorize sub-agents to represent him/her in marketing its property to buyers, however the seller should be aware that wrongful action by the real estate agent or sub-agents may subject the seller to legal liability for those wrongful actions).

BUYER'S AGENT

A buyer can engage the services of a real estate agent to purchase property and the real estate agent is then the agent for the buyer who becomes the agent's client. This means that the real estate agent represents the buyer. The agent owes the buyer undivided loyalty, reasonable care, disclosure, obedience to lawful instruction, confidentiality and accountability, provided, however, that the agent must disclose known material defects in the real estate. The agent must put the buyer's interests first and negotiate for the best price and terms for their client, the buyer. (The buyer may also authorize sub-agents to represent him/her in purchasing property, however the buyer should be aware that wrongful action by the real estate agent or sub-agents may subject the buyer to legal liability for those wrongful actions).

(NON-AGENT) FACILITATOR

When a real estate agent works as a facilitator that agent assists the seller and buyer in reaching an agreement but does not represent either the seller or buyer in the transaction. The facilitator and the broker with whom the facilitator is affiliated owe the seller and buyer a duty to present each property honestly and accurately by disclosing known material defects about the property and owe a duty to account for funds. Unless otherwise agreed, the facilitator has no duty to keep information received from a seller or buyer confidential. The role of facilitator applies only to the seller and buyer in the particular property transaction involving the seller and buyer. Should the seller and buyer expressly agree a facilitator relationship can be changed to become an exclusive agency relationship with either the seller or the buyer.

DESIGNATED SELLER'S AND BUYER'S AGENT

A real estate agent can be designated by another real estate agent (the appointing or designating agent) to represent either the buyer or seller, provided the buyer or seller expressly agrees to such designation. The real estate agent once so designated is then the agent for either the buyer or seller who becomes their client. The designated agent owes the buyer or seller undivided loyalty, reasonable care, disclosure, obedience to lawful instruction, confidentiality and accountability, provided, however, that the agent must disclose known material defects in the real estate. The agent must put their client's interests first and negotiate for the best price and terms for their client. In situations where the appointing agent designates another agent to represent the seller and an agent to represent the buyer then the appointing agent becomes a dual agent. Consequently a dual agent cannot satisfy fully the duties of loyalty, full disclosure, obedience to lawful instructions which is required of an exclusive seller or buyer agent. The dual agent does not represent either the buyer or the seller solely only your designated agent represents your interests. The written consent for designated agency must contain the information provided for in the regulations of the Massachusetts Board of Registration of Real Estate Brokers and Salespeople (Board). A sample designated agency consent is available at the Board's website at www.mass.gov/dpl/re.

DUAL AGENT

A real estate agent may act as a dual agent representing both the seller and buyer in a transaction but only with the express and informed consent of both the seller and buyer. Written consent to dual agency must be obtained by the real estate agent prior to the execution of an offer to purchase a specific property. A dual agent shall be neutral with regard to any conflicting interest of the seller and buyer. Consequently a dual agent cannot satisfy fully the duties of loyalty, full disclosure, obedience to lawful instructions which is required of an exclusive seller or buyer agent. A dual agent does, however, still owe a duty of confidentiality of material information and accounting for funds. The written consent for dual agency must contain the information provided for in the regulations of the Massachusetts Board of Registration of Real Estate Brokers and Salespeople (Board). A sample dual agency consent is available at the Board's website at www.mass.gov/dpl/re.

EXCLUSIVE BUYER AGENCY AGREEMENT

[With Consent To Designated Agency and Consent To Dual Agency]

This Exclusive Buyer Agency Agreement is made between _____
_____ ("BUYER") and _____ ("BROKER").
In consideration of the mutual promises set forth below, BUYER and BROKER agree as follows:

1. Exclusive Buyer Agency. BUYER grants to BROKER the exclusive right to locate or procure real property acceptable for Purchase/lease by BUYER. BUYER further agrees to refer all potentially acceptable real property to BROKER during the term of this Agreement and agrees to notify all other real estate agents who communicate with BUYER of BROKER'S exclusive agency relationship with BUYER. The final decision whether or not a property is acceptable for purchase shall be solely within the discretion of BUYER.

2. Term Of Agency. The term of this Agreement shall be from _____ to _____
unless extended verbally or in writing or terminated by completion of the purpose or by agreement.

3. Broker's Services/Duties. BROKER agrees to use reasonable efforts to locate real property acceptable to BUYER and to assist BUYER to negotiate terms and conditions of a contract acceptable to BUYER for the acquisition of the real property (the "Contract"). The Contract may consist of an accepted offer, purchase and sale agreement, option, deed, exchange agreement, lease or similar instrument. BROKER agrees to assist in locating properties, arrange showings, analyze financing alternatives, give advice concerning real estate practices and procedures, assist in negotiations, arrange inspections requested by BUYER and coordinate activities throughout the process. BUYER agrees that such services do not constitute a guarantee or warranty concerning any real property. BUYER agrees that BROKER has not been retained as an attorney, inspector, home inspector, pest/termite inspector, septic inspector, surveyor or to determine the condition of the real property and has not been retained to provide legal advice, to provide an opinion concerning lawfulness of current or anticipated uses, to perform a title search or to act as a mortgage broker. BUYER agrees that BROKER shall have no duty to disclose any matter or condition outside the boundaries of the real property being considered for purchase, including, but not limited to, present conditions and anticipated changes in the neighborhood where the property is located. BROKER recommends that an attorney and other professionals be hired for such services as BUYER deems appropriate and that BUYER personally investigate particular matters which may be of importance, including, but not limited to, neighborhood composition, the level of crime and presence of sex offenders. BROKER agrees to preserve confidential information of BUYER, making disclosure of confidential information solely to the extent necessary to establish BUYER'S financial qualifications. BROKER represents that BROKER is duly licensed as a real estate broker by the Commonwealth of Massachusetts. BUYER is advised that sellers or sellers' representatives are not required to treat the existence, terms or conditions of an offer as confidential, unless a confidentiality agreement has been made with the seller before submission of an offer. BUYER understands that BROKER represents other buyers and agrees that it will not constitute a breach of duty for the BUYER'S agent to introduce another prospective buyer to a property in which BUYER may be interested or to assist another buyer with a purchase. BROKER shall maintain confidentiality of material information of each buyer. Should either party file a claim for violation of General Laws Chapter 93A, the prevailing party (including any agent of the BROKER) shall be entitled to recover reasonable attorneys' fees and costs, but no fees and costs shall be recovered in the event that a tender of settlement was made in advance of suit, but rejected, and the court or arbitrator determines that the rejected tender was reasonable in relationship to the injury actually suffered.

4. Buyer's Duties. BUYER agrees to work exclusively with BROKER during the term of this agreement. BUYER agrees to conduct all negotiations with the knowledge and assistance of BROKER. BUYER agrees to cooperate with BROKER by providing relevant personal and financial information and to cooperate in scheduling and attending showings. BUYER agrees to advise BROKER of any interest in purchase or lease of real property about which BUYER was previously advised by any other person. BUYER shall provide any lender's letter of pre-approval or pre-qualification to BROKER within seven (7) days of receipt. BUYER agrees not to attend any open house without advance notice and approval of BROKER and agrees to advise each listing broker at each open house of BUYER'S agency relationship with BROKER. BUYER represents that BUYER is not subject to any earlier agency agreement with any other broker or any protection period. BUYER understands that this agreement does not relieve BUYER of the duty to exercise due diligence for BUYER'S own protection, including the duty to investigate any information of importance to the BUYER. BUYER further understands and agrees that BROKER may show other prospective buyers properties in which BUYER may be interested.

5. Broker's Compensation. BUYER agrees to pay BROKER:

(a) Retainer. BUYER shall pay BROKER a retainer in the amount of \$ _____ upon signing this Agreement as compensation for professional counseling, consultation, and research. Such retainer is non-refundable and shall (☐) shall not (☐) be credited against any Success Fee.

(b) Success Fee. The parties agree that compensation equal to _____ (*insert percent of purchase price or other amount*) shall be due BROKER upon successful completion of this Agreement or in the event that, within ____ days following the term of this Agreement, BUYER or any person acting for or with BUYER purchases, leases or otherwise acquires an interest in the real property after becoming aware of the availability of the real property or receiving information about the real property during said term. The parties agree that BROKER shall first seek compensation, if any, offered by the listing agent or otherwise from the transaction (listing broker/seller). If obtained, such amount shall be credited to the amount of the Success Fee. If such fee cannot be obtained in whole or in part from the transaction, BUYER agrees to pay BROKER the Success Fee, due at the time set for closing. (c) All fee disputes, claims or controversies arising out of or related to this Agreement shall, upon demand of either party, be submitted for binding arbitration, to the local association/board of REALTORS® or, in the event the association/board declines to hear the matter, to the American Arbitration Association (AAA) or, upon mutual agreement, to another dispute resolution service. The REALTOR® arbitration proceedings shall be conducted by a panel of three (3) arbitrators according to the then current rules of the association/board of REALTORS® or, if before AAA, by a single arbitrator according to the consumer arbitration rules, or if not applicable, to the commercial arbitration rules of the AAA, and all proceedings will be conducted at a location in Massachusetts chosen by the arbitrator. Reasonable attorneys' fees and costs shall be awarded to the generally prevailing party in the arbitration.

6. Consent To Designated Agency. A designated agent is a real estate licensee who has been appointed by a broker or salesperson to represent a buyer as a "designated buyer's agent" or to represent a seller as a "designated seller's agent." When a buyer or seller consents to designated agency only that designated agent represents the buyer or seller. Any other agents affiliated with BROKER may represent another party to the transaction and by consenting to designated agency the buyer or seller permits those agents to represent another party. Individuals who are designated agents owe fiduciary duties to their respective clients. You are further advised that: (a) the designated buyer's agent will represent the BUYER and will owe the BUYER the duties of loyalty, full disclosure, confidentiality, to account for funds, reasonable care and obedience to lawful instruction; (b) all other licensees affiliated with the appointing BROKER will not represent the BUYER nor will they owe the other duties specified in paragraph (a) to that BUYER, and may potentially represent the seller; and (c) if designated agents affiliated with the same broker represent the seller and buyer in a transaction, the appointing broker shall be a dual agent and neutral as to any conflicting interests of the seller and buyer, but will continue to owe the seller and buyer the duties of confidentiality of material information and to account for funds. **By signing this agreement, BUYER consents to**

designated agency. If designated agency occurs in a transaction, a notice of designated agency will be given. The designated agent(s) for the BUYER is/are: _____

[insert name(s) of agent(s)]

In the event that the designated agent appointed to represent BUYER ceases to be associated with the BROKER, BUYER hereby consents to appointment by BROKER of one or more agents associated with the BROKER to represent BUYER. Written notice of that appointment shall be given by BROKER to BUYER in a timely manner.

7. Consent To Dual Agency. The BUYER understands that the designated buyer's agent with whom BUYER is working also represents sellers and that if the BUYER is introduced to a property listed by that agent on behalf of a seller, a "dual agency" will be created. The designated buyer's agent may act as a dual agent who represents both prospective buyer and seller with their informed written consent. A dual agent is authorized to assist the buyer and seller in a transaction, but shall be neutral with regard to any conflicting interest of the buyer and seller. Consequently, a dual agent will not have the ability to satisfy fully the duties of loyalty, full disclosure, reasonable care and obedience to lawful instructions, but shall still owe the duty of confidentiality of material information and the duty to account for funds. BUYER understands that material information received from either client that is confidential may not be disclosed by a dual agent, except: (1) if disclosure is expressly authorized; (2) if such disclosure is required by law; (3) if such disclosure is intended to prevent illegal conduct; or (4) if such disclosure is necessary to prosecute a claim against a person represented or to defend a claim against the broker or salesperson. This duty of confidentiality shall continue after termination of the brokerage relationship. When the

agent with whom the buyer is working is a dual agent, that broker with whom the agent is affiliated is also a dual agent and shall remain neutral as to any conflicting interests of the buyer and Seller. **By signing this agreement, BUYER consents to have the designated buyer's agent(s) act as a dual agent.** Except as expressly provided, this dual agency shall not extend to other licensees affiliated with BROKER. If dual agency occurs in a transaction, a notice of dual agency will be given.

8. Disclosure Of Identity/Other Brokers/Other Potential Buyers. BROKER is authorized to disclose BUYER'S identity. BROKER is authorized to cooperate with and pay compensation to other brokers in connection with the performance of BROKER'S services. BUYER understands that BROKER may represent other buyers interested in purchasing the same or a similar property. BUYER consents to such representation.

9. Entire Agreement/Governing Law. This Agreement is the entire agreement between the parties. It is binding upon the parties' heirs, successors, and personal representatives. Assignment shall not limit the rights of BROKER. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts. Unless otherwise stated, this Agreement may not be modified, except in writing signed by both parties.

10. Other Provisions.

This document creates binding legal obligations. For legal advice, consult an attorney.

Dated: _____	_____
	BUYER or Authorized Representative
_____	_____
BROKER Or Authorized Representative	BUYER or Authorized Representative

Tips for Home Buyers

Things to look for on a Showing

It is important that you take the time to do a thorough job of evaluating each property. So you don't get sucked in by a fresh coat of paint and nice carpeting, Of course you will have a licensed Home Inspector do a complete inspection but we have listed a few things to look for before you make an offer.

- Stains on basement walls
- Moss, mildew, or stain on lower siding
- Stains or mildew on underside of roof



- Soggy areas in yard
- Eroded areas in walkway or driveway
- Roof that sags in the middle
- Walls that curve in and out
- Windows or doors that look crooked
- Porches that lean or sag

- Diagonal cracks above doors and windows
- Slipping or shifted foundation
- Floors that feel spongy or uneven
- Inside doors or windows that don't fit
- Leaking plumbing, especially under sinks, around tubs and in the basement.



- Main electrical service that is too small
- Extension cords running a long way
- Odd smells, such as sewer gas

- Signs of Termites or Ants



- Lack of insulation in attic (there should be thick insulation on the floor or ceiling)
- Old flaky paint on sills or trim
- Flaky paint on the outside
- Floor covering that is worn in large areas
- Siding that is wavy or spongy underneath
- Roof cover that is seriously worn or has many layers

Tips for Home Buyers

Offer to Purchase

So, you've found your ideal property and you want it! You've done your homework, looked around and given it plenty of thought. This is it, this is the one. To secure it you need to make an offer. This can be quite daunting if you are a first-time buyer.

The Offer

Of course, like most buyers, you may want to feel you are getting a 'good deal' and want to put in an offer below the asking price. There is no golden rule here. Take advice from the agent that knows the property, the seller and their circumstances well. Many factors can influence a seller's position – they may be relocating overseas, or they may have financial pressures and need to sell urgently. If the agent indicates the seller is willing to negotiate, then you can put in a lower offer based on their advice.

Earnest Money Deposit

The earnest money deposit is an important part of the home buying process. It tells the seller you're a committed buyer, and it helps fund your down payment. Sellers rarely accept offers without deposits.

Determining how much Earnest Money

The amount you'll pay for the earnest money deposit will depend on a few factors, such as policies and limitations in your state, the current real estate market, and what the seller requires. On average, however, you can expect to hand over 1-2% of the total purchase price as earnest money.

Addendums in the Offer

With the offer to purchase, it is always advised buyers and their brokers to use a standard form addendum to address such contingencies as mortgage financing, home inspection, radon, lead paint, and pest.

Offer is presented to the Seller

Whatever your offer, the seller usually has three options – to accept your offer, unchanged, including the occupation and transfer dates you have included. Secondly, they may reject it outright as being too low or having too many unattractive conditions. The third possibility is that they 'counter' your offer, with an amended one. This is usually on price, with the seller asking for a price higher than you offer, but often lower than the original asking price. They may also change some of the conditions. When the agent re-presents the changed offer to you then you also have an opportunity to accept or otherwise. All of this process can take place in just a couple of days and involve some negotiation between both yourself and the seller, brokered by the agent.

Once Accepted

Now the contract gets passed to a conveyance attorney (usually nominated by the seller), who handles the legal process to 'transfer', when the property legally transfers to you from the seller. You can expect this process to take approximately 10 to 12 weeks. The key throughout this period is that everyone communicates clearly: the conveyancer, agent, seller, you, as the buyer, and the institution that is providing you with finance. It is important to fulfill your duties to the purchaser on time, when requested by the conveyancer, so as not to delay the process. And remember, always ask questions when you are not sure.

CONTRACT TO PURCHASE REAL ESTATE

(With Contingencies)

(Binding Contract. If Legal Advice Is Desired, Consult An Attorney.)

From: BUYER(S):

To: OWNER OF RECORD ("SELLER"):

Name(s):

Name(s):

Address:

Address:

The BUYER offers to purchase the real property described as _____

together with all buildings and improvements thereon (the "Premises") to which I have been introduced by _____ upon the following terms and conditions:

1. Purchase Price: The BUYER agrees to pay the sum of \$ _____ to the SELLER for the purchase of the Premises, due as follows:

- i. \$ _____ as a deposit to bind this Offer;
- ii. \$ _____ as an additional deposit upon executing the Purchase And Sale Agreement;
- iii. Balance by bank's, cashier's, treasurer's or certified check or wire transfer at time for closing.

2. Duration Of Offer. This Offer is valid until _____ ☐ a.m. ☐ p.m. on _____ by which time a copy of this Offer shall be signed by the SELLER, accepting this Offer and returned to the BUYER, otherwise this Offer shall be deemed rejected and the money tendered herewith shall be returned to the BUYER. Upon written notice to the BUYER or BUYER'S agent of the SELLER'S acceptance, the accepted Offer shall form a binding agreement. Time is of the essence as to each provision.

3. Purchase And Sale Agreement. The SELLER and the BUYER shall, on or before _____ ☐ a.m. ☐ p.m. on _____ execute the Standard Purchase and Sale Agreement of the MASSACHUSETTS ASSOCIATION OF REALTORS® or substantial equivalent which, when executed, shall become the entire agreement between the parties and this Offer shall have no further force and effect.

4. Closing. The SELLER agrees to deliver a good and sufficient deed conveying good and clear record and marketable title at _____ ☐ a.m. ☐ p.m. on _____ at the _____ County Registry of Deeds or such other time or place as may be mutually agreed upon by the parties.

5. Escrow. The deposit shall be held by _____, as escrow agent, subject to the terms hereof. Endorsement or negotiation of this deposit by the real estate broker shall not be deemed acceptance of the terms of the Offer. In the event of any disagreement between the parties concerning to whom escrowed funds should be paid, the escrow agent may retain said deposit pending written instructions mutually given by the BUYER and SELLER. The escrow agent shall abide by any Court decision concerning to whom the funds shall be paid and shall not be made a party to a pending lawsuit solely as a result of holding escrowed funds. Should the escrow agent be made a party in violation of this paragraph, the escrow agent shall be dismissed and the party asserting a claim against the escrow agent shall pay the agent's reasonable attorneys' fees and costs.

6. Contingencies. It is agreed that the BUYER'S obligations under this Offer and any Purchase and Sale Agreement signed pursuant to this Offer are expressly conditioned upon the following terms and conditions:

a. Mortgage. (Delete if Waived) The BUYER'S obligation to purchase is conditioned upon obtaining a written commitment for financing in the amount of \$ _____ at prevailing rates, terms and conditions by _____. The BUYER shall have an obligation to act reasonably diligently to satisfy any condition within the BUYER'S control. If, despite reasonable efforts, the BUYER has been unable to obtain such written commitment the BUYER may terminate this agreement by giving written notice that is received by 5:00 p.m. on the calendar day after the date set forth above. In the event that notice has not been received, this condition is deemed waived. In the event that due notice has been received, the obligations of the parties shall cease and this agreement shall be void; and all monies deposited by the BUYER shall be returned. In no event shall the BUYER be deemed to have used reasonable efforts to obtain financing unless the BUYER has submitted one application by _____ and acted reasonably promptly in providing additional information requested by the mortgage lender.

b. Inspections. *(Delete if Waived)* The BUYER'S obligations under this agreement are subject to the right to obtain inspection(s) of the Premises or any aspect thereof, including, but not limited to, home, pest, radon, lead paint, mold, septic/sewer, water quality, and water drainage by consultant(s) regularly in the business of conducting said inspections, of BUYER'S own choosing, and at BUYER'S sole cost within _____ days after SELLER'S acceptance of this agreement. If the results are not satisfactory to BUYER, in BUYER'S sole discretion, BUYER shall have the right to give written notice received by the SELLER or SELLER'S agent by 5:00 p.m. on the calendar day after the date set forth above, terminating this agreement. Upon receipt of such notice this agreement shall be void and all monies deposited by the BUYER shall be returned. Failure to provide timely notice of termination shall constitute a waiver. In the event that the BUYER does not exercise the right to have such inspection(s) or to so terminate, the SELLER and the listing broker are each released from claims relating to the condition of the Premises that the BUYER or the BUYER'S consultants could reasonably have discovered.

7. Representations/Acknowledgments. The BUYER acknowledges receipt of an agency disclosure, lead paint disclosure (for residences built before 1978), and Home Inspectors Facts For Consumers brochure (prepared by the Office of Consumer Affairs). The BUYER is not relying upon any representation, verbal or written, from any real estate broker or licensee concerning legal use. Any reference to the category (single family, multi-family, residential, commercial) or the use of this property in any advertisement or listing sheet, including the number of units, number of rooms or other classification is not a representation concerning legal use or compliance with zoning by-laws, building code, sanitary code or other public or private restrictions by the broker. The BUYER understands that if this information is important to BUYER, it is the duty of the BUYER to seek advice from an attorney or written confirmation from the municipality. In addition, the BUYER acknowledges that there are no warranties or representations made by the SELLER or any broker on which BUYER relies in making this Offer, except those previously made in writing and the following: (if none, write "NONE"): _____

8. Buyer's Default. If the BUYER defaults in BUYER'S obligations, all monies tendered as a deposit shall be paid to the SELLER as liquidated damages and this shall be SELLER'S sole remedy.

9. Additional Terms.

Date

Date

BUYER

BUYER

SELLER'S REPLY

SELLER(S): (check one and sign below)

_____(a) ACCEPT(S) the Offer as set forth above at _____ a.m. _____ p.m. on this _____ day of _____

_____(b) REJECT(S) the Offer.

_____(c) Reject(s) the Offer and MAKE(S) A COUNTEROFFER

This Counteroffer shall expire at _____ a.m. _____ p.m. on _____ if not withdrawn earlier.

Date

Date

SELLER , or spouse

SELLER

(IF COUNTEROFFER FROM SELLER) BUYER'S REPLY

The BUYER: (check one and sign below):

☐ (a) ACCEPT(S) the Counteroffer as set forth above at ☐ a.m. ☐ p.m. on this ____ day of . ____

☐ (b) REJECT(S) the Counteroffer.

Date _____
BUYER

Date _____
BUYER

RECEIPT FOR DEPOSIT

I hereby acknowledge receipt of a deposit in the amount of \$ _____ from the **BUYER** this day of. _____

Escrow Agent or Authorized representative

Tips for Home Buyers

Shop for a Mortgage Loan

Mortgage products vary in their requirements for down payment, qualifying ratios, loan-to-value ratios, credit reviews and cash reserves. Some of the best deals come with income restrictions (low and moderate income home buyers only). To understand these products, it is helpful to divide them into two broad categories; conventional loans and government guaranteed or insured programs.

Conventional Loan

The Conventional loans of years ago required a 20% down payment. These loans have now joined many other loan products which require as little as a zero to five percent down payment, and they have more flexible underwriting criteria. This explosion of new loan products provides an increased opportunity for first time homebuyers to move into homeownership. This increased flexibility and corresponding risk has occurred as a result of such factors as:

- greater sophistication and automation in the mortgage lending industry
- establishment of Community Reinvestment Act (CRA) requirements
- increased competition for customers
- availability of private and government sponsored mortgage insurance
- existence and influence of the secondary market

Fannie Mae's Community Home Buyers Program

In 1994 Fannie Mae unveiled a mortgage product, "Fannie 97", that required only a three percent down payment, one month mortgage reserve, and standard underwriting ratios of 28% / 38%. This program is one of the most popular program for low and moderate income home buyers and is available through a wide variety of mortgage lenders. The program provides for higher qualifying ratios, a five percent down payment with at least three percent from the purchaser. This program also allows flexibility regarding non-traditional credit histories. Debt to income ratios of 33%/38% are permitted and even higher ratios in certain circumstances. Home buyer education is required for participation.

Freddie Mac's Affordable Gold Program

Freddie Mac's Affordable Gold Program has provisions for a 95% loan-to-value ratio, and it has flexibility regarding non-traditional forms of credit, reserve requirements, and qualifying ratios. Of particular interest, the Affordable Gold Program does not use a "front end/top" (housing expense to income) ratio. Rather it utilizes a single "back end/bottom" (total debt-to-income) ratio. Home buyer education is required for participation.

Lenders often refer to the Fannie 97 Program and the Affordable Gold Program as the "3/2 Program" which refers to the requirement that at least three percent of the down payment come from the buyer and the two percent can come from other sources.

Private Mortgage Insurance (PMI)

Conventional financing requires mortgage insurance on all loans in which the loan-to-value (LTV) exceeds 80%. This insurance is referred to as Private Mortgage Insurance or PMI. There are eight private mortgage insurance companies. The insurance premium is the same for all eight firms and is typically added to the mortgage interest rate. The mortgage lender originating the loan selects the mortgage insurer.

Other Common Mortgage Programs

- (RECD) Rural Economic and Community Development
- (FHA) Federal Housing Association
- (VA) Veterans Affairs

Tips for Home Buyers

Types of Mortgage Loans

Prior to applying for a loan/mortgage for your home, you need to understand the various types of loan products available, and the specific characteristics of each. The prevailing interest rates and loan type will greatly influence the evaluation process when trying to qualify for a mortgage. The most common types of mortgages are described below.

Standard Fixed Loan

The standard fixed-rate loan is the most common for first time home buyers. It has a fixed interest rate, a fixed principal and interest payment and is fully amortized – that is, the loan will be completely paid off – over a specified number of years. The most common is the 30-year mortgage.

Payments on a fixed- rate mortgage are almost always structured on a monthly basis. A portion of each monthly payment covers the interest due and another portion is applied toward the reduction of the principal balance. Regular payments will systematically reduce the loan balance until the loan is paid in full. The standard fixed-rate mortgages are simple to understand and they have predictable payments. It should be added that even though the monthly principal and interest portion of the monthly payment is fixed, the monthly payment may be adjusted if property taxes increase or the cost of hazard insurance changes. Fixed-rate mortgages are ideal for families that plan to live in their homes for a long period of time, or families that like the certainty a fixed-rate mortgage offers.

Convertible Mortgages

Typically, have a single established fixed-rate for three, five or seven years, after which they are converted to market rates for the remainder of the 15 to 30 year term. Like the ARM, this mortgage also provides lower interest rates in earlier years. However, the unpredictability of interest rates over time could result in a higher monthly payment at conversion. The three, five or seven year interest rate is typically higher than an ARM and lower than a straight fixed 30 year amortized loan.

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Temporary Buydowns

Often, termed “BUYDOWNS” are fixed-rate or adjustable rate mortgages that permit homebuyers to make monthly payments for one or two years at 1% or 2% below the first year’s mortgage note rate. Generally, during the first year of the mortgage, the homebuyer will pay 1% or 2% below the note rate and the second year, 1% below the note rate. The temporary buydown differs from an ARM in that the difference in the amount paid monthly and the note rate is deposited in an escrow account at closing. A buydown agreement is signed with the escrow agent agreeing to pay the monthly difference to the lender each month. Funds for the buydown escrow account can come from a gift, the home buyer, a state or local government agency. The advantage of a buydown is that it allows you to qualify for the loan at the lower interest rate.

Tips for Home Buyers

Adjustable Rate Mortgage

Adjustable-rate mortgages (ARM) are generally for 15 to 30 years and have interest rates that are adjusted periodically which potentially changes the monthly payment amounts. The initial interest rate on an ARM is usually substantially lower than the rate for fixed-rate mortgages, but adjustment in the payment generally occurs every one, three or five years based on money market conditions. This can cause the monthly payment to increase or decrease.

The interest rate on an ARM does not automatically change at adjustment time. A clear understanding of the following factors will explain why and therefore, must be considered when contemplating an ARM:

- Adjustment period – By definition and adjustable-rate mortgage has the potential for rate and payment changes at specified predetermined periods every year, three years, or five years. Other adjustment periods vary from six months to 10 years. Some ARM's combine two adjustment periods. For example, a 3/1 ARM has a fixed-rate for the first three years and then adjusts annually for the remaining life of the loan.
- Caps are limits placed on how much the interest rate can fluctuate. The "adjustment cap" is the limit on how much the interest rate can change at each adjustment period. The "lifetime cap" is the limit on how much the rate can change over the life of the mortgage. Caps can limit increases by either a dollar amount or a percentage. The most common interest rate caps specify a 1% to 3% maximum rate increase per adjustment cap, and a 4% to 6% maximum rate increase per lifetime cap.
- Index is the rate measurement used by lenders to determine any changes to the interest rate charged on ARM's. The interest rate on an ARM is determined by an index. If the index increases, the interest rate will increase unless an interest rate cap has been reached. The most widely used index is the one-year Treasury Bill Index.
- Margin which represents the lender's cost and profit for doing business is added to the index rate which determines the interest rate for the upcoming period. The size for the margin will vary depending on the index used. Once the lender has specified the margin, it will remain fixed. The margin is a critical factor to consider when comparing ARM's because it can have a significant impact on payments.

On a one-year ARM, adjustments are made annually with each adjustment typically limited to a 1% to 2% increase. A lifetime maximum cap of 6% is common. One-year ARM's offer an attractive initial interest rate to borrowers who are willing to accept the uncertainty of future rate and payment changes. Three and five year ARM's have adjustment periods of three and five years respectively. Each adjustment is typically limited to a 2% increase with a lifetime cap of 6%.

The primary advantage of an ARM is that it provides a lower interest rate initially, in return, for taking a chance with the market that interest rates will be adjusted periodically. However, this lower initial rate often enables a homebuyer to qualify for an ARM loan when she or he would not have qualified for a fixed-rate loan.

There are significant drawbacks to ARM's for lower income buyers, however. Although there are caps on increases, possible future interest rate increases may result in significantly higher monthly mortgage payments. ARM's are best suited for those who expect an increase in income in the future years and/or do not expect to live in the home for more than five to seven years. Young families who are just starting out their careers are often good candidates for ARM loans.

Tips for Home Buyers

Comparison Shopping

As prospective homebuyer, there are several factors that you must consider before applying for a mortgage. In addition to the type mortgage (fixed-rate, ARM, etc.) and the various mortgage products available, there are certain key terms that the novice homebuyer should understand about the products offered to effectively compare and decide which is best. At a minimum, you should have a general idea about the following:

Down Payment

Down payment, requirements vary by mortgage. Some lenders offer a 95% LTV which requires a 5% down payment. Under certain programs, many lenders allow up to 2% of the 5% down payment to come from a gift, a grant from a non-profit organization, or from a federal, state or local government agency. Fannie Mae offers a 3% down payment program. FHA offers a 3% down payment on homes selling for \$50,000 or less.

Discount Points

A discount point is equal to 1% of the loan amount (on a \$70,000 loan, a point would be \$700). Discount points can be thought of as prepaid interest because they increase the lender's yield on loans without raising the stated interest. Each point is approximately 1/8 percent added to the interest rate. For instance, an 8% loan with 2 points is roughly equal to 8 1/4 % loan with no points. The more points required, the more cash is needed at closing because discount points cannot be financed. The fewer points required, the higher the interest rate. Paying points to bring a rate down only makes sense if you do not refinance or sell the home for many years. Prospective homebuyers must be aware of lenders and brokers that charge excessive points and rates.

Annual Percentage Point (APR)

Annual Percentage Rate (APR) is the total yearly costs for the mortgage stated as a percentage of the loan amount. The APR is a better source for comparison of mortgage costs than the interest rate alone.



Scam Alert

There exist many valid ways to obtain a mortgage in today's high tech age including online applications, but be extra alert for scams if you see any of the following:

- Before you initiate contact you get an unsolicited call asking for personal information.
- You find yourself on an unsecure web form look for a lock symbol on your browser for secure forms.
- Fake graphics on a web form Secure certificates and BBB logos should link to information on the company.
- Someone offers you a deal that sounds unrealistic.
- If combined with these you are asked for social security number or bank account numbers

Tips for Home Buyers

Home Mortgage Loan Process

The first time you are getting a loan, it can be confusing what all is needed and how to start. This outlines the steps to getting a loan from picking a lender to closing.

Submit the Mortgage Application

Once you have picked your lender, you will submit your loan application. This is usually personal information including your social security number, salary, recurring debt, and savings. They pull your credit score and figure out your debt-to-income ratio. With these two pieces of information, they can find which loan programs you qualify for and which might work best for you.

Getting a Pre-Approval Letter

Mortgage Loan Application - is in essence an application supplied by the lender for the borrower to apply for a mortgage loan. A check sheet summarizing the information that most lenders require is included at the end of Section III of this module in your Guide. The completed application must be signed and dated by you. A sample copy of the Loan Application is included in the Forms and Work Sheet section of your Guide.

Pre-Qualifying

Once you have submitted your mortgage application, you can get pre-approved. This will provide you with a letter from your lender that basically says your debt-to-income ratio and credit score qualify you for the loan program. This letter is helpful to have when you put in offers to show that you are a strong, qualified buyer. Many listing agents will advise their sellers to not even accept an offer unless it is accompanied by a letter, especially in good markets, where as a seller, you do not want to tie up a property with an unqualified buyer.

Processing your Application

At this point, the application has been just the buyer's word, and now the lender will need to proof of all the income and debts you had provided, so they will ask for documentation like bank statements and w2s. These statements are verified.

Underwriting the Loan and Find Approval

At this point, you have found a home and want to get the loan. The lender will need to send the house contract and your documentation to underwriting to basically give final approval. As well, the lender will have an appraisal on the property to assess its value. This ensures to them that if for some reason the property goes into foreclosure and they end up owning the property, that the value will still cover the amount owed on the loan. The lender will also need to approve the survey. This is to ensure there are no major encroachments on the property. And in addition, they sometimes require flood certificates or wood-destroying insect certificates, depending on where you are located in the country. These again ensure the property is not a disaster waiting to happen. These are all precautions the lender takes before allowing funding on a property because they want to not get stuck with a worthless asset, but it is also another assurance for the buyer that the property is decent.

Funding and Closing

Once the sellers and buyers have gone to closing and signed all the papers, including the Settlement Statement showing all the fees and loan amounts, this paperwork is submitted back to the lender. The lender will then double check everything was signed and gives a final funding number. This number allows the funds from the lender to be released and the property is funded! The process is complete and you can now enjoy your home, just remember to make your monthly mortgage payments.