



PEARSON SMITH
REALTY

OUR HOMEBUYER GUIDE

pearsonsmithrealty.com

YOUR HAPPINESS IS OUR MISSION

Our entire team is dedicated to providing you with the highest level of service while helping you find the perfect home that meets your needs.



A B O U T P S R

OUR MISSION

Pearson Smith Realty's mission is to create a culture that motivates and assists real estate professionals in building a business focused on providing a level of service that exceeds all client expectations.

OUR VISION

Build a premier real estate brokerage through smart and controlled growth; never setting limits on the success we can achieve or the lives we will impact.

OVER
8,777
HOMES SOLD

OVER
19,458
HAPPY CLIENTS

OVER
854
DEDICATED AGENTS

ACCOLADES

- NAMED ONE OF **WASHINGTON BUSINESS JOURNAL'S FASTEST GROWING COMPANIES** IN 2018
- RANKED A **TOP 3 BROKERAGE** BY VOLUME IN THE DMV
- RANKED **#1 BROKERAGE** BY VOLUME IN LOUDOUN
- VOTED **BEST OF LOUDOUN** BY LOUDOUN TIMES MIRROR IN 2017

THE PROCESS

Listings that fit your criteria will automatically be emailed to you as they come on the market.

Email me the seven digit MLS number of the properties you are interested in. I will gather more information about the properties and contact agents about property status.

HOME SEARCH

Once we have found a property that you would like to purchase, I will write a sales contract. We can discuss including various contingencies in the contract such as home inspection, appraisal, and financing.

At this point in time you will write a check for the earnest money deposit (EMD), which is typically 1% of the sales price. I will attach the pre-approval letter to the contract and submit it to the listing agent.

WRITING A SALES CONTRACT

The home inspection will be conducted within 10 days (negotiable) after ratification. We will ask the seller to make repairs for unsatisfactory conditions to major systems like electrical, plumbing, roof, and foundation. If the seller agrees to the addendum, all items must be completed before closing. If not, we will negotiate until all parties can agree to which items will be repaired. If an agreement is not made, the buyer can void the contract.

HOME INSPECTION

PRE-APPROVAL

You must first be pre-approved for a loan in order to show a seller that you are willing and able to purchase a property. To get pre-approved you will need to call a lender with information regarding your salary, assets, and credit score. Our trusted and preferred lender, Home Savings & Trust Mortgage, will be happy to help you with the pre-approval process.



VIEWING PROPERTIES

Every listing will have different showing procedures depending on the seller. Most listings are available for showings every day from 10:00 AM to 7:00 PM. To see a property, I will call the listing agent and set up a day and time that works for both you and the seller.

RATIFIED CONTRACT

When the seller accepts the contract and has made all of the necessary initials, we then have a ratified contract. Once the contract is ratified, your EMD check is deposited into Champion Title's escrow account. An application must be submitted to the selected lender within seven days of the contract being ratified. I will send the ratified contract to both the lender and the title company to begin the lending and title processes. If we have included a home inspection contingency in the contract, we will now set up this appointment.



THE PROCESS

In the majority of cases, we can negotiate which party conducts and pays for the termite inspection. Given the low cost, we recommend that the buyer pays for the inspection so that they can select a trusted company. If there is any evidence of damage or termite/wood-destroying insect activity, it is the responsibility of the seller to make necessary repairs and treatments.

TERMITE INSPECTION

During the seven days leading up to settlement, we can conduct as many walk-throughs as needed to ensure that all appliances, utilities, and fixtures are in normal working order, and check the items agreed to in the home inspection addendum to make sure they have been completed. At this time we will also transfer all utilities into your name. If there are any remaining issues, they can be resolved by a seller credit at closing or through escrow.

WALK-THROUGH

HOME OWNERS DOCUMENTS

If the home is in a Home Owner's Association or Condo Owner's Association, the seller must provide a disclosure package from the association. This package will provide information regarding the financial and legal status of the association. The seller will have to remedy any violations that may be found. If you are not satisfied with any of this information, you have a three day right of rescission from the time you receive the HOA or condo documents.

APPRAISAL

The contract has a built-in appraisal contingency. In the event that a property does not appraise for the sales price, there are four options:

- 1) The buyer can pay the difference in cash
- 2) The seller can lower the sales price to the appraised value
- 3) The buyer and seller can meet somewhere in the middle.
- 4) In the event that an agreement can't be made, the buyer has the right to void the contract.

SETTLEMENT

On the day of settlement we will meet at the title company and you will sign the closing documents, loan trust documents, and deed. You will also receive the keys to the property. About 10 days before settlement, I will contact you with the exact date and time and tell you what you need to do prior to closing. NOTE: For foreclosures, short sales, and new construction, leave yourself a 7-10 day buffer before you plan to move in.

PIECE OF THE PIE



WHICH TWO "PIE PIECES" ARE THE MOST IMPORTANT
TO YOU WHEN SEARCHING FOR YOUR NEW HOME?

THE CURRENT MARKET WILL DECIDE THE THIRD.

PURCHASING POWER

As shown in the tables below, an extra point on your interest rate can drop the amount of “house” that you qualify for significantly. It is important to increase your purchasing power by buying now while rates are still low.

RATE

5.25	\$ 3,313	\$ 3,230	\$ 3,148	\$ 3,065	\$ 2,982
5.00	\$ 3,221	\$ 3,140	\$ 3,060	\$ 2,979	\$ 2,899
4.47	\$ 3,130	\$ 3,052	\$ 2,973	\$ 2,895	\$ 2,817
4.50	\$ 3,040	\$ 2,964	\$ 2,888	\$ 2,812	\$ 2,736
4.25	\$ 2,952	\$ 2,878	\$ 2,804	\$ 2,730	\$ 2,656
4.00	\$ 2,865	\$ 2,793	\$ 2,721	\$ 2,650	\$ 2,578
3.75	\$ 2,779	\$ 2,709	\$ 2,640	\$ 2,570	\$ 2,501
	\$ 600,000	\$ 585,000 -2.5%	\$ 570,000 -5%	\$ 555,000 -7.5%	\$ 540,000 -10%

RATE

5.25	\$ 1,657	\$ 1,615	\$ 1,574	\$ 1,532	\$ 1,491
5.00	\$ 1,610	\$ 1,570	\$ 1,530	\$ 1,490	\$ 1,449
4.75	\$ 1,565	\$ 1,526	\$ 1,487	\$ 1,448	\$ 1,408
4.50	\$ 1,520	\$ 1,482	\$ 1,444	\$ 1,406	\$ 1,368
4.25	\$ 1,478	\$ 1,438	\$ 1,402	\$ 1,365	\$ 1,328
4.00	\$ 1,432	\$ 1,396	\$ 1,361	\$ 1,335	\$ 1,289
3.75	\$ 1,389	\$ 1,355	\$ 1,320	\$ 1,285	\$ 1,250
	\$ 300,000	\$ 292,500 -2.5%	\$ 285,000 -5%	\$ 277,500 -7.5%	\$ 270,000 -10%

NEW CONSTRUCTION SUPPORT

BUYING A NEW CONSTRUCTION

While buying a new construction home can be an exciting experience, there are many items to look out for during the process. We will meet with new construction representatives that work for the builders to write the contract and guide you through the process, however, they have the builders' best interests in mind. Your agent's role is to guide you through the new construction buying process and to represent your best interests while writing the contract and throughout the build.

CAN WE MAKE AN OFFER ON A NEW HOME?

This varies from builder to builder, but typically if sales are slow in the community a builder will typically entertain an offer below their full price. If the sales pace is strong and steady then typically a builder will not accept an offer. Think of it as the difference between a buyers' or sellers' market in the resale world. If sales are slow then it is a buyers' market and the builder will most likely look at offers. If sales are strong the builder will most likely not accept offers below their price and incentives offered.

WHAT TO LOOK OUT FOR

Settlement Dates

- The Buyer is typically required to close once the county issues the Certificate of Occupancy, even if some major items remain undone.
- There are typically stiff penalties if the buyer cannot meet the Settlement Date.

If it's not in the contract, it's not enforceable

- It is very common for a buyer to state "The Salesperson told me _____."
- Oral statements, assurances, and promises made by any employee or representative of the builder are unenforceable.

Builder Incentives to use their lender and title company are common

- Almost all builders offer inducements to use their preferred lender, but the lender is not obliged to offer them a competitive rate. Our preferred lenders will be happy to look at the builder's lender's estimate and let you know if they can beat it.

Resale Restriction

- It was common at one time to have a resale restriction in the deed – for example, the buyer cannot sell the property within 24 months of purchase for a profit, or they will owe a percentage of that profit to the builder.

ALTERNATIVE SITUATIONS

RELOCATION

A relocation, or Relo, is a home sale that is completed with the help of a relocation firm. These firms are hired by companies to help their transferred employees move. The house usually remains in the owner's name, with the relocation company providing advice on pricing and marketing until the owner is ready to buy a new property. Once the owner buys a new property, the owner's company may partially or totally buy the property from the employee. After the employer buys the house, the relocation company becomes the chief party in sale negotiations.

REO/FORECLOSURE

A Real Estate Owned (REO) property is a property that has gone through a foreclosure sale and was purchased by the bank that foreclosed on the property. The property is now owned by the bank and is being sold on the open market. You may be able to pay less for these types of properties than a typical sale; however, these transactions can also take longer with the property likely being sold "AS IS." Again, if you are interested in making an offer on a foreclosed property, talk with me in detail about the process.

SHORT SALE

A short sale is a transaction in which the proceeds from the sale of the property are insufficient to pay all of the seller's lien creditors (and the seller does not have other assets to make up the difference). Short sales must be negotiated and ultimately approved by the seller's lender. They can take 3-6 months or more to obtain bank approval and can be very unpredictable in terms of timing.

OTHER TYPES OF SALES

You may see different types of contracts. The most common is the Virginia Residential Sales Agreement. If you are buying new construction or an REO property, these transactions will often have their own unique contracts. Some contracts oftentimes shift fees that are typically paid for by the seller to the buyer. This may not be a deal breaker, but you do want to be aware of what you are going to be paying for. It is very important that you review the contract terms and details with your agent.



TESTIMONIALS

THEY HELPED US OUT TREMENDOUSLY, BEFORE WE STARTED WE HAD NO IDEA ABOUT THE BUYING PROCESS. THE STEPS WERE BROKEN DOWN FOR US IN A WAY WHICH MADE IT REALLY EASY FOR US TO UNDERSTAND. THE PROFESSIONALISM AND EXPERIENCE IS UNPARALLELED!

-JD AND REBECCA

THEIR KNOWLEDGE OF LOCAL REAL ESTATE PROPERTY IS UNBELIEVABLE!

-MEHRAN

THEY MADE ME FEEL LIKE A TRULY RESPECTED AND VALUED CLIENT!

-RICHARD

PERSONABLE AND PROFESSIONAL THROUGHOUT THE ENTIRE PROCESS!

-SARA

THEY SAVED US AN EXTRA CHUNK OF CHANGE AT CLOSING DUE TO DILIGENCE AND PROCESS KNOWLEDGE.

-CARRIE AND CHRIS



IT IS OUR MISSION TO PROVIDE THE AREA'S BEST REAL ESTATE SALES AND MARKETING SERVICES POSSIBLE. WE STRIVE TO EXCEED ALL CLIENT EXPECTATIONS WITH OUR SUPERIOR CUSTOMER SERVICE AND COMMITMENT TO DELIVER CUSTOMER SATISFACTION. OUR GOAL IS TO USE OUR EXPERTISE AND KNOWLEDGE OF THE REAL ESTATE MARKET TO MAXIMIZE THE SALES PRICE OF YOUR HOME.

OUR COMMITMENT



PEARSON SMITH
R E A L T Y

O 571.386.1075 | F 571.386.1081