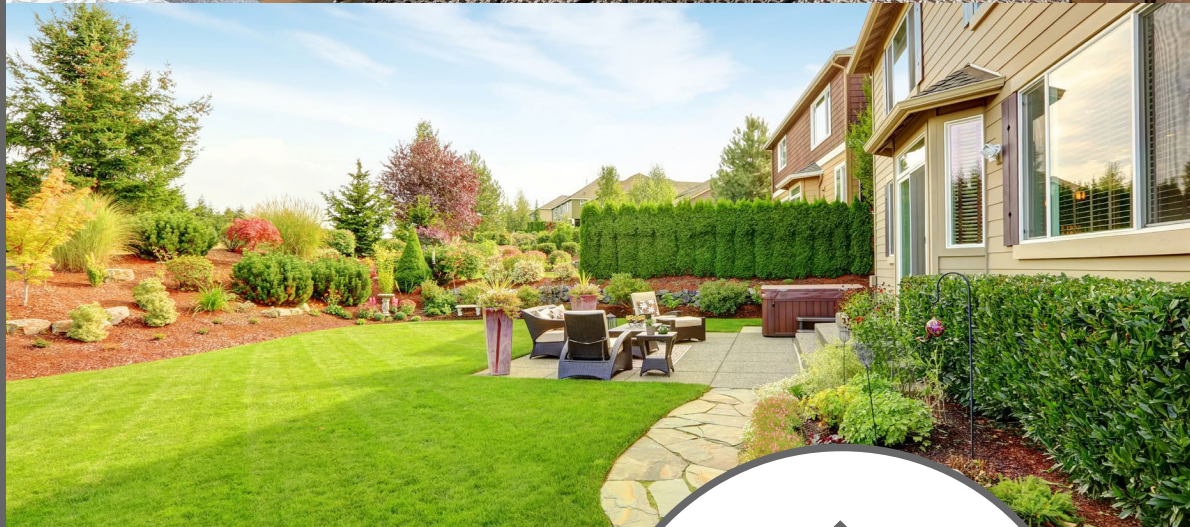


HOMEBUYER'S GUIDE



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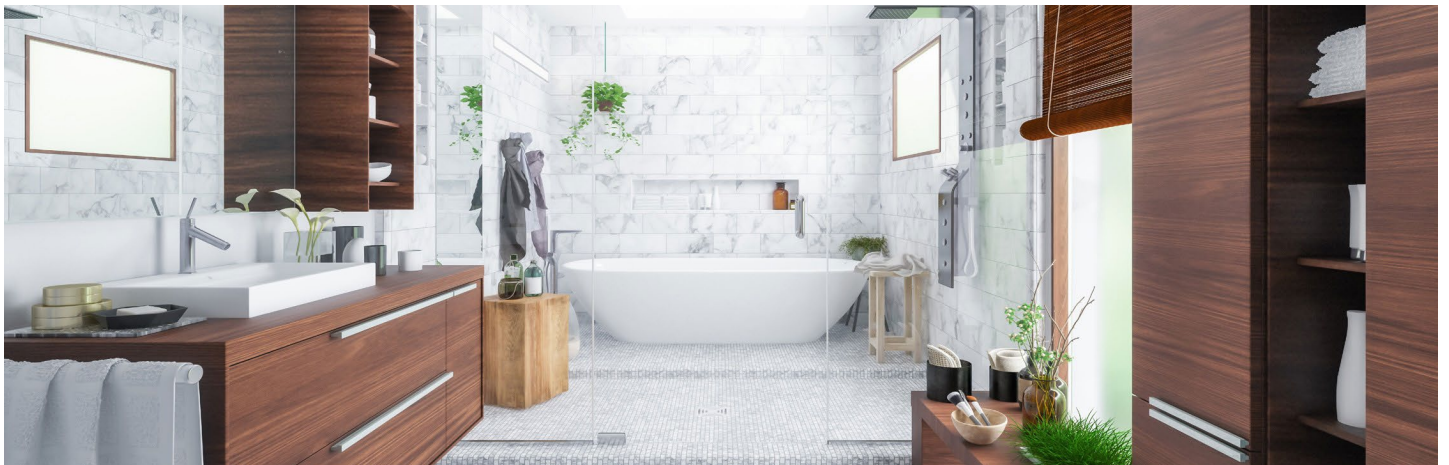


WELCOME!

So, you've decided to buy a home – Congratulations! The very first question we get from most buyers is, "What do I do next?"



Don't worry, you're starting in the right place. This Buyer's Guide will walk you through the essentials of your home purchase. It will shed light on common pitfalls, and will help us develop a plan as we begin your home search.



We extend our gratitude and deepest thanks for the opportunity to serve your real estate needs and to become a lifelong real estate resource. Now, let's get started!

STEP 1 - SECURING FINANCING

Securing your **pre-approval** BEFORE beginning to look at homes is paramount. Your lender will determine the purchase price for which you can qualify, which will allow you to tour homes that fit within your comfortable budget. Also, when placing an offer on your new home, we will need to include a copy of the **pre-approval** letter to demonstrate that you are a well-qualified buyer.

SELECT YOUR MORTGAGE LENDER

Along with your real estate agent, your mortgage lender is one of your biggest resources in the home buying process. You want to choose someone you know will be able to spend time explaining the “ins and outs” of the process (as well as getting you a competitive interest rate). If you need assistance in choosing a lender, we are happy to recommend a list of professionals we know who will provide the level of service you deserve.

ESTABLISH YOUR COMFORTABLE BUDGET

How much home can you afford? As a general guideline, your total monthly debt payments (e.g., mortgage payments, taxes, credit card payments, car payments, student loans) should not exceed 43% of your gross monthly income in order to qualify for a loan.

Lenders will use a similar calculation and combine that with other factors such as your credit score to determine the amount of loan for which you will be approved. When considering a budget for your new home, keep in mind all monthly home-related costs, as well as your lifestyle expenses.

CONFIRM DOWN PAYMENT

Many buyers assume they must make a 20% down payment to purchase their new home. Today, many types of loan products are available with a wide variety of down payment options; down payments as low as 0% for eligible Veterans, 0% for a USDA loan, 3% for conventional loans, or 3.5% for FHA loans. Your down payment funds may come from your savings or alternate sources such as gift monies, inheritance, a 401k program, or elsewhere. Discuss with your lender which option is best for you.

COMMON COSTS ASSOCIATED WITH PURCHASING A HOME

As a buyer, you need to be aware that there are other costs associated with purchasing a home outside of the purchase price of the property. We will review detailed cost estimates together as we begin the purchase process, but the following will give you an idea of the basics:

Earnest Money (Good Faith) Deposit – This is the deposit you make on the property at the time the offer is accepted. This shows the seller that you are truly interested in the property and, is typically, \$1,000 for every \$100,000 of house you are purchasing. This deposit comes back to you at closing in the form of a credit on your settlement statement. Acceptable forms of earnest money are: personal check, cashier's check or wire transfer.

Home Inspection Fees – Home inspections are optional (although highly recommended!) and are paid directly to the home inspector. Inspection costs vary, but to perform the typical home, pest, and radon inspections, you should budget roughly \$600.

Appraisal – If you are financing the purchase of your new home, the lender will require an appraisal in order to ensure that the home's value comes in at least at purchase price. This typically costs around \$400-\$600 and is paid upfront to your lender.

Closing Costs – "Closing Costs" is a term used to include all fees due at the end of the transaction when you are ready to sign your documents and get your home. These fees add up and can range anywhere from 2%-5% of the purchase price. They can include all, or some of (but are not limited to) the following:

- Taxes (Property and property transfer taxes)
- Prepaid items (Insurance, HOA, initial escrow account deposits)
- Government recording costs
- Appraisal fees
- Credit report fees
- Lender origination fees
- Title services (Insurance, search fees)
- Tax service fees
- Survey fees
- Broker compliance fees
- Attorney fees

INTEREST RATES AND YOUR HOME PURCHASE

Freddie Mac's Primary Mortgage Market Forecast indicates interest rates for a 30-year fixed-rate mortgage are projected to remain at historic lows, which could create a great opportunity for you to buy a home this year! That's because the mortgage interest rate you secure when buying a home not only greatly impacts your monthly housing costs but it also impacts your purchasing power (the price of home you can afford).

Simply put... As interest rates go UP, the maximum price of home you can buy goes DOWN. **Take a look at your purchasing power.**

Buyer's Purchasing Power

RATE	4.25	\$ 1,478	\$ 1,438	\$ 1,402	\$ 1,365	\$ 1,328
	4.00	\$ 1,432	\$ 1,396	\$ 1,361	\$ 1,325	\$ 1,289
	3.75	\$ 1,389	\$ 1,355	\$ 1,320	\$ 1,285	\$ 1,250
	3.50	\$ 1,347	\$ 1,313	\$ 1,280	\$ 1,246	\$ 1,212
	3.25	\$ 1,306	\$ 1,273	\$ 1,240	\$ 1,208	\$ 1,175
	3.00	\$ 1,265	\$ 1,233	\$ 1,202	\$ 1,170	\$ 1,138
	2.75	\$ 1,225	\$ 1,194	\$ 1,163	\$ 1,133	\$ 1,102
		\$ 300,000	\$ 292,500	\$ 285,000	\$ 277,500	\$ 270,000
			-2.5%	-5%	-7.5%	-10%



Principal and Interest Payments
rounded to the nearest dollar amount.

A NOTE ON CLOSING COSTS

Both the buyer and seller have their own sets of closing costs during a transaction. However, closing costs are a negotiable item, and either the buyer or seller could (but are not required to) pay part or all of the other party's closing costs. Current market conditions can affect this negotiation. Discuss with your lender whether this is an appropriate option for your financial situation and consult with us about current market conditions.

GREAT QUESTIONS REGARDING CLOSING COSTS

- Are you willing to take on renovation projects, and if so, what type?
- What neighborhoods are you considering?
- How long would you like your commute time to be?
- What neighborhood amenities would you like to have?
- Are schools important to you and your family? If so, which school do you want to consider?



STEP 2 – TYPE OF HOME (DEFINE GOALS, NEEDS, BUDGET)

As we get started, it is important to clarify what you **NEED** as opposed to what you would **LIKE** in your new home. Keep in mind that no home will have 100% of your needs and wants, so keeping your list to a manageable size is important.



Things to consider as you are drafting your list of needs and wants...

- How much do you feel comfortable with paying monthly? (Including taxes, insurance and HOA dues)
- What styles of home do you like? (Town-home, single family, ranch, two-story, etc.)
- How many bedrooms and bathrooms do you need?
- What type of garage do you prefer?
- Would you like your home to be move-in ready?

WHY BUY NOW AND NOT RENT?

In real estate today, there are essentially three different price points in the market. Each one is unique, and depending on your location, the price points in these categories will vary. Here's what you need to know about each of these tiers before you get ready to buy a home.

Starter-Home Market: This market varies by price, and these homes are typically purchased by first-time homebuyers or investors looking to flip them for a profit. Across the country, there is currently less than a 6-month supply of inventory for sale in this segment. In fact, according to the National Association of Realtors (NAR), in January 2020, inventory reached the lowest supply level recorded since 1999. That means there aren't enough homes on the lower end of the market for the number of people who want to buy them. A low supply like this generally increases competition, drives bidding wars, and sets up an environment where homes sell above the listing price. This is a "seller's market."

Middle-Home Market: This segment is often thought of as the move-up market. Typically, the buyer in this market is moving into a larger, more custom home with more features, all coming at a higher price. Across the country, this market is looking more balanced than the lower- or starter-end and is leaning toward a "seller's market."

Premium or Luxury Home Market: This is the higher end of the market with larger homes that have even more custom features and upgrades. Nationwide, there are more homes available in the premium and luxury space, creating more of a "buyer's market" in this specific segment.

Interest Rates Over Time

70s

80s

90s

00s

10s

8.86%

12.7%

8.12%

6.29%

4.07%

TODAY

3.24%

Interest rates are hovering near **all-time lows**. There's more incentive than ever to make a move in today's market.

Freddie Mac

* Rate at time of publication. Interest rates fluctuate daily. Please contact a qualified lender for today's interest rates.

Working with a real estate professional, who keeps an eye on what the experts are saying about the housing market, is a key factor to staying informed and making the best possible decisions for your family. If you're renting, this is more important than ever.

As noted in the National Rent Report, "National average Y/Y rent growth is a modest 1.7%." This year-over-year increase may not sound like much, but it can add up – fast! The math on how much extra it will cost you over time surely doesn't lie.

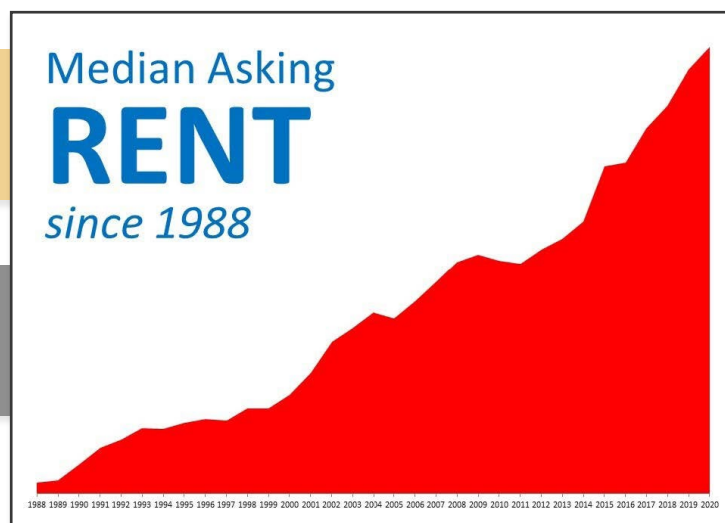
Here's an example:

On a \$1,500 rental payment, an increase of 1.7% adds a cost of approximately \$25 per month. When multiplied by the 12 months in a year, that's a \$300 overall annual increase. The price continues to multiply when you rent year after year, as rental prices rise.

While \$25 per month may not sound substantial, for many households, this value is equivalent to being able to afford a gym membership, a couple of streaming service subscriptions, or a family pet's food budget.

History shows how average rental prices have been increasing each year, and even when they've leveled off for a month or two on occasion, the increase over time has proven to be quite significant.

The graph below shows how rent prices have grown since 1988:



Renting, however, isn't the only answer to meeting housing needs. According to the Freddie Mac Forecast, "We expect mortgage rates to remain low."

That's great news if you want to make a jump into homeownership! You can put the money you're spending in rent toward your own equity, strategically investing in your financial future, while it's less expensive to borrow money for your mortgage.

Bottom Line

With average rents rising, now may be a great time to stabilize your monthly payment by becoming a homeowner and locking into a low mortgage rate.

VIRTUAL E-BUYING EXPERIENCE

Virtual Consultation

We will schedule a video buyer consultation to get to know you and your needs.

Search for Homes

Receive emails about homes specific to YOUR needs and search the MLS like an agent!

Virtual Home Tours

Let us do the work while you “tour” homes from the comfort of your couch!

Electronically Sign Contracts

Sign your purchase contracts from home, work, or on the go!

Secured Earnest Money Transfers

Electronically send your earnest money funds to the title company.

E-Inspections

We connect with contractors who inspect your home and provide a full-color 20+ page electronic inspection report. Inspectors may also be able to video call at the home.

Home Sweet Home

A mobile notary will bring the closing documents to you, and your keys will be held securely at our office until you are ready to move in.



STEP 3 - VIEWING HOMES

Now that you have your pre-approval in hand and you've defined your criteria, it's time to begin our search!

HOME SEARCH WEBSITE

We offer all of our clients access to our incredible home search website: www.knerealty.com. This website will help organize your home search, and it makes it possible for you to tag your favorite homes and mark properties you have questions about.

AUTOMATIC LISTING UPDATES

As soon as a property that meets your desired criteria is posted in the Multiple Listing Service (MLS), you will receive an email notification. This will keep you informed of the most up-to-date homes available.

PROPERTY TOURS

When you see a property (or a few) that you would like to tour in person, we will schedule a tour of the homes together. It's important to keep in mind that many homes will be occupied, so we will need to allow advance notice for our showing, if possible.

DO'S AND DON'TS WHEN VIEWING HOMES

Remember, your new home might not meet all of your criteria – if you find a home that meets all of your “must-haves,” and a good percentage of the rest of the wish list, it should be a solid contender.

Beware of Alexa/Google Home/surveillance cameras – the owner could be watching/listening – you don’t want that to hinder future negotiating power.

Avoid bringing “extra” people to prevent hindering decision making – additional relatives, friends and non-mortgage obtaining people can distract you from what YOUR interests and concerns are.

Avoid taking photos on tours – when touring homes remember that you’re on someone else’s property. If you are permitted to take photos by the seller, please do not share them on social media. This could also hurt your negotiating power.

Every home has its flaws – when looking at the condition of the home, understand that NO home is perfect. Unless you are buying new construction, more than likely, someone will have already lived in the home, and there may be some “wear and tear” or aging components. This is normal and it’s a part of homeownership. It’s important to keep an eye out for major issues, or safety concerns, as they can be more costly to fix.

STEP 4 - MAKING AN OFFER

Once you have decided on a property, the next step is writing your offer! Most people mistakenly think that making an offer to purchase a property is just about price. However, there are many other components to a well-written offer that should be taken into consideration.

MAJOR COMPONENTS OF AN OFFER

- Offer price/walk away price
- Earnest money (good faith deposit) and down payment
- Seller assistance amount, if any (also known as “closing costs”)
- Inclusions – additional items to be included in the sale of the property at the purchase price.
- Additional contingencies – home sale contingency, appraisal, etc.
- Close of escrow

We will discuss all the details of your offer prior to putting everything in writing. It is important to note that your offer is a legally binding document. Of course, we will take time to review the documents together, before presenting our offer to the seller.

STRATEGIES FOR MAKING YOUR OFFER MORE ATTRACTIVE

Most sellers are highly motivated by their net proceeds from the sale of their home. However, there are other factors that could potentially make your offer more attractive...

- **Financing terms** – If you are a cash buyer with no mortgage contingency, this could be very attractive. In addition, many sellers will consider how “well-qualified” buyers look on paper by factoring in the reputation of the mortgage lender they are using, the down payment, interest rate, etc.
- **Closing date** – Depending on the seller’s situation, a longer or shorter closing window could make a difference in how a seller responds to your offer.
- **Home inspection timeline** – If possible, we can pare down the amount of time reserved for property inspections. This gives the seller more stability, knowing that inspections will be wrapped up sooner.
- **Earnest money (good faith deposit)** – Increasing the amount of earnest money can also give the seller a stronger feeling of security.

Once we’ve discussed the components of your offer, we will write it up and send it to you for your review and signature. We utilize the electronic signature systems Authentisign and DocuSign to facilitate our transactions. We will then submit the offer to the seller’s agent. We usually have about a 24-hour response time requested in the offer. While negotiations sometimes go quickly, be prepared that it could take 24-72 hours for a response if the seller is out of town, there are multiple offers, we’re dealing with a bank as the seller, etc. Every situation is different, and some negotiations will go quickly, while others will take time to work through. Once an offer is submitted, “Patience” is the name of the game!

STEPS TO FINALIZING YOUR PURCHASE

POTENTIAL RESPONSES TO YOUR OFFER

Upon submitting an offer for purchase, we can expect one of three responses:

- **Accepted "As-Is":** There were no changes made and, once signed by the seller, the offer becomes a binding legal contract.
- **Counter-Offer:** The seller made changes to your offer, such as adjustments to the price, closing date, or conditions. You may accept the counter-offer, or you may make another counter-offer back to the seller.
- **Rejection of Offer:** The seller declined the offer altogether, typically because they prefer to wait for a more favorable offer, or another offer has been accepted.

OFFER ACCEPTANCE/DUE DILIGENCE

Once we have a fully-executed agreement of sale, our inspection period begins. During this time, we will complete all of the home inspections you would like to have done. Typically, your inspection period will be 7-10 days. However, the inspection period is a negotiable time frame, so be sure you know how many days you have to complete your inspections.

After your inspections are completed, we will put together a list of items, if any, that you feel warrant correction prior to closing on the property. The seller can accept our reply to inspections, reject it, or make a counter-proposal with different terms.

PROCESSING YOUR MORTGAGE

During and after completing inspections, the lender will continue to work on processing your mortgage. If you are financing the purchase of your new home, the lender will require an appraisal, in order to ensure that the home's value comes in at least at purchase price.

There are a few things to keep in mind as we work to get the "Clear to Close" (CTC) on your loan...

- Turn in documents quickly – a delay in returning requested documents could mean a delay in closing.
- Don't take on more debt (using your credit card for large purchases, co-signing for someone, etc.).
- Don't make large deposits – you will need to be able to "source" the funds.
- Don't change jobs or quit your job.
- Don't spend the money needed for your closing costs or down payment.

STEP 5 - PREPARING TO CLOSE

Now that you have an executed contract, it's important to mark the closing date on your calendar and arrange to take the day off from work. Here are a few things to know about your closing date as specified in your contract:

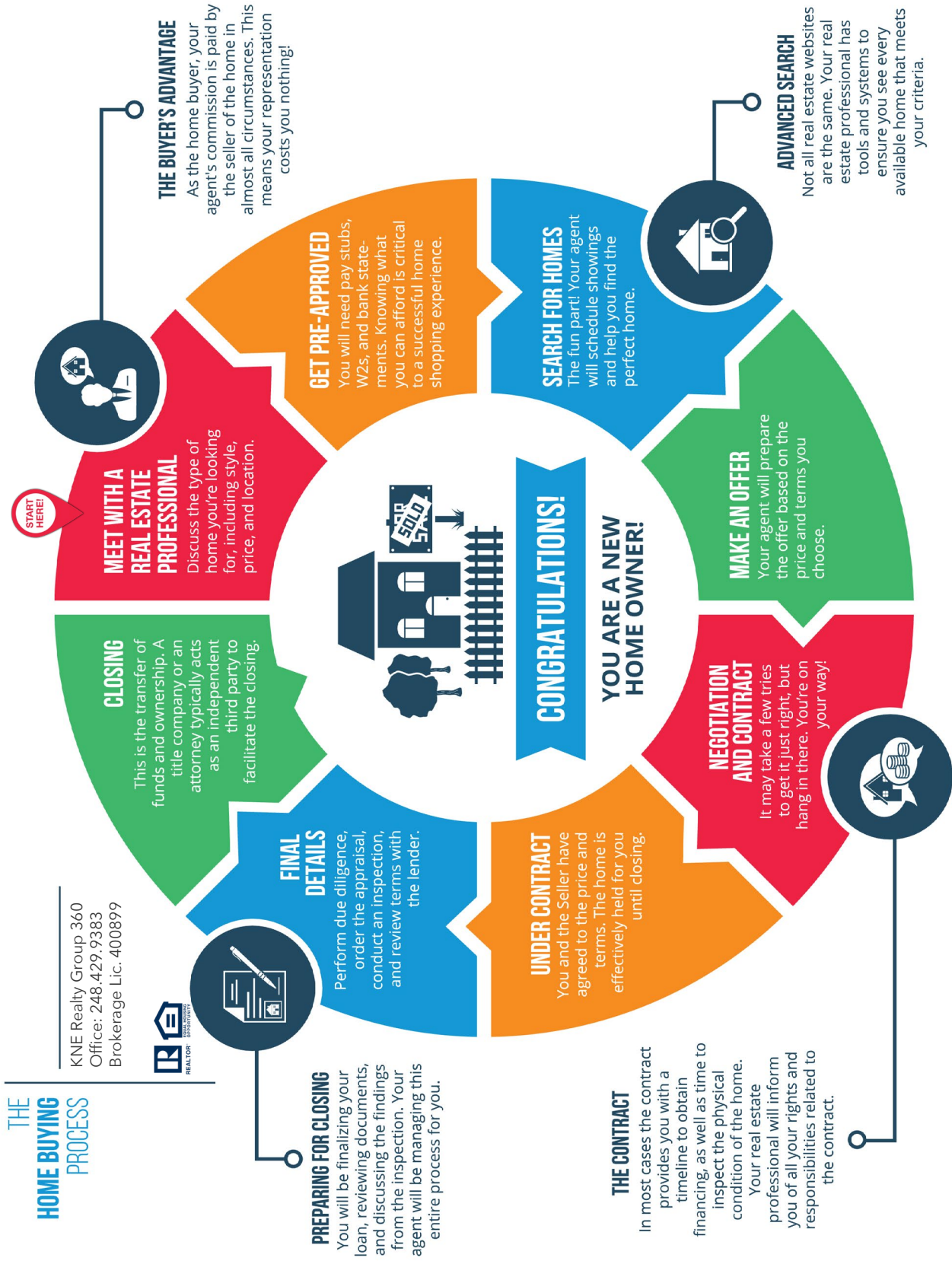
- The closing itself generally takes place at an agreed-upon location, usually an office of either the broker or the title company. On average, closing takes about 2 hours, but if there are complications it could take longer. For this reason it's important that you arrange to take the whole day off from work. We can't specify a particular time, but we can request either morning or afternoon.
- The closing location and exact start time won't be scheduled until your mortgage officer gives us the Clear to Close. This means you've been completely approved for the loan without any conditions. This generally occurs 2-7 days prior to your closing date.
- It could change. While we hope closing occurs on your closing date, there are many factors that could cause it to be pushed back, such as a tight time frame for closing (anything 30 days or less) causing the mortgage company to need more time, etc. However, for planning purposes right now, count on your closing date being the final date.
- 1-3 days prior to closing, plan to do a final walk-through of your home to ensure that the property is in the condition in which you agreed to purchase.
- 1-3 days prior to closing, be sure you have called all the utility companies to get your services set up and in your name. You don't want to be moving with no electricity!
- The day prior to closing you will need to wire transfer your down payment and closing cost funds to the title company. The wire instructions for this transfer will come directly from the title company. We do not send wire instructions. Call the title company at a known phone number to confirm the wire instructions BEFORE wiring funds. **Do not follow anyone else's instructions. There are many scams out there targeted at buyers** where scammers will email you fake wire transfer instructions in an attempt to steal your money!

At the very end of closing, you will receive the keys to your new home! In the event a post-closing occupancy has been arranged, the keys and occupancy will take place on the designated date.

HOME BUYING ROAD MAP

THE HOME BUYING PROCESS

KNE Realty Group 360
Office: 248.429.9383
Brokerage Lic. 400899



If you are already working with a real estate professional, please disregard this solicitation.

FREQUENTLY ASKED QUESTIONS

HOW LONG DOES IT TAKE TO PURCHASE A NEW HOME?

It depends on the type of financing you're using. If you are a cash buyer, we can close in as quickly as 2 weeks. However, most financed purchases will take 30-45 days after a signed agreement of sale.

IS THERE A COST FOR YOUR SERVICE?

In Michigan, it is customary for the seller to pay for both the listing and buyer's agents' commissions. So, when you are purchasing a new home, your representation comes free of charge except for a broker compliance fee of a few hundred dollars paid at closing.

WHEN IS THE BEST TIME OF YEAR TO PURCHASE A HOME?

Real estate is sold 12 months out of the year, so there is truly no "bad" time to purchase a new home. With that said, there are definitely pros and cons to purchasing in certain seasons. In Michigan, the spring tends to offer higher inventory levels – meaning more homes to choose from – but tougher competition as a result of more buyers actively searching for a home. In cooler months, especially in the cold Michigan winter, inventory levels are lower, but there are also fewer buyers actively searching. Also, sellers might be a bit more motivated to sell if their home has been vacant for some time, or if they had to sell in the winter due to a job transfer, etc.

SHOULD I CONTACT THE LISTING AGENT IF I'M INTERESTED IN A HOME?

No, the listing agent's commitment is to what is in the seller's best interest, not the buyer's. As a buying agent, it is my duty to represent YOUR best interest, providing confidentiality and loyalty. Your negotiating power could also be hurt if valuable information is offered to the listing agent.

FREQUENTLY ASKED QUESTIONS

SHOULD I TALK TO A LENDER BEFORE LOOKING AT HOMES?

Yes! You want to be pre-approved before house hunting. This will help you understand how much you can afford, as well as the monthly payments you should expect at that price point. A lender will also help break down the costs associated with buying a home.

I OWN A HOME. SHOULD I BUY ANOTHER BEFORE SELLING MY CURRENT HOME?

There are pros and cons to this. If you buy a home before selling your current home, you have the benefit of having a property already lined up, which will reduce stress. However, this can also create issues if your purchase is contingent on you selling your home by a certain date. If you sell your home before buying a new home, there is the issue of not having some place to live; however, there are options that can be worked out with the buyer.

WHO PAYS THE REALTOR FEES WHEN BUYING A HOME?

In most cases, the seller pays the Realtor fees.

WHAT IS THE MOST IMPORTANT FACTOR TO CONSIDER WHEN SELECTING A NEW HOME?

Ultimately, that is a very personal decision, but we usually tell our clients to focus on getting the features in their home that are difficult or impossible to change, and then the rest will fall into place. For example, location, lot size, square footage of the home, number of bedrooms and bathrooms – these are features that are difficult or impossible to change. However, if a finished game room is on your list and the home you are considering doesn't have it, that is a bit easier to change down the road.

WHAT OUR CLIENTS ARE SAYING

Dustin Robertson

"We were first-time homebuyers. Kristi Roberts was absolutely amazing, very knowledgeable. We had some issues on our side and Kristi knew just what to do. I would highly recommend Kristi and the KNE Realty Team for my friends and family knowing they would be in the right hands."

Anthony Bunnell

"Ed and the team were adamant professionals that went out of their way to ensure every aspect of the process was covered in-depth. I recommend them over my previous realtors every day of the week. Prompt adamant professionals that put the customer first."

Michael Guenther

"Daniel Clausen did an amazing job getting our home ready to sell! Went above and beyond! Would recommend any agent at KNE Realty!"

Diane Pierron

"We were very pleased with Lauren because she was knowledgeable and professional. She explained what to expect, answered all of our questions and made us comfortable with the selling process. Lauren kept us updated throughout the listing and sale. We are completely satisfied and will recommend her to all our family and friends."

Tim Andrews

"I would like to thank Crystal for her kindness and help in the process of finding our dream home using the VA process."

Eric Yoder

"Unbelievably, great people to know and have on your side with home buying. I instantly had a connection with Ed, Kristi and Danny. Truly appreciated their dedication to helping me through this home buying process. Very easy to work with and personable. Couldn't thank you guys and the team enough!"

WHAT OUR CLIENTS ARE SAYING

Carol Webb

"Lauren helped us find a house to buy and was very instrumental in working with the bank and other agents to get the deal closed. She also sold our former house and worked tirelessly to get all the details needed to close."

John Thomas

"Kristi and her team at KNE Realty assisted us in getting our home ready to list, then she marketed it and sold it very quickly for a more than fair selling price. Her negotiating skills and personality really helped my husband and I feel very comfortable with the whole process. She kept us informed every step of the way and responded quickly to our questions and contacts. She made sure we were understanding of all the steps involved in selling our home. Kristi then helped us find and purchase our current home, displaying the same amount of patience, negotiating skills, professionalism and responsiveness in the homebuying process. We highly recommend Kristi."

Candi Johnson

"Ed was great! Told us exactly what to expect and when so there were no surprises. I expected a much crazier and frustrating experience being a first time home buyer, but purchasing our home was easier than transferring schools and doctors! My family is forever grateful to Ed for holding our hands and guiding us through this process."

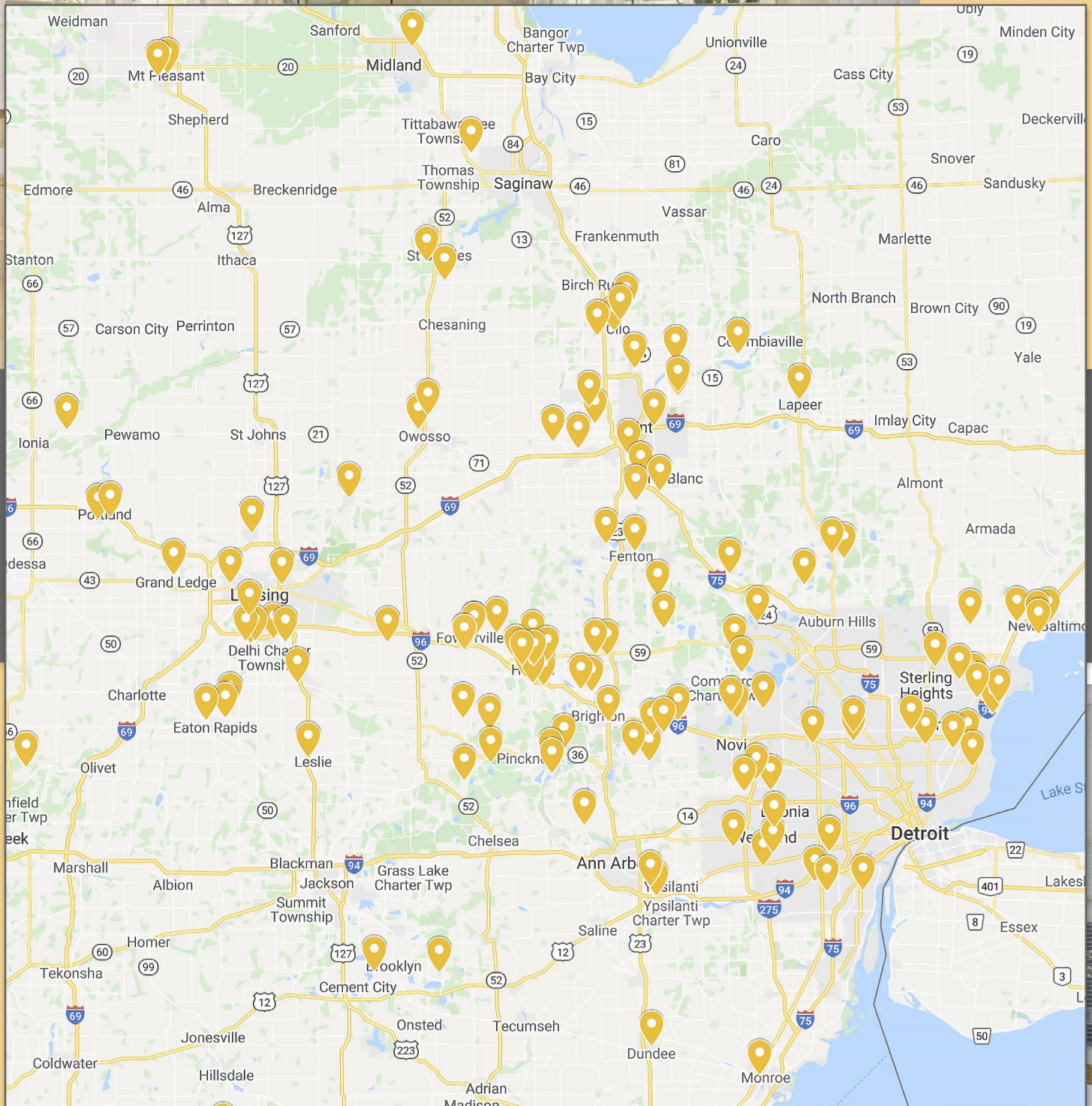
Ed Nagel

"We looked at quite a lot of houses. She stuck with us to help us find our forever home. She was very professional and went above and beyond with all the steps along the way to sell our home and to make sure we were buying the home we were looking for! We would definitely recommend Laura and KNE Realty to anyone looking for a new home!"

Amanda Garret

"The KNE Realty team was so helpful and supportive through the whole process. If you choose them you will not regret it! They will turn into family when the process is over! We loved them!"

OUR RECENT SALES





Thank you for checking out this Buyer's Guide!
If you're interested in working together, or you
have any questions at all, don't hesitate to call!



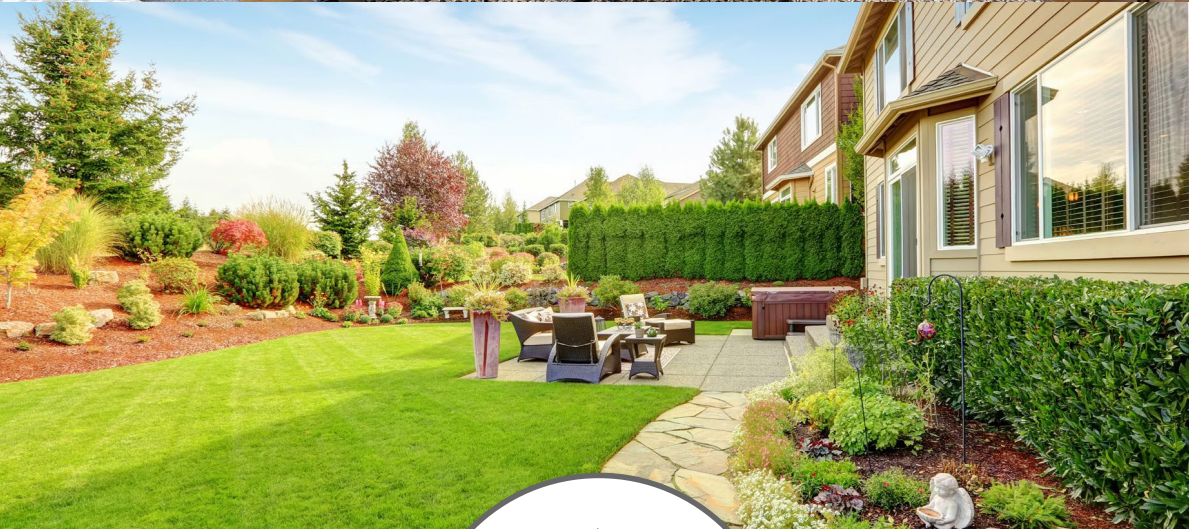
K&E Realty 360
House to home | Clients to friends

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Howell, MI 48843

Make sure to check out our
awesome home search website at
knerealty.com.

Let Us Bring You Home!

HOMEBUYER'S GUIDE



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