

Rachel Walsh

RachelWalshHomes.com

RWalsh@WPSIR.com

William Pitt Sotheby's International Realty

26 Cherry Street . New Canaan, Connecticut . 06840

203.912.5908

The Typical Process For Buying a Home in Fairfield County, CT

Thank you for allowing me to work with you to find your new home. I appreciate the business, but most importantly, I appreciate the new working relationship we will have. I greatly look forward to meeting and exceeding your expectations.

Before We Begin:

In the state of Connecticut, a Buyer's Representation form is required to be signed by both the real estate agent/firm and the client. Buyer representation means that a real estate broker or real estate agent acts in a fiduciary capacity for the buyer in a real estate transaction. It also states that the commission due to the agent is paid by the seller and not by the buyer. There are some exceptions to this, but if that becomes the case, the details would be spelled out to you in writing, in advance and you would need to agree to it.

If initially you are unsure that you want to work with me, you can sign the Buyer's form for the first day we're going out only, then we will change the length of the agreement at either the end of our outing or when you're sure you're certain. I request a minimum of a 6-month long commitment because house-hunting can take at least that long.

The Mortgage Process:

Most agents, including myself, prefer not to take a client out until they have a pre-approval or pre-qualification letter in hand, or at least are in the process of getting one. You will need to have a good idea of not only what loan amount you will be approved for, but also what you want to spend on a home. While some lenders will give out a

letter without verifying income, employment, assets and debt, what I need is a letter stating that the above is checked with a limit of what you can spend. I will not share this document with a seller or their agent until we agree that it should be released. To be clear though, some banks call this a pre-approval letter and some call it a pre-qualification letter. Either way, the above must be verified for them to issue the commitment letter you need to purchase a home in CT. This process takes time and should be done prior to seeing your first house, if possible. Even if you are an all-cash buyer, you may need to prove your assets with either a bank statement or a letter from your attorney or banker to prove to a seller that you have the funds readily available.

Just because you're approved for X amount doesn't mean you have to spend it. That is why initially the pre-approval letter is to be kept confidential and with me until you find the right house for you and you have an accepted offer. Once you are ready to offer on a home, I will ask your lender to personalize the letter to reflect the address of the home and the agreed upon sales price.

Looking For a Home:

As we look for homes, there are many factors that you will need to take under consideration. I will go over the pros and cons of each home with you. I can tell you in advance that every home has a compromising factor of some sort, regardless of your price range. It will be up to you alone to decide what you will accept or feel you cannot accept. Sometimes I may send you listings above your stated range, but that is not to try to bump your range up, but rather to either educate you about the market or because I feel a specific house is over-priced and may go for less. I attend broker open houses every week and am very up-to-date on the market overall. I know what sells and what buyers are looking for. I also know that photos lie, that they don't accurately represent the neighborhood or location (Does the house or property flood? Is the train behind it?) and that you definitely cannot judge a house by the photos on the listing. So, I will be your eyes and ears when buying a house. I always try to preview a home before showing it to you, but sometimes that is not possible. Sometimes I have to host a broker open house at a listing of mine which will prevent me from viewing new listings on that particular day, or I may have other client responsibilities.

The Offering Process:

Once you've found the home you want to buy, I will present your offer to the seller's agent. If I am the listing agent as well, or if another agent in my firm is the listing agent, you will be given a Dual Agency Disclosure form to sign so that you are sure to know that my company represents both the seller and the buyer in the transaction. Again, this is required by the state of Connecticut.

Sometimes the offer is done verbally, but I prefer it to be in writing because I like a paper trail. It may be in an email or it may be on a Memorandum of Sale (New

Canaan), a Binder of Sale (Darien), or on an Offer to Purchase (other towns in Fairfield County). The selling agent will dictate the manner in which they want to receive the offer.

I like to present a complete and very detailed offer. I have gotten many clients homes in a multiple bidding situation because I am very thorough and don't leave anything to chance.

The offer will include the following information:

- Your names, address, place(s) of employment and position(s) held.
- The offering price and whether this an opening offer or a highest and best, one-time offer. Either way, that needs to be stated up front.
- Your mortgage pre-approval letter that is specific for that address and your offering or accepted price so that the seller knows you can afford their home. If we are offering over a weekend and you cannot provide this at the time of the offer, we will simply state that we will provide it on the first business day.
- Whether there is a mortgage contingency - if so, most lenders are requiring approximately 30 days from a fully executed contract (signed by both sides) to resolve this.
- The percentage of the loan to sale price you are looking to borrow.
- Building inspection contingencies: if it applies for the house you're offering on this would include a general building inspection, roof, water, septic, radon, pests & termites, heating, air conditioning, all other utilities and a pool inspection if applicable. Some houses might further warrant more detailed inspections of the roof, structure/foundation or some other item, but that won't be known until after your general building inspection is completed. You will have approximately 5 days to complete these inspections from the time of the accepted offer. If needed, this timeframe can sometimes be extended, especially in the event that you need a specialist to look at something.
- The closing date you are requesting. If you are flexible with the date, we will state this as it may work in your favor.
- The day you will sign the contract: generally no more than 7 business days, and sooner if you want to wrap everything up more quickly. This may be important in a multiple bidding situation or if you are concerned about another offer coming in.

- The day your mortgage contingency will be released (no more than 30 days from contract signing).
- Possibly a copy of a 1% check, although many selling agents and sellers prefer to simply go to contract with the 10% deposit that is required at contract signing (see below).
- At contract signing, you will need to put down a non-refundable 10% deposit. The remaining 90% of the money owed will be paid in either cash or loan on the closing date. That is why you will need to resolve your contingency items prior to contract signing. There can be outstanding contingency items even after you sign your contract (such as radon or water results), in which case your 10% check will not be released to the seller's attorney until all your contingencies are resolved and therefore lifted. This does not include the mortgage contingency, which, as stated above, may take up to 30 days to resolve after the contract is signed. You will discuss all this with your attorney.
- The signed Residential Property Disclosures, including the Lead Disclosure which are provided to us by the seller.
- In Darien, the buyer signs the offer; in New Canaan, neither the buyer nor the seller signs the offer. In other Fairfield County towns, the buyer does sign the Offer to Purchase, as does the seller when accepted.

Next Steps:

After the price and terms of your offer are negotiated and agreed upon, you will need to retain a real estate attorney. A local attorney is generally better as they know the agents, the town officials, the zoning laws and other local factors which might affect your deal. Be sure to interview and price out attorneys as some charge by the deal and some charge by the hour. I would definitely recommend retaining an attorney that charges by the deal. The attorney will go over all of your expected closing costs with you. I will make attorney recommendations to you but you are welcome to use one of your own choosing. I will ask you to speak to the attorney to officially retain him/her and to go over all related closing and transaction fees as soon as you have an accepted offer (or before if you have questions).

Then, the inspections will be set up. I will recommend up to 3 inspectors to you, or if you have your own, you are welcome to use them. Generally, the building inspector will make the arrangements for all the tests that need to be done, including the inspection

and cleaning of the septic system. The price for all the tests vary on the size and age of the house, whether the home has well water and a septic system and other factors such as outbuildings, etc. The inspector will talk with you prior to the inspection, make his recommendations of what tests he recommends are performed, and tell you the costs in advance. On the day of the inspection, be sure to bring 2-3 personal checks with you to pay for these inspections and tests.

Once the inspections are completed and we have reviewed the written inspection report, we will discuss whether or not we need to go back to the seller for any credits or to request any repairs, which we need to do within approximately 24 hours of receiving the written inspection report. While I don't like to nit-pick, I do believe that any major repairs or anything affecting the structural integrity of the home should be taken care of by the seller. This can come in the form of a credit from the seller to you, or they will need to complete the repair prior to closing. An additional benefit of the inspection is that you will have a solid 3-5 hours in the house without the seller or the seller's agent present (typically), so you can really get to know the home, take measurements, photographs, etc.

During the inspection period, the seller's attorney will draw up the contract and send it to your attorney for review. Your attorney will send it to you as-is and then make his/her own changes, discuss it with you then submit the changes back to the seller's attorney. Sometimes this can go back and forth many times before both parties agree to the language and terms set forth in the contract.

When all the inspection and contract items are worked out, you will sign the contract and give your non-refundable 10% deposit to your attorney. This can also be done in advance with a directive given to your attorney to hold the signed contract and your check until everything is worked out. He/she will release both to the seller's attorney when you give the go-ahead and not before.

Once the contract is returned to the seller's attorney and the seller signs it, then you will have a "fully executed contract." Until that point, both the buyer and the seller can walk from the deal without any repercussions. As a buyer, you are not entitled to get reimbursed for your inspection costs if the seller takes another offer. Sometimes I can work it into the offer that if the seller agrees to your offer then takes a higher offer after you have incurred the expenses of the inspections, you will be reimbursed, but I can not guarantee that. That is up to the seller's discretion.

Once the contracts are signed by both parties, you or your attorney will send the signed contract to your lender who will then order the appraisal for the house. This generally takes from one to two weeks to get done. Keep on top of your lender to both send the appraiser out quickly, and to find out where the appraisal comes in. They do not offer the appraised amount to you - you need to ask for it. Then your final mortgage approval takes place. To note: more often than not, the appraisal comes in right at your selling price. It is highly unusual for it to come in higher. This is a result of the recent mortgage crisis, and the lenders and the federal laws have changed to protect both the consumer and the banks. They do not want to over-leverage the home.

Once your mortgage contingency is lifted (and be fully aware of the date it is to be lifted per your offer), then you will be in a wait mode until closing. The seller will often dictate through the contract how many times you can visit the home between contract signing and closing. However, if you need to measure or bring in service people to do estimates for you, exceptions can be made. A general rule of thumb is 2-3 visits are allowed once the contracts are signed. Sometimes, a seller may ask for no visits until all your contingencies are met, including your mortgage contingency.

After You Have a Fully Executed Contract:

I will request a Service Provider list from the seller for you, which would show all the utility providers and workmen the seller is currently using. You can either continue with them, which is usually the easiest thing to do, at least initially, or start your own service contract with others. One of the most important things to remember is to have your electric service started on your closing date, otherwise you will be subjected to a hefty reconnect fee. You will also need to have your household insurance set and you will need to provide your lender with the Pest Inspection letter from your inspection about two weeks prior to the closing.

There may be some other random items that your lender will need as a condition to close, which can usually be easily taken care of. Sometimes, a second appraisal is ordered, especially for the higher-end homes.

Preparing to Close:

Your attorney will be guiding you as to what you need to do or provide prior to closing. I will make sure to remind you to sign up for your utilities about two weeks before closing. If you have town water, your attorney will make that account transfer for you. If it is important for you to have cable and internet as soon as you move in, be sure to order that two weeks in advance of your closing. They get booked up quickly for new installations.

To note: Oil companies often give a one-year free service contract (value up to \$250) with a commitment to get oil from them. Be sure to ask for it. You can call local oil companies to price their product and see what they offer you. If you have propane, you can also ask for their best price per gallon. Some propane companies like to charge more for propane to heat a pool than a home, so be sure to ask for a set price for both, if you have both. Some companies like Gault or Mitchell Fuel offer not only oil and propane, but also service air-conditioning.

On The Day of Closing:

Unfortunately, gone are the days of clients, their agent and their attorney sitting around the closing table, with or without the seller. Now the attorney often has you sign your

purchase documents in advance of the closing and then he/she will go alone to the closing attorney's office to close the deal out for you. It is possible you may never meet the seller, and the agent rarely attends the closing or the signing of the documents as your paperwork and your attorney conversations are private. Some buyers and sellers prefer that, and some don't. I am happy to accompany you. Once you get a call from either the attorney or me that the deal has closed, you can enter the house and move your items in, but not before then. It feels a little anticlimactic, but it is more efficient this way.

After the Closing:

I am always available to you to answer questions, offer the names of service providers, or to help you in any way. I do not disappear when the deal closes. Please call on me with whatever your need is and almost 100% of the time, I can help you find a solution.

Referrals:

I value your referrals as that is the only way to get future business. So if you are happy with me as your agent, please pass my contact information along to your family and friends. I greatly appreciate any referrals or recommendations from you.

References:

If you would like to speak to any of my former clients, please let me know and I will provide their names and phone numbers to you after receiving their permission.

Happy house hunting, and I look forward to working with you!

Rachel