

Selling or buying a home can raise many questions regarding the process of finding a buyer or writing an offer and getting to a closing. One of the certainties of the real estate profession is that it is constantly changing. Keeping up with the advances in marketing strategies, technology, legal aspects and financing is a real challenge.

Shorewest Realtors and I use very different tools help buyers and sellers navigate their way through the real estate market in the most efficient manner.

Experience has shown that buyers and sellers like you, once they took the time to meet with me, realized the information I provided was invaluable and unmatched in the industry. They felt my approach to keeping them informed of the market every step of the way was refreshing and enabled them to make the right decisions.

After you have had the chance to read the enclosed information, our next step would be to meet so we can get to know each other and I can learn about your plans and goals for moving.

Best Regards,

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BUYING MADE SIMPLE WITH BUYER AGENCY



WHAT'S THE DIFFERENCE?

WITH BUYER AGENCY

Search for listed and unlisted properties, if requested.

Focus on choices that satisfy your needs.

Point out both positive and negative features that affect resale value.

Provide price counseling based on comparable properties and their professional insight.

Suggest ways to structure the offer to benefit you.

Negotiate on your behalf throughout the transaction.

Attempt to solve problems to your advantage and satisfaction.

Maintain loyalty to you.

WITHOUT BUYER AGENCY

Search for properties listed on the MLS.

Focus on the seller's needs.

Focus on positive features of a property.

Only provide price information that supports the seller's price.

Explain and complete necessary forms.

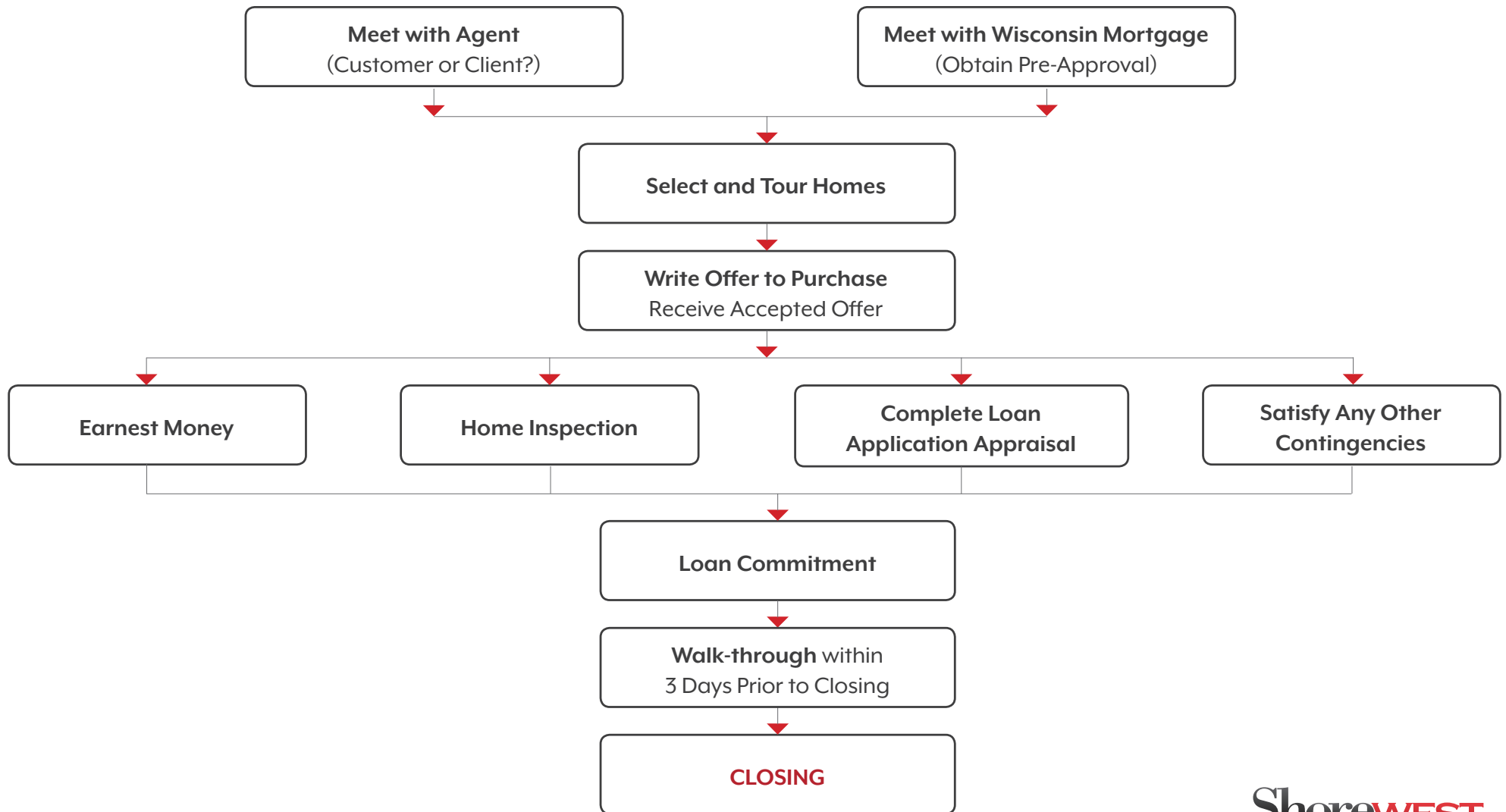
Negotiate on behalf of the seller throughout the transaction.

Attempt to solve problems to the seller's advantage.

Loyal to the listing broker/seller.

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HOME BUYING PROCESS



PURCHASING A HOME



The advantages of home ownership. Freedom. Privacy. Stability. Tax advantages. Owning a home provides so many benefits.

- Mortgage interest and real estate taxes are deductible.
- Rent is a total expenditure, while part of every mortgage payment builds equity, saving you money over time.
- By accumulating equity in your home, you can later “move up” to another home with a good down payment on hand.
- Rents may go up each year, but mortgage payments usually remain stable.
- Home ownership is a symbol of financial integrity, which improves your credit rating.
- Owning a home helps establish roots in a community.
- A home often appreciates in value.
- The pride that comes with owning your home is perhaps the greatest benefit of all. You’re living the American Dream!

SELECTING A SALES ASSOCIATE: YOUR

TRUSTED ADVISOR. Shorewest sales associates have the systems and expertise to locate all the homes for sale which meet your requirements. Signing a Buyer’s Agent Agreement will ensure your sales associate works on your behalf rather than the seller’s. They’ll point out negative as well as positive features, negotiate in your favor and maintain loyalty to you, helping you find the right home.

LOAN PRE-APPROVAL. Your Wisconsin Mortgage Loan Officer can pre-approve your mortgage before you start house hunting. A pre-approval gives you assurance that you can qualify for financing to a maximum purchase price and loan amount. This means you can write a stronger Offer to Purchase. In a competitive market, that may mean the acceptance of your offer over another.

MAKE AN OFFER. Writing the offer is an exciting, emotional and complicated experience. You’ll be glad you have an experienced sales associate on your side to help you through every detail of the process.

SUBMIT EARNEST MONEY. The amount of money you submit at the time of the offer indicates the seriousness of your offer. At closing, the earnest money is applied to the purchase price.

ORDER A HOME INSPECTION. A home inspector will see beyond the “cosmetics” and will survey all parts of the house, including the structure, roof, exterior and major systems (electrical, plumbing, heating, cooling and ventilation). You can then use this information to counter the offer and request repairs before closing.

APPLY FOR A HOME LOAN. When you apply for your loan, your lender will give you a Loan Estimate showing closing costs. This document estimates the amount of money you will need for closing. The lender will also order an appraisal of the property to confirm its value is adequate for the mortgage. Once the lender has verified the information you’ve given and reviewed your credit history and appraisal, a commitment letter will be prepared. This document is a promise from the lender to make you a loan.

CLOSING DAY. This is the day you’ve been waiting for! At the closing, you’ll settle the financial details, the title to your new home will be conveyed and usually you will receive the keys to your new home. Read everything carefully and if you have questions, just ask. Remember, our full service continues right through closing day and beyond.

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HOME INSPECTION HANDOUT FOR HOME BUYERS

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[®] 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[®] 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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REAL ESTATE EDITION

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

BUYER'S FREQUENTLY ASKED QUESTIONS

HOW LONG DOES THE BUYING PROCESS TAKE?

Once you receive an accepted offer, you will own your home in 45-90 days.

HOW MANY PROPERTIES DOES THE TYPICAL BUYER LOOK AT?

While some buyers will find the home of their dreams the first day, for others it may take a little longer. Most buyers look at about 10 properties max with their agent.

WHEN SHOULD I MAKE AN OFFER?

You should make an offer as soon as you vision yourself living in the house. This means that you always need to be prepared to do so.

HOW MUCH SHOULD I OFFER?

This will depend on whether the specific home falls in a buyers or sellers market. I will provide you with the information and potential strategies you need to make a smart decision about your offer price.

SHOULD I LOCK IN MY INTEREST RATE OR SHOULD I FLOAT?

Your lender is your best consultant when it comes to choosing a loan program and locking your interest rate.

WHAT HAPPENS AT THE CLOSING?

You will sign paperwork for your mortgage and the actual sale of the home. You will also get your keys and sometimes have the opportunity to meet and talk with the sellers. I will accompany you to your closing to assist in any way I can.

IS THE CLOSING DATE ON MY CONTRACT GUARANTEED?

The closing date on the contract is the day that you and the seller have agreed to close, unless you agree to change it. Changes can happen due to some things in our control such as submitting paperwork to the lender or things that are out of our control such as an appraisal that is not at least equal to the purchase price.

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HOW MUCH EARNEST MONEY SHOULD I PUT DOWN?

Most buyers will put down approximately 1 % of the purchase price. The more earnest money, the better many sellers feel about the offer.

WHAT MONIES WILL I NEED TO COME IN WITH?

You will need your earnest money, which is applied to the purchase price at closing. You will pay for your home inspection and any other inspections you agree to pay for in the offer. You will also have closing costs for your loan, please see your lender for a full description.

WHAT IS THE PROCESS TO GET MY EARNEST MONEY BACK IF THE CONTRACT IS ACCEPTED AND THE HOME INSPECTION FINDS AN ISSUE?

If you discover a defect (see the definition in the contract) and you and the seller cannot come to an agreement upon how to handle it, you both must sign a cancellation and mutual release stating you may receive your earnest money back before it may be released to you. If you cannot come to an agreement with the seller, the contract spells out several options for determining who will receive the earnest money, including an unbiased attorney and small claims court.

IS THERE ANYTHING I SHOULD NOT DO DURING THE HOUSE HUNTING PROCESS?

Don't make any large purchases, file for divorce, make large cash deposits or change jobs. See your lender for a more comprehensive list.

WHAT IS THE LIKELIHOOD OF A MULTIPLE-OFFER SITUATION?

If the home is priced competitively, in all likelihood it will receive more than one offer.

HOW LONG DOES THE HOME INSPECTION TAKE?

Somewhere between two and four hours and it usually involves the inspector and the buyer. The buyer pays for the home inspection.

DO I REALLY NEED A HOME INSPECTOR?

I would always recommend that you have one. They may not catch everything that might need to be addressed with the home but they can often keep you from making a large mistake.

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HOW DO WE COMPETE AGAINST MULTIPLE OFFERS?

Prior to writing the offer we will talk to the listing agent to see what specific terms the seller is looking for and give them what they want while still protecting your interests as well. You need a pre-approval letter to let the seller know that you're qualified. We will also use an accelerator clause which will show your top price, but only if you're pushed by another buyer. This will guarantee that you pay too much if you don't have to.

WHAT WILL HAPPEN IF I FIND A FOR SALE BY OWNER?

Before talking with the homeowner, let us know and we can speak with them to see if we can work something out with them.

WHAT IF I WANT TO WRITE AN OFFER BUT I HAVE A HOME TO SELL?

In a hot market the seller is going to want your home already listed by a full-service agency even before they would look at your offer.

WHAT IS BUYER AGENCY AND HOW MUCH WILL IT COST ME?

Buyer agency is where I work FOR YOU, in your best interest and just working WITH YOU. Buyer agency is free for you because we will always ask the seller to pay the commission.

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