



# HOME INSPECTION HANDOUT FOR HOME BUYERS

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## 1. How do I select a reputable home inspector?

The Inspection Contingency in the residential offer to purchase calls for a Wisconsin registered home inspector. Ask your REALTOR<sup>®</sup> for a list of competent area home inspectors or look in the yellow pages. You can confirm the home inspector's registration with the Department of Regulation and Licensing online at <http://drl.wi.gov/drl/drllookup/LicenseLookupServlet>.

## 2. Will the home inspector inspect every feature of the house?

No, the home inspector must inspect certain features required by state law and may inspect additional components and features in his or her discretion or by agreement between the home inspector and his or her client.

## 3. Can I ask the home inspector to look at specific components and items?

Yes, as the home inspector's client you may request that the home inspector inspect specific components and items, as long as they are readily accessible. It may be best to make these requests in writing to avoid confusion.

## 4. May all of the problem areas mentioned in the home inspector's report be listed in a notice of defects for the offer to purchase?

No, the home inspection report will look at property conditions in a general fashion and may list many property conditions that are not serious enough to fit the definition of a defect in the inspection contingency.

## 5. What does the home inspector include in the home inspection report?

The home inspector gives a comprehensive report that includes comments—good, bad and neutral—on all of the different components, systems and items the home inspector is required to inspect. The home inspector does report on the condition of any building component, improvement or item that if not repaired, will have significant adverse effect on the useful life of the item. The home inspector also notes any conditions that may significantly reduce the functionality or structural integrity of property components or systems, or that may pose a significant health or safety risk to building occupants.

## 6. How does the inspection contingency in the offer to purchase work?

In the offer to purchase, a buyer must evaluate whether there are any defects listed in the home inspection report to which the buyer objects and which the buyer wants the seller to fix before the buyer will purchase the property. A defect is a structural, mechanical or other condition that would have a significant adverse effect on the value of the property, significantly impair the health or safety of future occupants, or, if not repaired, removed or replaced, significantly shorten or have a significant adverse effect on the expected normal life of the entire property.

## 7. Should I always give a notice of defects?

This decision is made on a case-by-case basis, depending upon the circumstances and what is best for you. Your REALTOR<sup>®</sup> and your attorney can help explain the pros and cons of giving a notice of defects.

## 8. If the seller discloses a problem on the Real Estate Condition Report, may I include that on the notice of defects?

If a defect has been previously disclosed in sufficient detail so that you are aware of the nature and extent, then you generally cannot list the problem as a defect if you give a notice of defects under the inspection contingency.

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# COMPETITIVE OFFER STRATEGIES

MAKE YOUR OFFER STANDOUT ABOVE THE REST!

**GOAL:** Your goal when writing an offer is to demonstrate that you are a reasonable buyer who is capable and motivated to close on time.

## Financing

- Earnest Money (typically 1%).**  
Consider a higher amount and/or make the earnest money non-refundable if you decide not to go through with the transaction (regardless of the reason).
- Have pre-approval ready.**
- Use an escalation clause (Addendum AC).**  
This allows you to offer more than the next highest offer in specified dollar increments up to a specified cap. Make the increments more than \$1,000, since it is the most common increment used. Less than \$1,000 is not competitive enough.
- Remove the appraisal contingency.**
- Cash is King!**
- If financed, a larger down-payment looks better.**
- Ask your lender to call the listing agent to verify your financial strength.**

## Closing/Occupancy

- Find out the Seller's preferred date for closing.**
- Offer post closing occupancy for Seller (Addendum O).**
- Let the Seller pick a closing date.**
- If you allow the Seller an occupancy period after closing, you could offer to let them pick the time frame.**

## General Strategies

- Write a "love letter" to the seller.**  
(No pictures!)
- Offer a higher amount if the Seller accepts your offer within a short time frame.**
- The less contingencies you have, the more competitive the offer.**

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## Inspections/Testing

- Give the seller the right to cure.**
- Agree not to ask for any repairs up to a certain dollar amount.**  
Example: "Buyer will not serve notice of defect unless total estimate for any repairs necessary as a result of the inspection exceeds \$\_\_\_\_\_."
- Shorten inspection time.**
- Eliminate the testing contingency.**
- Waive the inspection contingency.**  
Note: While this will make the offer more competitive, your agent does not advise it. The following language will need to be in writing: "Buyer elects to waive home inspection contingency (lines 194-229) against agent's advise."

## Must Have Cash on Hand

- Buyer paying seller a signing bonus.**  
Buyer can entice the seller to accept buyers offer by buyer paying money up front to seller. (Buyer will deliver to seller a non-refundable signing bonus of \$XXX within 1 day of acceptance. If seller fails to perform any obligation under this contract resulting in the property not closing, the seller is to deliver the signing bonus back to the buyer in a timely manner, but no later than the scheduled closing date.)
- Offer to pay a specific amount towards the Seller's closing costs.**
- Offer to purchase a HSA home warranty with Seller Coverage.**  
The Seller can use it for their inspection. The warranty will be transferred to you at closing.
- Offer to make up the difference in appraisal if it comes in low.**
- Pay the Seller's commission costs rather than increasing price.**  
(This may help the Seller avoid potential issues with appraisal.)
- Remove the tax proration from the offer.**
- Offer to pay the state transfer fee, the title work and the gap insurance.**  
(This may help the Seller avoid potential issues with appraisal.)
- Upon successful closing, allow the earnest money to be transferred to the Seller.**  
(This could help skirt an appraisal issue.)

# 10 THINGS TO AVOID WHEN APPLYING FOR A MORTGAGE



- Avoid making expensive purchases.
- Avoid changing new jobs or reducing your hours.
- Avoid switching banks or transferring money.
- Avoid disregarding your lender's requests for information.
- Avoid being late on credit card, installment or utility payments.
- Avoid neglecting to list a debt or other significant items on the application.
- Avoid starting any new legal proceedings.
- Avoid co-signing a loan for anyone.
- Avoid making large deposits to accounts if the money cannot be tracked on paper.
- Avoid spending the money needed for closing prior to closing.

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# What You Should Know About the Mortgage Process



## • Mortgage program Options

- Conventional (Fixed Rate & ARMs)
- Federal & State VA
- FHA

## • Items Needed For Loan Application

- Previous 2 years W-2 forms
- Previous 2 months bank statements
- Most recent investment statements
- Divorce decree if applicable
- Previous 2 years of home addresses and/or landlord's phone numbers
- Previous 2 years of work addresses and phone numbers
- For self-employed, 2 years tax returns and current P&L

## • Principle & Interest Payments

• Interest rate	Payment per \$1,000
• 3.0%	\$4.22
• 3.25%	\$4.35
• 3.5%	\$4.49
• 3.75%	\$4.63
• 4.00%	\$4.77
• 4.25%	\$4.92
• 4.5%	\$5.07
• 5.0%	\$5.37
• 5.25%	\$5.52
• 5.5%	\$5.68
• 6.0%	\$6.00
• 6.25%	\$6.16
• 6.50%	\$6.32
• 7.00%	\$6.65

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# IT NEVER HURTS TO GET A SECOND OPINION

Much like a major medical procedure, getting financing for a home purchase is a major financial decision. We always urge home buyers to get a second opinion on their home loan. This type of Mortgage Check-Up ensures that you're getting the right product at the lowest cost. Our SECOND OPINION PRE-APPROVAL is FREE with absolutely NO OBLIGATION... it includes a free copy of your credit report and all three credit scores. When shopping for a mortgage loan, your credit score will not be affected if you shop within a 60-day period.

## **INTEREST RATES & CLOSING COSTS**

This is a critical comparison for anyone buying a home. If you're only focused on getting the lowest rate, you can fall into the trap of paying too much to get that rate. The relationship between rate and cost should always be part of the analysis done by your Loan Officer... our Second Opinion includes apples-to-apples comparisons in a format that is easy to understand... we expect and urge customers to ask questions. We promise to give you straight answers.

## **GOOD, BETTER, BEST**

In our Second Opinion, you can count on an honest assessment of whatever has been offered... if your local bank's offer is the best, we will tell you that and happily answer any other questions you might have. We respect the relationship you have and, we will never try to pressure you in any way. Our objective is to make sure you have the BEST financing solution for your home purchase.

## **CUSTOMER SERVICE**

We've been asked why we provide a Second Opinion FREE and with NO OBLIGATION... the answer is simple. We are part of the Shorewest family of companies, and our real estate partners want a higher level of service for their customers. We aim to fulfill that request every time we talk with a buyer at Shorewest.

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# HOME WARRANTY PLAN



- ✓ Rekey coverage included on all Buyer Home Warranty Plans
- ✓ High level of coverage across all plans — no upgrades needed
- ✓ No age limits
- ✓ No home inspections required
- ✓ \$75 Trade Service Call Fee