

Real Estate FAQ

Real Estate Fast FAQ (Frequently Asked Questions)

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Here are all of the answers to the above questions. It's a long list, so if you'd prefer to print this out - just click [here](#). If you have a question we haven't covered here, you can contact us, and we'll be happy to help.

Why should I use a real estate agent to help me buy my home?

Buying a home may seem overwhelming. Even if you've been through it many times, you know that each time presents unique experiences. The rewards, however can be many.

You don't have to attempt the process alone! A quality agent has the training, skills, and the experience to help you through each step of the process, and make it as smooth, quick, and enjoyable as it can be. Another advantage is that an agent represents a valuable source of information about market trends, communities and neighborhoods, and especially, homes for sale throughout the area. Remember, not every home seller runs an ad in the local paper or puts a sign up in the yard. In fact, many homes may sell before they are even advertised. An agent offers you expertise in his or her market in addition to complete access to regularly updated information about every home listed with the Multiple Listing Service (MLS).

Where
do I start looking for a home?

Let's
make a list and set priorities in the following three areas:

Location:
Are you relocating to a new town because of a new job, or to be closer to your current job? How will the location of schools, shops, and transportation affect your choice of communities?

Personal
tastes: How large a home do you need? What style of architecture do you prefer? On what kind of lot? Depending on where you live, you may have a choice of homes in dozens of styles, sizes, and settings.

Budget:
How much home can you safely own?

As
you consider these, do some research. Drive through neighborhoods that appeal to you to see what's available. Read the real estate listings in the newspaper to learn about current prices in the areas you're considering. Talk to friends about the features that you'd really like to have in your home. The more knowledgeable you become, the better your final decision is likely to be.

How
do I find the right agent?

The
key word here is right. While there's certainly no shortage of qualified agents to choose from, it's important that you find one who can fully understand your wants, needs and individual tastes, and whose personal and professional judgment you respect.

Today's
buyers also have more choices when it comes to choosing the agent that can best represent them in a real estate transaction. Until recent years, virtually all real estate agents involved in a given

transaction worked for the seller. However, a growing number of today's home buyers are choosing to be represented by a "buyer's agent." In contrast to traditional agents, a buyer's agent represents the buyer exclusively.

Most
real estate companies throughout the United States have both buyer and seller agency. You should be presented with a disclosure statement by an agent before any working relationship between the two of you begins. That statement should explain what a buyer's agent is and does, what a seller's agent is and does, and what dual agency means. It is very important to remember that real estate firms are governed by state laws that can vary, and so disclosure laws may also vary.

What's
key is finding an agent that you feel very comfortable with.

How
do I find out how much I can afford?

We've
found that affordability is probably the single biggest concern of today's first-time home buyers. Given the wide range of media coverage regularly devoted to the issue, it's not surprising that many young families wonder how long it will take them to afford their first home.

Our
advice: Don't sell yourself short. Talk to your real estate agent. A good agent is committed to honestly and responsibly working with you to determine your affordable price range. There are many financing options available today, and some include low down payments. Your agent will help find an option that fits your budget, and you may be surprised at just how much home you can afford.

How
does buying compare to renting?

Renting
offers a lifestyle that's nearly maintenance-free. That may appeal to you, but consider that renting offers you no equity, no tax benefit, and most likely no protection against regular rent increases.

If your rent has averaged \$700 a month for the last 10 years, you've spent \$84,000 with nothing to show for it. Isn't it time you invested in yourself instead of your landlord?

Several financing options hold special advantages for first-time buyers or families with limited cash reserves. FHA-insured and VA-guaranteed mortgages can minimize or even eliminate your down payment. You may also consider a lease-purchase agreement, or borrow cash for a down payment from life insurance, profit-sharing or retirement account.

In addition to tax deductions you'll likely receive that can partially offset the cost of real estate taxes, insurance and home maintenance, your home may appreciate in value. Say you purchase a home that costs \$100,000. If property increases in value a meager 2% each year, your potential appreciation in just two years is nearly \$4,200. And thanks to recent changes to the tax code, but subject to certain restrictions up to 250K/500K if married filing jointly, the profit you make when you sell the house is tax free as long as you own the property for a minimum of 24 months.

What should I look for in a new neighborhood?

Good city services, nice parks and playground facilities, convenient shopping and transportation, a track record of sound development and good planning -- these are just a few considerations that are important to many people when they choose a community in which to live. Neighborhood information is only a click away from every listing on our site. Contact us for your FREE neighborhood report.

As for individual neighborhoods within a village or city, there is no better source of information than your real estate agent. Agents know the people and the communities they serve, and chances are they can help you find a neighborhood that really fits your family's needs.

Where can I get reports on local schools?

Again,
a good real estate agent is perhaps your best source. They know where the local schools are, and can provide you with valuable information about school districts, including test scores, extracurricular activities, bus service and more. If you're relocating, an agent may even be able to put you in touch with teachers and principals when you visit the area. And if you want to do a little searching on your own, the Internet may also be a good place to start. We can offer you free information about area school districts.

How
can I find out what homes are selling for in a certain area?

In
most areas, home sales are a matter of public record -- you can get all the information you want about recent sales, including prices and listing times, by calling the county Recorder of deeds. Complete reports and additional information are available at our office.

An
easier way is to ask your real estate agent. If you're interested in a particular home, an agent may be able to provide you with a list of comparables -- sale prices of homes in your area that are roughly the same size and age as the home you're considering. Although there will certainly be some differences between the homes -- the house next door may have an extra bedroom, or the one down the block may be older than the one you're looking at -- it's a good way to evaluate the seller's asking price.

How
can I find out what my tax bill will be?

Usually,
the total amount of the previous year's property taxes is included on the listing information sheet for the home you're interested in. If not, ask to see the seller's receipt.

Remember, tax rates change from year to year, so the previous year's bill should be considered simply as a "ballpark" figure of what you would pay. For a more precise projection, call the local assessor's office for assistance, or ask your real estate agent.

If
I'm relocating, is there any way I can view homes before I arrive?

Yes.
Today's Multiple Listing Service -- which include up to 90% or more of the homes listed in any given community -- have made it relatively easy for buyers to access detailed information on homes for sale practically anywhere in the country.

What
do all the real estate ad abbreviations mean?

Abbreviations are a necessity
in real estate advertising because so much information must be communicated in so little space. Some common abbreviations and their meanings:

BA
bath

blt
built-in

BR
bedroom

brk
brick

bkporch
back porch

bldrs
redo
builder's
renovation

CAC
central
air conditioning

DR
dining

room

dk
deck

FHA/VA
qualifies
for FHA/VA financing

fin
ll
finished
lower level

fml
formal

fpl
fireplace

FR
family
room

FROG
finished
room over garage

FSBO
for sale
by owner

gmt
kitchen
gourmet
kitchen

ingrd
pool
inground
pool

LR
living
room

mstr
master
bedroom/suite

mtg
mortgage

pvcy
fence
privacy
fence

scc
sys
security
system

scrnd
porch
screened
porch

TH
townhouse

txs
taxes

wbfp
wood burning
fireplace

w/o
walk-out

u/g
sprk
underground
sprinkler system

yd
yard

If
you run across any other abbreviations or terms you don't understand,
don't be embarrassed -- after all, you don't buy a home every day.
For quick help, check the glossary of real estate terms in the back
of this book. Or simply contact
us -- and we'll be happy to "translate" for you.

When
I start seeing homes, what should I look for?

The house you ultimately choose to call home will play a major role in your family's life. A home can be an excellent investment, of course, but more importantly, it should fit the way you really live, with spaces and features that appeal to everyone in the family.

As you look at each home, pay close attention to these important considerations:

- Is there enough room for you now, and in the near future?
- Is the home's floor plan right for your family?
- Is there enough storage space?
- Will you have to replace the appliances?
- Is the yard the size that you want?
- Are there enough bathrooms?
- How much maintenance and/or decorating will you need to do right away? Later?
- Will your present furniture work in this home?

How many bedrooms will I need?

Whether you are married or not, or have kids or not, spare bedrooms come in handy when family and friends come to stay. And when you're not having guests, extra rooms are useful as a library, den, or TV room.

Another good reason to choose a home with extra bedrooms: Extra space will make your home more appealing to a larger number of interested buyers when it comes time to sell.

What's
a better value, old or new?

It's a matter of personal preference. Both new and older homes offer distinct advantage, depending upon your unique taste and lifestyle.

New homes generally have more space in the rooms where today's families do their living, like a family room or activity area. They're usually easier to maintain, too.

However, many homes built years ago offer more total space for the money, as well as larger yards. Taxes on some older homes may also be lower.

Some people are charmed by the elegance of an older home but shy away because they're concerned about potential maintenance costs. Consider a home warranty to get the peace of mind you deserve. Ask us about our free home warranty offer.

What
should I bring when looking at homes?

Bring your own:

- Notebook and pen for note-taking
- Flashlight for seeing enclosed areas
- Tape measure for checking room sizes, clearance, etc.

Be prepared to "snoop around" a little. After all, you want to know as much as possible about the home you buy. Sellers understand that because their home is on the market, it will be looked over pretty thoroughly.

If you need to go back to a home for another look, your agent will be happy to schedule an appointment. Also, be sure to ask any questions you have about the home, even if you feel you're being nosy. You have a right to know.

What questions should I ask about each home?

As a rule of thumb, ask any questions you have about specific rooms, features, or functions. Pay particular attention to areas that you feel could become "problem" areas -- additions, defects, areas that have been repaired. And above all, if you don't feel your question has been answered, ask until you do understand and are satisfied.

In most cases, your real estate agent will be able to provide you with detailed information about each home you see.

What should I tell my agent about the homes I've viewed?

Tell the agent everything you liked and didn't like about each home you see. Don't be shy about talking about a home's shortcomings. Is the home too small for your needs? Let the agent know. Was the home perfect except for the carpeting? Let the agent know.

However, remember that the real estate agent is frequently paid by and working for the seller. The seller's agent is obligated to help secure the best price for the seller. In addition, agent's working for the seller may also report any confidences you share to the seller - including any willingness to pay a higher price should the seller not accept your initial offer(s). This is why you may want to be represented by a buyer's agent because he/she will keep your input confidential. A buyer's agent puts the interests of the buyer - not the seller - first.

How many homes should I look at before purchasing?

There

is no set number of homes you should look at before you decide to make an offer on one. That's why providing the agent with as many details as possible up front is so helpful. The perfect home may be waiting for you on your first visit. Even if it isn't, the house-hunting process will help you get a feeling for the homes in the community and narrow your choices to a few homes that are worth a second look.

If you're looking in

more than one community, try to make the most of each house-hunting trip. Stop by the local chamber of commerce to pick up promotional literature about the community. Or ask the agent for welcome kits, maps, and information about schools, churches, and recreational facilities. Also, be sure to take along a camera and snap some pictures of all the homes you like. That will make it easier to remember and reach a decision.

How

do I know I'm getting the best value?

A

professional appraisal is the best way to tell if a home is priced fairly. A real estate appraisal is an unbiased opinion of a property's value based on its style and appearance, construction quality, usefulness, and other factors, including the value of comparable properties nearby. When you apply for a mortgage, the lender will have a professional real estate appraiser perform an appraisal of the property.

What

does a home inspector do?

For your own safety, and to make sure you're getting your money's worth in the home you choose, using a professional home inspector is highly recommended. A home inspector will check a home's plumbing, heating and cooling, electrical systems, and look for structural problems, like a damp or leaky basement.

Usually,

you call an inspector immediately after you've made an offer on a home. However, before you sign any written offer, make sure (or have your attorney make sure) that it includes an inspection clause or other language which says that your purchase obligation is contingent

on the findings of a professional home inspector.

Your home cannot "pass" or "fail" an inspection, and your inspector will not tell you whether he or she thinks the home is worth the money you are offering. The inspector's job is to make you aware of repairs that are recommended or necessary. A seller may be willing to renegotiate a price to accommodate needed repairs, or you may decide that the home will take too much work and money. A professional inspection will help you make a clear-headed decision.

In choosing a home inspector, consider one that has been certified as a qualified and experienced member by a trade association. Your real estate agent may refer you to qualified inspectors in your area.

Should I be present during the inspection?

Yes.
It's not required, but it is very much to your advantage. You'll be able to clearly understand the inspection report, and know exactly which areas need attention. Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you when you move into your new home. Most important, you'll see the home through the eyes of an objective third party.

Are there any other inspections I need to have done?

In addition to the overall inspection, you may wish to have separate tests conducted to check for termites, or the presence of radon gas. Talk to your real estate agent for information about these tests, and companies in the area that perform them.

Do I need to use a lawyer to buy a home?

Because the legal contracts

and other paperwork involved in buying a home are complex, and can be confusing to the general public, many people prefer to work with an attorney.

Your attorney will review contracts, make you aware of special considerations and potential problems, and can accompany you to the closing, to help make everything go as smoothly as possible.

If you don't know a real estate attorney, ask your real estate agent for help. Agents work with many legal professionals every month, and can provide you with the names of several attorneys in the community.

Do I need to talk to an insurance agent?

Yes, and the sooner, the better. Most insurance professionals have a lot of experience in working with home owners, and can offer useful tips about home ownership, particularly regarding home safety and keeping your premiums low.

Once you've found a home, work together to develop a homeowner's policy that meets your individual insurance needs. You'll need to bring evidence of a fully-paid policy for your mortgage lender when you come to closing.

How do I make an offer?

When you've found a special house you want to call home, you'll probably feel excited and a bit nervous. Let the agent know you're ready to write an "offer to purchase" --- a written document that declares how much you will pay for the home provided that certain conditions are met. Because it's a legally binding contract that you will sign and date, it may be a good idea to have a lawyer review it before you sign, or within the grace period noted in the contract.

This

is the time when it is most important for you to keep in mind that the agent is the agent of the seller (unless you are working with a "buyer's agent"). As the legal agent of the seller, the agent is obligated to help the seller get the best price and he will report to the seller any confidence you share.

It's best to make your

offer without sharing with the agent your willingness to offer any higher price if the seller does not accept your offer.

Your

offer should have a time limit for the sellers to accept, reject it, or make a counter-offer. If a counter-offer is made, you'll have some time to respond. Often, several offers go back and forth until an offer is accepted, or one party decides to end negotiations.

How

much should my initial offer be?

There

is really no rule to use in calculating a realistic offer. Naturally, the buyer wants the best value and the seller want the best price, but negotiations can be influenced by many factors, such as a seller who may be changing jobs and wants to sell quickly, or a buyer who really wants a specific home.

After

you've looked at the home's features, asked questions, checked comparables, and talked about it with your agent, you should have a good idea of what the home's value is in the current market. Consider what you can afford, and make an offer that you consider to be fair.

Most

buyers and sellers negotiate on price, with both sides "giving" a little until both agree.

At

that point, you typically will begin the process of arranging for an inspection and applying for a mortgage.

What's
"earnest money" and how much do I need?

When
you sign an offer to purchase, your agent will ask you for earnest money --- that is, money that shows you are serious about wanting to buy. Usually, you will be asked to write a check for 1% to 10% of the sale price. This money will be held in a special escrow account. If your offer is accepted, your earnest money will be included as part of your down payment. If your offer is not accepted, you'll get back all your earnest money. But keep in mind that if you back out, you may forfeit the full amount.

Is
there any way I can protect myself against emergency repair bills in my new home?

Yes.
Home warranties offer you protection against many potentially costly problems not covered by your homeowner's insurance. They've become increasingly popular in recent years, and for good reason: the coverage can save you thousands in the event of a major mechanical breakdown, at a time when your cash reserves have been depleted by your down payment and moving expenses. For more about home warranties, give us a call.

There's
so much to remember before I close. What do I have to do?

Your
agent can help you with many of these items:

- Are
all the necessary inspections complete?
- Are all the required
repairs complete?
- When
will you conduct your final walk-through inspection?
- Is
your attorney satisfied that title to the property is clear (no one else has a claim on it)?
- Have
you confirmed a date, time, and place for your closing?

- Who will conduct the closing?
- Is your insurance policy paid and ready to go into effect the day you close? You'll need a receipt for proof.
- What form of check should you use (and who should it be made out to) to pay for the closing costs?
- Has your closing agent told you the closing amount?
- Do you have receipts for the items you have already paid for, including your deposit and inspection fees?
- Bring your checkbook to cover any last minute extras that might have been overlooked.

What should I look for on my final walk-through?

In most cases, you'll be given the opportunity to inspect the home immediately prior to closing. At this time, it's important to check on any work the seller agreed to have done in response to your initial inspection. You should also carefully check the condition of walls and ceilings from which window treatments, pictures, or any other attached furnishings have been removed. If you find any problems, don't hesitate to bring them up at the closing. It's the seller's responsibility to correct them.

What will happen at closing?

- The lender's agent will ask for your paid home insurance policy.
- The agent will list the adjustments. These include the money you owe the seller (the remainder of the down payment, prepaid taxes) and what the seller owes you (unpaid taxes, prepaid rent).
- You will sign the mortgage. This gives the lender legal rights to the property if you don't make your payments.
- You will sign the mortgage note, the promise to repay the loan in regular monthly payments.

- You
will get title from the seller in the form of a signed deed.

- The
lender's agent will collect the closing costs from you and give
you a settlement statement of all the items you have paid for.

- The deed and mortgage
will be recorded in the town or county Registry of Deeds.

Is
there anything I should do immediately after closing?

The
first thing you'll want to do is have the locks changed. Also, put
your deed and other important paperwork from the closing in a secure
place, preferably a safe deposit box. Even though it's all on file
with the county, it's smart to know where your copies are and have
access to them at all times.

Should
I move myself or use a moving company?

In almost every case,
you can save yourself time and energy by using a reputable moving
company to help you move.

Ask
your agent, friends, and co-workers for recommendations, then get
estimates from several companies. Don't choose a mover based on
price alone -- consider the reputation and professionalism of the
company, too.

Work closely with the
moving company to coordinate your efforts and your move will be
achieved with maximum efficiency.

Can
an agent help with the move itself?

Yes.

Most agents are more than willing to offer advice and assistance to new homeowners; all you have to do is ask.