

Your Home is Your Castle



And a
Great Tax
Deduction

A Presentation by MI Realty Group® 2007

Revised 2012

Referrals for Life -

If you or someone you know is in the process of buying (or selling) a home now – or in the future....

Please pass this information on to them.

This presentation will outline what it takes to actually purchase a home.....

Quite a bit of time and effort went into this and I'm hoping that it won't just be tossed by the wayside by those of you who get this 😊

Even if you're unsure – send it to everyone you know –
Chances are that someone you know is looking but hasn't said anything 😊



Get that referral bonus 😊

Where to Begin...

The first step is to speak with a lender to make sure you are in a position to purchase a property and what price range you fall into.



The Loan Officer will ask you for certain documents, such as: pay stubs, two years of W2's, 2 months of bank statements, etc...

Ask the Loan Officer what information to bring with you before you meet with him/her. The more information you bring with you, the quicker the process will go.

The lender will provide you with a pre-approval letter. You must have one of these to write an offer on a property.



Which Lender???

That's a great question !! There are so many lenders out there promising so many things...They say that you're qualified for 100% financing!! You think this is Great!!!

And you go through the process of looking for a house and you find one and you write an offer on it and then you wait...and wait...and wait....only to find out that you need 5, 10 or even 20% down – money you don't have.

As a result: The deal dies – you hate your agent – and you'll rent for the rest of your life **STOP!!**

GET A REPUTABLE LENDER – Don't know any? **CALL US**



Overstepping Bounds

Probably one of the most common mistakes people make is to go to the max on the mortgage amount.

One recommendation is to start looking at a lower amount and see if there's something there that will meet your wants and needs.

Example:

If you qualify for \$100,000 – start looking at \$90,000.

If you qualify for \$150,000 – start looking at \$135,000

If you qualify for \$200,000 – start looking at \$180,000

If you don't find something in the lower ranges, go up by 5K.

Don't start looking at the top range because going lower will only disappoint you.



Down Payment Assistance Programs

AmeriDream, Neighborhood Gold and other Programs

These programs provide a way to finance the down payment you may need.

Here's how it works. We'll use a sale price of \$100,000 to keep it simple.

The seller wants to sell the house for \$100,000.

You could write an offer for \$95,000 with a \$5,000 down payment and ask the seller to give me \$5,000 to help with closing costs. That would make the total \$90,000. That's a good offer.

**NO LONGER
AVAILABLE**

to him is \$95,000.

up with down payment of \$5,000 and I need you to be offering him/her \$95,000.

So you tell the seller, "I am offering you \$100,000 and asking you to contribute \$5,000 to the program to help me with closing costs and down payment. That gives him the \$95,000 that you intended to offer in the first place."

It costs the seller \$500 to participate in these programs, so the offer has to be worthwhile of consideration.



GENERAL MOTORS

GM FAMILY First
It pays to be family.

FAMILY FIRST AND GREAT MOVES PROGRAM!!!

“CASH BACK” when you BUY or SELL a home and get registered for the program!

“EXCLUSIVE GM FAMILY MEMBER ELIGIBILITY”

Includes em

- * GM
- * Delphi Aut
- * The Rayth
- * GM Dealerships

**NO LONGER
AVAILABLE**

Electronics

CALL US FOR MORE INFO!!



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6 Reasons Why You Need a Realtor

1. A real estate transaction is complicated. A knowledgeable guide through this complexity can help you avoid delays or costly mistakes.
2. Buying a home is time consuming. After finding a home of your choice, it usually takes 30-45 days for the transaction to close after an offer is accepted.
3. Real estate has its own language. If you don't know a CMA from a PUD, you can understand why it's important to work with someone who speaks that language.
4. REALTORS have done it before. Most people buy & sell only a few homes in a lifetime, usually with quite a few years in between each purchase. And even if you've done it before, laws and regulations change.
5. REALTORS provide objectivity. Since a home often symbolizes family, rest, and security, not just four walls and roof, home selling or buying is often a very emotional undertaking. Having a concerned, but objective, third party helps you keep focused on both the business and emotional issues most important to you.
6. REALTORS are members of the NATIONAL ASSOCIATION OF REALTORS. REALTORS subscribe to a stringent code of ethics that helps guarantee the highest level of service and integrity.



Real Estate Agency Relationships

An "agency" relationship is a voluntary legal relationship in which a real estate licensee (the "agent") agrees to act on behalf of a buyer or a seller (the "client") in a real estate transaction. Michigan law provides for three types of agency relationships between real estate agents and their clients:

Seller's Agent -- Represents the seller only;

Buyer's Agent -- Represents the buyer only;

Dual Agent -- Represents both the buyer and seller, or multiple buyers who want to purchase the same property. This can be done only with the written permission of both clients.

The actual agency relationships between the seller, buyer and their agents in a real estate transaction must be acknowledged at the time an offer to purchase is made.



State laws require us to identify the agency relationship you prefer prior to showing you any specific properties.

The HUGE Difference it Makes to YOU

Service Provided	Seller Agent	<u>Buyer Agent</u>
Facilitates Property Showings.....	YES.....	YES
Explains Home Buying Process	YES	YES
Facilitates Closing	YES	YES
Prepares Comparative Market Analysis	NO	YES
Keeps Your Financial Situation Confidential	NO	YES
Negotiates the Best Price on Your Behalf	NO	YES
Negotiates the Best Terms on Your Behalf	NO	YES
Discloses Adverse Factors Relating to the Homes Viewed....	NO	YES
Relays Information to Enhance Your Buying Position	NO	YES
Maintains Personal Confidentiality	NO	YES
Researches Seller and Property	NO	YES

It is to YOUR advantage to sign a Buyer Agency Agreement



Foreclosure Myths

Everyone wants a Great Deal and they think that a Foreclosure is the best way to go.

1. Banks order a BPO (Broker Price Opinion) and sometimes an appraisal.
2. Banks KNOW what work the house needs
3. Banks list the properties at Market Value based on all the information they get.

So – you can have two similar homes on the market in the same area. One REO and a Private Owned. The bank owned MAY be listed lower, but may need additional work. This is out of pocket money that is needed After you close. The private owned property, which may be priced higher may not need those repairs – saving you time and money.

ALL properties MUST appraise or your lender will Not give you the funds to close.

So private owned properties are Absolutely Worth Pursuing.

The bank owned may not really be the great deal you think it is.



Short Sales

Short sales are Great if you have the time to wait. **NO REPAIRS** are made!

These can take anywhere from 3 to 6 months or more to get a response from the bank. Everyone has to do their part to get it to closing

1. Owners must provide all their financials (just like applying for a loan)
2. The listing Agent has to know the specific bank's guidelines
3. The buyer has to be prepared to pay more for the house.

Just because a house is listed at a specific price – does NOT mean the bank will agree to that price. Some agents undervalue the property when listing just to generate multiple offers. Many short sales do NOT close and buyer's get frustrated.

Each property has it's own unique situation. The banks are different. The reasons for default are different. No two properties will be alike.

Listing Agents typically charge up to \$1,000 to the buyer on these listings to be paid at closing if they can get the approval letter.



10 Tips for First Time Home Buyers

1. **Be picky, but don't be unrealistic.** There is no perfect home.
2. **Do your homework before you start looking.** Decide specifically what features you want in a home and which are most important to you.
3. **Get your finances in order.** Review your credit report and be sure you have enough money to cover your down payment and your closing costs.
4. **Don't wait to get a loan.** Talk to a lender & get pre-qualified for a mortgage before you start looking.
5. **Don't ask too many people for opinions.** It will drive you crazy. Select one or two people to turn to if you feel you need a second opinion.



10 Tips for First Time Home Buyers (continued)

- 6. Decide when you could move.** When is your lease up? Are you allowed to sublet? How tight is the rental market in your area?
- 7. Think long-term.** Are you looking for a starter house with the idea of moving up in a few years or do you hope to stay in this home longer? This decision may dictate what type of home you'll buy as well as the type of mortgage terms that suit you best.
- 8. Don't let yourself be "house poor".** If you max yourself out to buy the biggest home you can afford, you'll have no money left for maintenance or decoration or to save money for other financial goals.
- 9. Don't be naïve.** Insist on a home inspection and, if possible, get a warranty from the seller to cover defects within one year.
- 10. Get help.** Hire a REALTOR as a buyer's representative. Unlike a listing agent, whose first duty is to the seller, [a buyer's representative is working only for you](#). And most times, buyer's representatives are paid out of the seller's commission payment



11 "DON'TS" Every Home Buyer Should Know

1. **Don't wait for the perfect house...there isn't one. Compromise & prioritizing are necessary elements in home purchasing.**
2. **Don't buy before you do some comparison-shopping...especially if you're new to the area.**
3. **Don't write an unrealistic offer or you will simply be helping someone else's offer look good (too low of a price...too many contingencies).**
4. **Don't feel a need to negotiate if a property is fresh to the market, priced right and popular... the good ones often go quickly and at full or close to full price.**
5. **Don't be afraid to write an offer above or below the asking price... offer what it is worth to YOU.**



11 "DON'TS" Every Home Buyer Should Know (continued)

6. Don't work with more than one agent. Find one you like and stick with them. If you make a bad choice, change but stick with the new ONE.
7. Don't wait for perfect conditions to buy. The best time to buy is when you have found the right home.
8. Don't get too many friends and family involved in your buying decision... you'll go NUTS!
9. Don't wait until you find a home to shop for the best loan. Start up-front.
10. Don't wait until after you find a house to be qualified for a loan. Do it up-front.
11. Don't be surprised if you get buyer's remorse at some time before closing...most buyers do. It is normal and it will pass.



Identify Your Wants and Needs

Which style most interests you?

Condo – (no outside maintenance)

Colonial – (still young enough to do stairs)

Ranch – (want everything on the same floor)

Bungalow – (one or two bedrooms upstairs)

Bi-Level – (two floors) Tri-Level – (three floors) Quad – (four floors)

How much square footage do you need? Want? 1000, 1500, 2000?

Do you want a basement? Finished? semi-finished? Unfinished?

Do you want a garage? Attached? Detached? 1 car, 1.5 car, 2 car?

How many bedrooms do you need? Want?

How many baths do you need? Want?

Make a list of other needs and wants...

i.e., fireplace, master bedroom/bath, yard space, cul-de-sac...

SHARE THIS INFO WITH YOUR AGENT



You should receive **ALL** the current listings

Your real estate agent should be providing you with **ALL** the active listings in the areas that interest you. You can get them via email, snail mail, fax or special delivery to your doorstep.

1 OF 60 PROPERTIES FOUND

R 30302639 A 4947 KADENA CT STERLING HEIGHTS List: \$184,900

Area: 50012 STERLING HEIGHTS BdRms: 3 Total Rms: 5
 MapCo: B-8 Bth F/H: 2.0 Acre: .00
 Yr Blt: 1970 Garage: 2.5 Lot Size: 64x139
 Style: 11 1 STORY RES/Full Masonry Blt On: BASEMENT Assoc Fee: \$ 0
 Sch Dst: WARREN CONSOLIDATED Sq Feet: 1,522 Possess: 10 Days
 Cross Streets: NORTH OF 15 MILE - EAST OFF RYAN



BEAUTIFUL 3BR 2 BA RANCH NOT THE STANDARD RANCH. MBR W/BATH, FR W/WFP, PASTEL TONES, SIDE ENTRANCE 2-1/2 CAR ATTACHED GARAGE. SITUATED ON A WELL LANDSCAPED LOT IN A QUIET COURT CLOSE TO SCHOOLS, PARK & SHOPPING. INGROUND SPRINKLERS, ROOF '97, STOVE, REFRIGERATOR & WASHER STAY. QUICK OCCUPANCY.

2 OF 60 PROPERTIES FOUND

R 30278459 A 13817 HERITAGE STERLING HEIGHTS List: \$189,900

Area: 50012 STERLING HEIGHTS BdRms: 3 Total Rms: 6
 MapCo: F-7 Bth F/H: 2.1 Acre: .00
 Yr Blt: 1966 Garage: 2.0 Lot Size: 60x136
 Style: 11 1 STORY RES/Full Masonry Blt On: BASEMENT Assoc Fee: \$ 0
 Sch Dst: WARREN CONSOLIDATED Sq Feet: 1,436 Possess: 0 Days
 Cross Streets: S OF 15 MILE - E OF SCHOENHERR



FULLY UPDATED BRICK RANCH. CUSTOM REMODELED WHITE KITCHEN WITH NEW CABINETS. H/WOOD FLOORS IN LIVING ROOM AND ALL BEDROOMS. CERAMIC TILES IN FOYER, HALL AND BATHS. BEAMED CATHEDRAL CEILING AND NAT FIREPLACE IN FAMILY ROOM. EXTENSIVE CROWN AND CHAIR MOLDINGS. ALL NEW HIGH QUALITY VINYL WINDOWS. ATTIC FAN AND A/C. NEWER ROOF AND HI-EFF FURNACE. ALL NEW ELECTRICAL PANEL. FINISHED BASEMENT W/KITCHEN AND FULL BATH. WALKING DISTANCE TO BLACK ELEMENTARY SCHOOL.

PT	ML#	ST	AREA	ADDRESS	ST	LIST PRICE	SQFT	BD	BTH	GRG	BIO
R	30302639	A	50012 4947	KADENA CT	11F	184,900	1,522	3	2.0	2.5	B
R	30278459	A	50012 13817	HERITAGE	11F	189,900	1,436	3	2.1	2.0	B
R	30313213	A	50012 33703	MINA	11F	189,900	1,600	3	2.0	2.0	B
R	30309410	A	50012 2856	FOX HILL DRIVE	11F	189,900	1,452	3	2.1	2.0	B
R	30313207	A	50012 33638	CURCIO DRIVE	11F	195,000	1,815	4	2.0	2.5	B
R	30307910	A	50012 38309	PINEBROOK	11F	199,900	1,628	3	2.0	2.0	B
R	30311934	A	50012 35401	EVANSTON	11F	199,900	1,408	3	2.0	2.5	B
R	30306726	A	50012 36355	GREGORY	11F	204,900	1,850	3	2.0	2.5	B
R	30309575	A	50012 3239	MARC	11F	204,900	1,781	3	2.1	2.0	B
R	30306762	A	50012 3465	FOX HILL DR	11F	207,000	1,700	3	2.0	2.0	B
R	30276158	A	50012 14447	RICE	11F	209,900	1,568	3	3.0	2.0	B
R	30308788	A	50012 34103	DRYDEN DRIVE	11F	209,900	1,582	3	2.0	2.0	B
R	30313748	A	50012 4949	DUCHESS	11F	209,999	1,550	3	2.1	2.0	B



Finding Your House

It's up to you to go through the listings that are provided and select the ones you'd be most interested in seeing.

If possible, drive by the listings first and then call your agent.

Give your agent the addresses or the MLS number found on the listing ticket. Let your agent know when you're available to go look. It takes time to set up the showings so try to give a day's notice to give your agent the time needed to schedule them.

Your agent should map out the properties & put them in an order that will avoid going back and forth from one side of town to the other. Your agent should contact you with the starting point.

When you meet at the first property – your agent should give you all the listings you will see that day.

Bring a pen to take notes😊 It will help you remember later.



Found It!! – Hooray!!



When you find the house you want, you can bet that there's someone else that has seen the same properties you have and are coming to the same conclusion you are – that this is the best house on the market for them – based on location, price and amenities.

You should be fully informed before making a purchase. The more information you have on a property, the better prepared you will be to make a reasonable offer.

The agent should run comps, find out how long the property has been on the market, and if there are any other offers on the table.

Having this information puts the buyer in a better position - and the agent when negotiating the price.



Writing the Offer to Purchase

By Law, each property in Michigan must provide Seller Disclosures and Lead Based Paint Disclosures to the buyer. These become a part of the Purchase Agreement. (Bank Owned are Exempt from Seller Disclosures)

The seller disclosures will tell you what the house has and whether or not it's in working order or not, whether something is available or if the current owner doesn't know. It will also tell you if the basement ever leaked, age of furnace is (if known) & about other components of the house. Your agent can provide you with a blank copy to review so that you're familiar with the forms before writing the offer.

The lead based paint disclosure tells you whether or not the owner is aware of any lead based paint in the house. This is crucial and your agent will provide you with a pamphlet that explains what lead based paint is.

After you go over the disclosures, you will go over the PA (Purchase Agreement). Purchase Agreements are standard across the industry contain all the provisions of the sale.



The Purchase Agreement

Make sure your agent goes over the purchase agreement with you and if there's anything you don't understand, **ASK**. It is your responsibility to know what you are signing.

Don't be alarmed when you see a fee of up to \$500 when reviewing the document. All real estate companies charge a fee for the seven year document storage as required by law. Your agent has no control over the fee.

Some of the items the purchase agreement will cover are:

- Any items to be included in the sale
- The sales price
- Seller contributions
- The manner in which it is being financed (Conventional, FHA, etc.)
- The amount you are financing and percentage of down payment
- The amount of Earnest money deposit (refunded if you cannot obtain a loan)
- Possession period after closing
- A closing date
- Home warranty where offered or buyer may purchase it
- *** Private inspection option - after the offer is accepted – **ALWAYS GET AN INSPECTION**



Making an Offer to Purchase

Your real estate agent will present the offer, along with a copy of the agency disclosure form, deposit check and pre-approval letter directly to the seller with the listing agent present. Your agent will give them some time to discuss the offer in private. Usually, the offer is accepted, countered or rejected after discussions.

The process of making an offer, receiving a counteroffer and then revising it again is not uncommon. However, it can seem like a bit of a roller coaster ride - exciting, but tense too. Still, it's all part of making the deal work.

Your offer must be made with a deposit to the real estate brokerage. This deposit will go toward the purchase price on the closing date. Deposits are usually no more than 10% of the purchase price. But a larger deposit may tell the seller that you're very serious about your offer. A deposit on an unaccepted offer will be returned. If you cancel an accepted offer, you may lose your deposit.



What happens After the Offer is Accepted?

Once the offer is negotiated and everyone is in agreement and the offer is bottom-lined by the buyer, the real estate agent will forward a copy to the lender will be ready to order the appraisal after the home inspection is completed.

The BUYER must schedule a private home inspection. The price range is typically between \$350 and \$450, depending on the home and must be paid by the buyer at the time of inspection to whichever company is chosen.

Once the home inspection is completed – the process now rests with the lender.

Depending on how far in the process the buyer is with the lender, it could take anywhere from 21 to 45 days to close.

If the lender asks for something – the sooner the buyer gets the info back to them, the sooner the closing will take place. If it takes the buyer a week or two to comply, that pushes closing further away.

The agents will schedule the closing once the *lender gives final approval*.



Any Questions?

We would consider it an honor to work with you in the purchase of your home. We are not your run of the mill real estate agents. We work hard for our clients to find the right house and get the best possible price.

We have helped many people in this wonderful process and are prepared to help you make a successful real estate purchase.

Please call or email with ANY questions!!!!

Neal Piekarz: [810] 560-8957 ~ Anne Piekarz: [586] 275-2424



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Website: [www. MIRealtyGroup.com](http://www.MIRealtyGroup.com)



We look forward to hearing from you and working with you!!

