COLDWELL BANKER
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The Ultimate Homebuyer's Guide

WHAT TO EXPECT FROM START TO FINISH

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FIRST THINGS FIRST

Thank you for taking the time to read through this guide. We are really looking forward to helping you find that perfect home!

As we know, you are hoping and expecting that home shopping is exciting and fun! But it can also be stressful and aggravating at times.

That is why we are providing you with this guide…

If you're like most buyers, you probably want to get out there and see homes, right?! (And, of course, we will!)

Please take a moment to review this and keep it handy throughout your home-buying journey. While this guide won't cover every detail (we'll handle many aspects behind the scenes so you won't have to worry about them), it does highlight some key points that can save you time, effort, money, and stress. We're excited to work with you, and we appreciate you choosing us!

MISSION POSSIBLE!

As real estate agents, we sometimes represent buyers and other times sellers. Clearly, our mission varies depending on the client we serve. So, let’s focus on you, the buyer. Since we are representing you as a buyer, our mission is simple:

“Our goal is to help you find the best home for your wants and needs and successfully get it at the best price possible!”

LET’S “SHAKE ON IT”

Do you want to hear some good news / bad news?

The good news is, as a buyer, you won’t have to pay for our service upfront. We get paid at the end of the transaction after the sale has been completed. As the buyer’s agent, we get paid in one of several ways. This will be determined through our Buyer’s Agreement Contract and the offer or Purchase Contract we submit to the Seller.

The bad news…

Unless we agree beforehand, we don't get paid until and unless you find and buy a home.

Hmm, sounds more like good news / good news...for you! Not so much for us. LOL!

Pretty lopsided, huh? That just how it works in this business. You get our time, thoughts, advice, and skills with little or no risk to you, but all the risk is on us.

That probably doesn't sound too bad to you, right? But here’s the thing…

It does hurt many real estate buyers because they end up not trusting the advice and motives of the agent they have hired to protect their interests.

Think about it... would you trust an agent who invests so much time, effort, thought, and skill for you without charging?

Of course, they want (and need) to get paid. Otherwise, a client always questions whether the advice their agent gives is good, right, and true... or just an attempt to get paid, get paid more, or get paid more quickly.

We take pride in the time, thought, and advice we give to our clients, and the last thing we want is for you (or any other client) to question our motives.

That's why we like to view our relationship with clients as: we are “partners” in this together.

We will bear the risk of not getting paid until you successfully close on a home.

All you need to do is be serious and committed to buying a home, and loyal to us as your agent!

This means you will need to do some initial research to get pre-qualified or pre-approved for a loan, be prepared to make an offer if you find the "right" home, and follow our advice on pricing and negotiations.

In rare cases where the seller refuses to pay a commission to the Buyer’s Agent, we will ask you, the buyer, to compensate us for our services. This is very uncommon. In all our years as real estate agents, we have never had to ask the buyer for compensation.

OUR AGREEMENT

If only business were still done on a handshake!

Before we can start showing you homes and representing your interests, you will need to sign a "Buyer's Representation Contract" or BRC. Hawaii law requires all Buyers to enter into a contract with a Buyer's Agent before viewing properties. This contract establishes a client/agent relationship in which everything we discuss remains confidential. As our client, we are also fiduciarily responsible to you, meaning we will work in your best interest to find the right property at the best price.

We will set a time to sit down and complete the paperwork. When we do, we'll review it with you before you sign.

If you have any questions or concerns, just ask us. We're happy to clarify anything you need.

And don't worry if, for any reason, things aren't working out between us or you choose not to buy a home... we can cancel this agreement at any time.

This buyer's agency agreement clarifies that we will prioritize your best interests over just making a quick sale.

It also outlines our compensation for our services, just as you would when hiring any other licensed professional, such as a plumber or lawyer.

GET PRE-APPROVED FOR A MORTGAGE

If you haven't already, you need to get pre-approved for a mortgage. This example highlights why it's important for us to work together as "partners" and stay on the same page…

Sometimes you might hear the terms pre-approval and pre-qualification used interchangeably. However, a pre-approval is completely different from being pre-qualified. Getting pre-qualified is the first step in the process. The lender may ask you a few simple questions to pre-qualify you. This only means that once you are pre-qualified, you can move on to the next step: getting a pre-approval.

Many buyers feel like agents are being pushy when they suggest getting pre-approved. They take offense, resist, and make excuses. They see it as the agent being nosy, trying to find out how much the buyer can afford or whether the buyer can even afford a home.

Well, it is precisely that! And there is nothing wrong with an agent asking them to do it either.

Unfortunately, agents who are not entirely confident (or perhaps just desperate for business) let it slide. Then they show their client homes that, it turns out, they could never afford...or it turns out they could not afford a home at all. And that hurts both the agent and the client in different ways.

Beyond just knowing that you can get a mortgage, and for how much, getting pre-approved will do a couple of other things for you:

You will need this when submitting an offer on a home. In those moments, time can be critical. If you rush to get pre-approved, you might lose the home if you don't act quickly.

Starting to talk with lenders now will give you time to choose which lender you want to work with, compare rates and products, and get the best overall loan for your situation. (NOTE: Once you are under contract, you will not have much time to shop around for rates and your preferred lender.)

You can certainly ask any lender you already have a relationship with, but if you want recommendations, just let us know. We'll provide you with my short list of lenders whom we know and trust.

Once you have selected a lender, please let me know who it is so we can establish a dialogue and be ready to proceed when we start submitting offers. Remember, we are all a team working to help you.

PRO TIP: If you're planning on paying cash, please gather and send us your "proof of funds" so we'll be ready when you find a home you want to make an offer on.

WHAT ARE YOU LOOKING FOR?

OK, now that you are pre-approved, we know what you can afford.

That does not mean you need to buy a home for as much as you are approved for. In fact, it would be great if we can find you a great home for less than you can afford, right? Well, if it fits your wants and needs, of course…

What do you need in the home you buy?

If you have not already gone over this with us, give us a list of your "must haves" and your "wish list".

Now we can look at all the homes that meet your criteria and are within your approved budget.

PRO TIP: We may suggest looking at homes that do not have everything on your lists. Be open to looking at homes that do not meet the criteria you put on your list. You will

THE CURRENT MARKET CONDITIONS

Now that you are in the market to buy a home, you're going to notice every little thing you hear about the housing market.

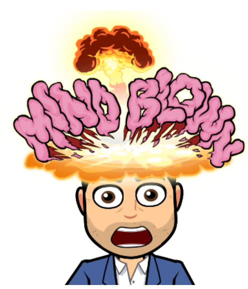
It could be on the TV, a headline or article online, friends, family, co-workers...everyone has an opinion on how the real estate market is doing. Some agents even distribute quarterly market updates that are just too broad and general.

The problem is most of what you hear is based on national data, trends, and statistics. Even if it is "local" insight, it is often still too broad and general.

Real estate markets are very localized. They even vary between cities, towns, and neighborhoods, from one price range to the next.

This is why we do not like to paint it with too broad of a brush.

In fact, the real estate market is more complicated than just a buyer's market or a seller's market.



Economists look at the 4 phases of the real estate market cycle.

Phase 1: Recovery;
Phase 2: Expansion;
Phase 3: Hyper Supply;
Phase 4: Recession.

Real Estate Market Cycle Phase 1 (Recovery)

Here the markets are on an upward trend; essentially coming out of the last downturn. In many urban and suburban markets, buildings are suffering from high vacancies, declining rentals, and some cases of bankruptcies and foreclosures. Unemployment is relatively high, and demand has diminished.

Real Estate Market Cycle Phase 2 (Expansion)

The markets are showing signs of recovery. Tenant demand is rising, along with rental rates. Real estate developers are beginning to buy and build new properties. Space absorption is increasing, and the general commercial markets are steadily improving. These trends vary by city and sub-markets, but in general this is a period of recovery.

Real Estate Market Cycle Phase 3 (Hyper Supply)

This is the period in the cycle when markets boom and become overheated. Most recently, this phase occurred in 2005 with many markets becoming over built and supply exceeding demand. The result is declining rents and growing vacancies.

Real Estate Market Cycle Phase 4 (Recession)

This is the bottoming of the market. (Remember the recession of 2008?) Foreclosures abound, bankruptcies depress the property markets, tenancy contracts, and many properties stand vacant for months. But the markets finally bottom out, and the general economic scene shows signs of recovery. The cycle repeats itself, with tenant demand increasing, rents rising, and occupancy improving with improved employment trends.

But even that is a broad, general way of looking at the market conditions. We will speak more in-depth about the current market conditions specific to the price range and area(s) you are focusing on.

Bottom line: Do not base your mindset or decisions on what you casually hear from day to day.

DON'T SPEND A PENNY…

...without consulting your team. That means us, your real estate advisors, and your mortgage loan officer.

When you are in the process of buying a home, it is important not to accrue any new debts—especially after you have been pre-approved! This can (and likely will) affect whether you will get the loan you were approved for.

Now, this does not mean you cannot go out to eat, buy groceries, get gas, or spend any other daily, weekly, and monthly expenditures you normally have.

It means…

Do NOT go buy a new car (or lease one) ...

Do NOT go and book a vacation on the credit card (or drain your checking account) ...
Do NOT even necessarily pay off a large credit card bill!

There are plenty of other examples we could give, but the bottom line is this…

Before you spend or commit to any debts between now and when you close on your new home, check with us and your mortgage advisor before doing so.

Some purchases may be absolutely necessary. Some may not even affect a thing. But it is better to be safe than sorry.

Too many buyers are not advised of this and do not think twice about spending money. Unfortunately, they find out the hard way.

Our Ten Commandments of Buying a Home:

I. Thou shalt not change jobs, become self-employed, or quit your job.

II. Thou shalt not buy a car, truck, or van (or you may be living in it!).

III. Thou shalt not use credit cards excessively or let current accounts fall behind.

IV. Thou shalt not spend money you have set aside for closing.

V. Thou shalt not omit debts or liabilities from your loan application.

VI. Thou shalt not buy furniture on credit.

VII. Thou shalt not originate any inquiries into your credit.

VIII. Thou shalt not make large deposits without checking with your loan officer.

IX. Thou shalt not change bank accounts.

X. Thou shalt not co-sign a loan for anyone.

DON'T HESITATE

One of the most common mistakes buyers make is letting a great home slip away.

They see the perfect home and think, "Maybe we should wait. What if a better one comes on the market?"

The key word in that last sentence is "if" ...if a better one comes on the market. The reality is, if you do let a home slip away, another one will eventually come on the market that you will probably want just as much. But then the keyword becomes "when" …

Great homes are not a dime a dozen. And when you find one you like, the best thing to do is make an offer.

Obviously, you do not want to make a hasty decision and regret it. But I'll be here to keep you in check if you are.

So, if you ever feel like you would regret not making an offer if a home went under contract to another buyer the next day, you're better off making an offer and not hesitating.

And once we find a home and put in an offer, STOP LOOKING. Your focus should now be on getting the home that we just submitted the offer on.

Just remember, there is an old saying in the real estate profession that goes like this:

> "The home you looked at today and wanted to think about until tomorrow may be the same home someone looked at yesterday and will buy today."

"FINDING" YOUR HOME

The Internet has changed how buyers find homes. Not too many years ago, the only way to even know all the homes that were for sale was through a real estate agent.

Nowadays, almost every single home on the market can be found on the Internet. (In fact, it is almost impossible to miss a home that's on the market.)

It has become easier to "find" the home of your dreams.

And the chances are, you are going to be addicted to looking for homes online at all hours...even at work. (Just make sure to minimize your screen when the boss walks by!)

Now, this is some deep stuff most agents do not even realize or think to address with their clients…

See, back in the day, agents had to “find” the perfect home for their client...and that expectation kind of still exists. Yet, buyers often “find” the home they want before their agent specifically brings it up to them.

So, some buyers get aggravated that their agent “must not be doing a good job” if they are not sending the client the listing before they find it themselves.

This may be true with some agents, but mostly it is a matter of agents just being busy, out on the road, in a meeting, or whatever. The client just happens to be looking constantly for their own home while an agent has many other people and homes to deal with on any given day.

Regardless, “finding” the home is not a single moment. It is a process. It is about seeing many homes (online and in person) and gradually understanding the market, so you make the best decision.

And beyond that, “finding” the home is not even the most important part of the agent’s job. The real skills come in once you have found a home, make an offer, and start going through the process to close on it.

We always bring this up because it is a silly perception that we have seen cause issues between agents and their buyers, and it can cause friction that gets in the way of the agent doing the more important things, as well as they could, moving forward.

FINDING A FSBO

OK, not every home is “on the market”. Some are what we call “FSBOs”. (Pronounced “fizzbo”.)

These are homes that are “For Sale By Owner.”

And lots of buyers think that these are going to be the steal of a century since they are not on the open market. (Although nowadays, many are on the MLS as well, by hiring limited-service agents to input it, but the owners represent themselves.)

Anyhow, these are rarely a deal. The owners may very well be trying to “cut out the middleman”, but they are rarely willing to pass those savings along to the buyer. (In fact, most FSBOs are way overpriced, even above what they should be on the open market.)

Does that mean we should not look at FSBOs? Not at all. We can certainly look at FSBOs.

So, if you or we come across one that meets your wants, needs, and budget, we’ll certainly approach the owner.

Here is the thing…

Let us call them first. We have been trained on how to deal with them. We know what to say and what not to say. And how to say it. This will increase our chances of actually getting a deal on a FSBO.

So, if you see a FSBO sign, just take down the contact info and address, and let us do the rest.

ONE THING YOU SHOULD NOT DO

Just like with FSBOs, you also should not call listing agents directly.

Buyers often feel like there is no harm in just giving the listing agent a quick call to ask a few questions. Or they see a homeowner standing outside and strike up a conversation.

This probably sounds harmless enough. However, we have seen too many buyers say too much—or say the wrong thing—and it ended up costing them a home or led to them paying more than they might have otherwise.

Everything you say, and everything a listing agent or seller knows about you, can come back to haunt you.

Look at it like this…

If you were about to go to court, would you think it makes sense to have a casual chat with the other side? Probably not.

The same thing applies here.

Let us do the talking with the other side. Not just once we are in a deal, but also until we find a home and are under contract. We know what to say, and what not to say, to make sure we protect your best interests.

FORECLOSURES AND SHORT SALES

Speaking of getting a deal…

Lots of people think that going after foreclosures is a good way of getting a good deal. It can be. But it can also be a risky purchase and tough to even buy one.

Going after a foreclosure before it hits the open market (at an auction or sheriff sale) requires that you take on all risk. Oftentimes you cannot even see inside the home before you make an offer. Plus, you have a very short period to come up with proceeds if you successfully win the bid.

The better way to go after foreclosures is to focus on those that the bank (or other lenders) bought back and put on the open market. We can certainly consider those. At least we'll be able to get inside and see the home. However, they will likely not do any repairs or credits for anything wrong with the home.

This applies to "short sales" as well. These can also be a way of getting a good deal, but you will likely have to accept the property as-is. However, an offer on a short sale can also take quite some time to be approved, if at all. So, you need to be patient if you decide to go after one.

With all of that said, just because something is a foreclosure, or a short sale does not mean it's necessarily a "good deal". It depends on how much you can get it for and how much work and risk you have to take on.

So, if you're interested in a "distressed" property (the industry term for foreclosures and short sales), we can certainly throw them into the mix. Just make sure you approach it with eyes wide open and know what you are getting into...and only as long as the deal is good enough to make it worth your time, effort, and financial risk.

DO NOT TRUST EVERYTHING YOU SEE ONLINE

Piggybacking off the last section…

One of the things we often hear from buyers is that they came across a great deal on Zillow or some other online site.

They see a home that looks like it's for sale and at a ridiculous price. It usually turns out that it is a "pre-foreclosure", and the site is indicating how much is owed.

More often than not, these homes are a long way from actually being foreclosed. Many never will be foreclosed. And even if they are foreclosed, the bank will not likely let someone else scoop it up for such a sweetheart deal. Instead, they will buy it back and then put it on the market for a higher price.

So do not get too excited when you see that sort of thing online.

In fact, do not be surprised if you find many homes on these sites that are not actually for sale at all. Many times, they show homes that were sold and closed some time ago.

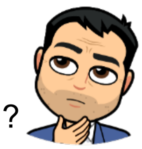
On another level, also do not put too much stock in any website's online estimate of value. Do not base your perception of market values on any of these. They are typically highly inaccurate.

So, when it comes time to decide on how much to offer for a home you like, do not rely on any online estimate of value.

DECIDING ON HOW MUCH TO OFFER

So, how do you decide how much to offer on a home you like?! That is a tough one to answer because it depends on a lot of factors:

Are there other offers coming in?



How long has the home been on the market? What is the owner's situation?

What terms (besides money) can you offer the seller? What is the overall market like?

Those are just a few of the factors we will consider.

But regardless of "factors", we will also look at the sales data in the MLS to determine how much the home is truly worth by looking at how much other similar homes have recently sold for.

Ultimately, it is your choice how much you want to offer initially and how much you're willing to go up to in order to get the home.

"Market value" is essentially driven by what a ready, willing, and able buyer is willing to pay for a home. But it is also dependent upon how much a ready, willing, and able seller is willing to accept.

We'll do everything we can to help you understand the market and value of the homes you're considering. We will give you our perspective and advice as your agents, which should put you in a good position to get a home for as low as possible, while still submitting an offer a seller will consider and hopefully accept. Because coming in with too low of an offer, at least without justification, can hurt your chances of getting a home at all, let alone at a good price.

CRAFTING YOUR OFFER

We alluded to this in the last section—a great offer is not just about how much you offer (although that does matter!). It is also about other terms you can offer.

Here are some typical terms and conditions sellers may be interested in:

- Are you flexible on your closing date? (They may want time to look for another home, for instance.)
- How much of a down payment do you have?
- Are you paying cash? (This is less risk and less time for sellers to wait. A cash deal has fewer problems that could cause a deal to fall through.)
- Will you waive contingencies, like for a home inspection? (Not necessarily advisable, but it can be useful in the right circumstance.)

Again, those are just a few. But those are also not things every buyer can accommodate.

So, what we always recommend to every buyer is this…

Let’s have everything in order when we submit an offer:

- Let’s make sure all the contracts are filled out thoroughly and properly.
- Let’s have your pre-approval ready and attached to the offer. (Ideally from a reputable lender that no agent or owner will question.)
- Let’s be ready and responsive during negotiations. (Too often, buyers take too long responding, which can create a bad tone).

That sort of stuff we can control, and we should.

Many times, the agent who is the most organized and reliable, along with their clients who also appear organized and reliable, have their offer accepted simply because a seller or their agent trusts that the deal will be smooth and close on time. We have seen this pay off even if it isn’t as much money as they may be offered by someone else in multiple offers.

Clients have asked us if a letter would help. We recommend against it. With all the new rules on protected classes and what you can and cannot say, it’s better to leave the talking to the terms of your offer. In fact, writing a personal letter is against the law in some states, like Oregon. Present a strong offer and win them over that way.

So, when it comes time to make an offer, let us make sure we put our best foot forward, even beyond the amount you are offering. It can truly pay off in the end.

EARNEST MONEY

In the last section, we mentioned something about how much you will be putting down.

There is a difference between how much you are putting down in total (your down payment) for mortgage purposes and how much you are putting down when you make an offer.

When you make an offer on a home, you will also put some money in escrow, called “earnest money” or a “good faith deposit”, sometimes called the Initial Earnest Money Deposit (IEMD).

This money is held by a third party, not the seller. It does not just go into the seller’s bank account or pocket. Instead, it is held in an escrow account by the escrow/title company. In Hawaii, title and escrow are usually managed by the same company.

Some buyers get concerned that this money is at risk if something goes wrong. It is not. Unless, of course, you do something really bad, like break the terms of the contract. But you and your money are protected in many ways, and if the deal does not close, that money will be returned to you.

If the deal does close, that money will be applied to the purchase.

In our area, the most common amount for a buyer to put down as earnest money is $1,000-$20,000. But it varies depending on many factors. We can chat about how much you should put down as a good faith deposit once we assess the situation on a home you are making an offer on.

NEGOTIATING

We're sure you have heard that negotiating is an art. And it is true.

The approach we take to negotiate the best deal for your home will depend upon:

- The seller we are dealing with.
- The agent we are dealing with.
- The overall situation (how many other offers there are, the current pace of sales, etc.).
- Your personal situation. (Are you in a position to "lose" the home and keep looking? Can you take time negotiating the deal? Or is timing critical?)

There are certainly other factors we will consider as well.

Many buyers think that to get the best price on a home you need to play "hardball" and perhaps "lowball" the seller with the amount they offer.

Those approaches can backfire fast and hard. Sure, sometimes it makes sense to play hardball. But in a residential home sale, playing hardball can hurt you more than it can help your cause.

That isn't to say we're not going to negotiate the best deal possible. It just might not look or sound like some people imagine from what they see in movies and on TV. In real life, you need to write the right script, at the right time, for the right audience.

WHEN YOU "LOSE A HOME"

I hope you never go through this (and we will do everything we can to help you avoid this!), but you might "lose" a home that you love at some point.

Here are the most common ways this happens:

- A buyer waits to make an offer on a home, and another buyer scoops it up. (This one is totally avoidable. No hesitation.)

- There are multiple offers on a home, and the owner chooses another offer.
- The owner will not accept the highest amount a buyer is willing to offer.

When these things happen, it stings.

This can set some buyers back emotionally. Sometimes they feel like they will never find as good of a home. Sometimes they just do not want to feel that way again, so they become guarded or give up.

In our experience, the best way to deal with this is ahead of time…

We always advise our clients to not get too attached to any particular home until we are firmly under contract. Sure, be hopeful and excited, but always be aware that until the offer is accepted, and the home is firmly under contract, you could "lose" the home.

But do not look at it as "losing" ...look at it as an opportunity to get a better home, and learn from whatever didn't work the last time around:

- If you hesitated on making an offer last time, do not wait next time.
- If you came in too low the first time, do not "low-ball" the next time.
- Be flexible with your offer price.

Ideally, we will not have to deal with this. We will give you our best advice in every situation so you can avoid this ever happening. However, the reality in today's market is you will be competing with other offers. Some will be better and stronger than yours and others will not. We will put our best offer forward that does not put a strain on your financial situation.

WHEN YOU "WIN" A HOME

OK, this is not a game show or the lottery…

You will not really win a home. But you will eventually "win" in the sense of getting an offer accepted.

And when that happens, many people go through what is called "buyer's remorse". That happens on almost any purchase someone makes, but even more so when it is a high- ticket item, like a home.

And if a buyer is not prepared for this feeling, they will often sabotage even the greatest deal. It is awful to watch happen. They will make everyone involved miserable and make unreasonable demands, all in an attempt to back out. Sometimes they will back out without reason and end up losing earnest money, as well as the best home they could have hoped for.

This happens because very few agents think to educate their buyers about this ahead of time. And then, once they are in that moment, anything the agent says comes across as if the agent is trying to push them to move forward. So, they get even more defensive, even when the agent is just trying to give them good advice.

We have always felt it's best to just give our clients the heads up that they may feel this way before they ever get to that point. That way, if, and when you ever feel that way, you'll remember that the feeling is natural.

But please, if you ever do start feeling "buyer's remorse", just let us know, and we will gladly help you work through what you are feeling and thinking!

GET YOUR MORTGAGE STARTED NOW

Early on in the process, we discussed getting pre-approved for your mortgage.

While you have already been pre-approved...now you need to actually be approved.

This can take some time. You should really get all your financial information and required paperwork done with your mortgage company as soon as you are under contract. Being prepared with your most current financial information is key.

It may seem like there is plenty of time between now and closing day, but those days and weeks fly by.

Also, it's not uncommon for lenders to request more documentation from you once they see what you initially send in. This can cause delays and a lot of stress. As a general rule, the better you are about sending over everything in a timely manner, the better off you'll be.

So, if you haven't already chosen a lender, do so immediately. Get the ball rolling. Now is not the time to shop lenders, programs, and rates. But if you're going to, you need to get that done now, and then submit your loan application and documentation within the first few days of being under contract.

GET A HOME INSPECTION

Within the first few days after going into contract, you should get a home inspection done. This doesn't mean wait a week to decide. You need to line up a home inspector immediately. Home inspectors have schedules and appointments to follow too.

This needs to be done by a certified home inspector...not a buddy who happens to be handy or has bought a bunch of homes over the years.

If you know a certified inspector, feel free to hire him or her. If you don't know who to call, we can provide a short list of inspectors whom we have worked with in the past and have provided good service. Just let us know.

In Hawaii, home inspectors are not licensed. Instead, most home inspectors hold a national certification. A Certification verifies that a professional has met a certain set of criteria for a skill or job as measured by a third-party assessment, usually a non-government body like a Trade Association. For Home Inspectors, there are 2 national trade associations offering Certifications: ASHI (American Society of Home Inspectors) and NACHI (National Association of Certified Home Inspectors). They provide Standards of Practice for conducting Home Inspections and a Code of Ethics.

Fair warning: Inspection reports often make a home sound like it should be bulldozed because it has so many problems. Things are rarely as bad as an inspection report makes it sound. So, when you read through yours, do not be alarmed.

We will give you some thoughts and guidance on what you should ask to be repaired—and what you might want to let slide—once we have the report back.

You should go after structural and operationally deficient items in most cases. (Of course, this depends on the deal we have negotiated, whether there were multiple offers if there are backup offers, etc.)

But the home inspection is not meant to be used to ask for every little thing, like a minor drip on the kitchen faucet or a squeaky door, for instance.

THE APPRAISAL

By definition, you and the seller have determined the fair market value of the home you are purchasing...which is: the amount a ready, willing, and able buyer is willing to pay and that a seller is willing to accept.

However, the mortgage lender wants and needs to make sure that the amount they are lending is justified and protected. They assess this by having an appraisal done.

While appraisals aren't always an issue, they can be.

Sometimes appraisers simply cannot find suitable "comparables" to evaluate the property.

Other times, an appraiser just does not do a very good job.

Either way, if an appraisal "comes back low", we will need to address it.

If we look at the appraisal and feel the appraiser made a valid point, we can go to the seller and request that they reduce the sales price to the amount that the appraisal says.

But in some instances, a low appraisal is just incorrect, and we may have to contest it. Contesting a low appraisal can be difficult, and the appraiser may not agree to adjust the opinion much, or at all.

If that happens, you can ask for another appraisal to be done. Or you might see if the seller will agree to lower the price a bit, and you come up a bit.

Hopefully, your appraisal will come back with no issues. But if it does, do not worry; we will deal with it.

(Oh, and don't be surprised if the appraisal comes back at almost exactly the amount you paid for it. The appraiser is just looking to justify the amount spent, not come up

with an entirely objective assessment of value. So, even if you got the best deal in the world, the appraisal may just say the value is right around how much you are buying it for.)

GET HOMEOWNERS INSURANCE

Many people wait until the last minute to get their homeowners (and other) insurances lined up.

I recommend taking care of this at least a few weeks ahead of the closing date.

That way you can make sure you get the best coverage, at the best rates, for your needs.

If you wait until the last minute, you might miss some discounts that you may be eligible for, simply because you're in a rush. And you might also pay a higher premium because you weren't able to shop around a bit.

In many cases, the lender will require a "binder" from the insurance company prior to providing the final loan approval. The binder simply means that the insurance company has approved your coverage, but the insurance will not go into effect until you own the property.

It's common for your insurance company to require you to pay for one year up front. But this will likely be paid at closing, in your closing costs. Usually, your insurance will be paid for out of escrowed funds from your mortgage after the first year.

NOTE: This is all the more reason to pay close attention to the coverage you purchase now. You might not think much about it as the years pass, although you should probably make a note to revisit it on a yearly basis to ensure you have the best coverage.

If you already have an insurance company you work with, great. If not, we can recommend a few companies to you.

Once you have your insurance lined up, please forward a copy of the insurance "binder" to us and your lender.

TRANSFER UTILITIES IN YOUR NAME

While it would be nice if the previous owner continued paying for the utilities, it is highly unlikely. In fact, they will be notifying the utility companies that they will be moving. And if you do not call the appropriate utility companies for the home you are buying, you'll probably be moving into a home without electricity and everything else you need.

So, about a week before the closing, you will want to notify all the utility companies that service the home and let them know you are buying it. They will transfer the bills into your name, starting on the day you will close on the home.

Once we get closer to the closing date, we will give you the names and contact info for all the utilities you will need to contact.

You can also check out our website at https://www.TheSalazarGroupHawaii.com/resources where we have links to the major utility websites.

THE WALK-THROUGH

Before you head to the closing table, we are going to do what is called a "walk-through". This is usually done a few of days before closing or sometimes the evening before.

We are going to make sure that the home is in the same condition it was when you agreed to purchase it (minus minor wear and tear, of course).

We will be looking to make sure that:

- There was no major damage done since you first agreed to purchase it.
- The owner has entirely moved out and has not left anything behind that you do not want. (Like bags and bags of trash!)
- The home is in "broom clean" condition.
- That everything the owner contractually agreed to leave behind is still there.
- That all the major appliances are in working order.

PRO TIP: Sellers are often in a rush to get out of the home right up to the closing day. Sometimes they don't leave the home quite as spotless as a buyer may have hoped. Unless it's in atrocious condition, it is probably better to just expect that home to not be as clean as you had hoped….and if it is, look at it as a happy surprise.

This is not the time when you can start moving in. You have not taken possession of the property just yet. We are simply making sure we are getting what was agreed upon.

If there is anything wrong with the home, or they have left junk behind, or the home is disgustingly dirty, we can bring it up to the owner (through their representatives) before the closing. They can remedy it by taking care of whatever issue you might have, although that could delay closing. Or they may offer a credit of some sort. (However, do not look at the walk-through as a way of negotiating a few bucks off the sales price.)

With all that said...do not worry! Most homeowners are conscientious, and the walk-through is a quick visit. In most cases, everything will look and work just fine.

CLOSING DAY!

Congratulations! You are closing on your new home! But let's back up a bit. Technically, closing day is the day you officially become the legal homeowner. There are a few things that need to happen before closing day.

A few days before closing, there will be lots of documents to review and sign, and this is not meant to give you a blow-by-blow description of all of that. The escrow officer will review and discuss all of these at length.

But here are a few things you should do before you head to the closing table:

You will most likely be meeting with the escrow officer a few days to a week before the actual closing or recording date. This is because both parties must sign documents, and escrow must prepare them for recordation.

You will also need to take the balance of your deposit to the signing. Make sure you have a cashier's check in the amount the escrow officer calculated to be due at closing. (This will be for the remaining amount after your down payment and closing costs are figured in.) You may also have funds wired directly to escrow.

Bring proper identification. Usually a photo I.D. (like your license), social security card, and/or birth certificate.

A rested wrist! (You will be signing a lot of documents!)

A big smile...because you are about to own and move into your new home!

If our schedule permits, we will be there with you at signing. Our presence there is to help answer any questions you may have, but is really just supportive, and ceremonial and we will be able to wish you a hearty congratulations once you have signed all the paperwork.

After the closing, there will still be a lot going on behind the scenes. Your mortgage, the deed, and other legal documents will all be recorded. Once it is complete, the final documents will be mailed to you. In Hawaii, it is traditional that documents get recorded at 8:01 a.m. the day of closing. The escrow officer will give the agents a call and we have the honor of notifying our clients that the deed has recorded, and the property has changed hands.

Keys will be handed over, and you will now be the proud owners of your new home.

CONGRATULATIONS!!!

Of course, we will always be available if you have any questions or concerns, even after closing. Never hesitate to reach out to us!

And we hope to stay in touch on a personal level too! Thanks so much for choosing us as your agents, and we look forward to helping you with all your real estate needs in the future... as well as any friends or family you refer to us!

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