

*A complete and thorough  
step by step companion*



*Modern Market*  
REALTORS®

# Home Buying Guide

The "key" to home ownership!



**Shannon Barnum & Jim Christl**

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## The Complete Home Buyer's Guide

Buying a home is a big decision and the process of buying a home is very complicated. There is A LOT to learn! Based on the Modern Market Realtor Team's 25+ years of experience in helping Fargo Moorhead Area Home Buyers, we have prepared this comprehensive guide to provide you with the information, tools, and references you will need to help you find and purchase the perfect home for you!

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Moving Guide & Checklists  
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from the professionals



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## *Our Client-First Philosophy*

There are many qualities and skills that go into being an excellent real estate professional - integrity, in-depth community and market knowledge, marketing savvy, effective negotiation skills and a high-quality professional network, all of which are hallmarks of how we work.

That said, in our experience as Fargo-Moorhead real estate professionals, we've also found that providing the very best service is essentially about **putting our clients first**. This means keeping ourselves accessible, being good listeners as well as good communicators, and responding quickly to your needs. This "client first" philosophy has always been our approach and it requires us to continually improve our skills and ways of doing business. In addition, we've found that the latest technologies are enabling us to do everything we've always done, only much more quickly and efficiently. They've also helped us to extend the range of services we provide to our clients. When you decide that you'd like to buy or sell a home in the Fargo Moorhead area, contact us anytime, we're here to help!

## *About Us*

Modern Market Realtors is the Most Innovative, Technology Based, Real Estate Company in the FM Area. We work as a "Team", together we can accomplish much more than one single agent. We have over 25 years of combined Real Estate Experience.

We both grew up in the FM Area. Prior to real estate, Shannon worked in the Title Closing industry for many years. Jim owned and operated several local businesses. We have 4 wonderful children who keep us very busy outside of our real estate careers. It's very important that you feel comfortable with your real estate agent and most of all have a relationship built on trust.

## *Our Qualifications*

We specialize in residential real estate transactions working with buyers and sellers in all types of real estate transactions. We are also Certified SFR (Short Sales & Foreclosure Resource). Over the years, we have been with many of the large Real Estate Companies in the area. During that time we gained a vast array of knowledge and experience in the Fargo Moorhead real estate community. With those relationships, we have been able to combine the ideas and systems we have learned over the years and implement them into a way of doing business that will help you have a stress free & enjoyable buying or selling process. Call us today and we will go to work for you!

## *Our Services for Sellers*

We specialize in "marketing" homes, not just "listing" homes. We do a lot more than the average Realtor will. We shoot an actual home video walk thru tour of your home, we provide a personalized text code for your listing so that people can simply text a code to receive the full listing pictures and information... instantly! We help you stage your home. We hold public, neighborhood and specialty open houses around your schedule, marketing them aggressively. We use exceptional marketing materials to make your home show in its best light. We do creative listing descriptions to give your home the attention it deserves. We have large, high quality yard signs to dress up your yard. Plus we utilize today's technology to make sure that your home is in front of the entire online community via websites, search engines, social media, virtually everything that is being used by buyers to search for homes. The research has been done to see where the buyers are, ultimately, your home is found each and every time a buyer is searching! We use all of these tools to keep only very serious buyers scheduling showings inside your home. There is no need for you to be inconvenienced more than necessary, we want to sell your home, not let everyone just wander through. This is one way we make the process less stressful on you as a seller. Everything we do, is to make sure your lives can go on as normal as possible throughout the home selling process. Let us take care of the details while you handle day to day life as uninterrupted as possible. All the "over-and-above" services we provide are of no additional cost to you, we give the same quality and top notch service to all of our listing clients.

## *Our Services for Buyers*

We take the time to examine exactly what you are looking for in a home. We do a thorough buyer consultation where we get to know what your personal wants and needs are in your next home. We then search through the thousands of homes available for sale to find homes that fit your criteria and send them to you the very FIRST day they go up for sale. We set you up on our auto email service so that you receive an email immediately when a home is listed that fits your needs. This way, you will not miss your perfect home! We then take you on a tour of all the homes that interest you and start the hunt for that home that you walk into and immediately know that "you are home". We educate and inform you throughout the whole process. We are also very patient and will allow you to move at your own pace, fast or slow... we're ready to guide you along the way. We enjoy the entire process and can't wait to help you in your search. We understand how important of a move this is for you and we take the time and patience to work with you and make sure you find exactly what you want in a home. Let us take care of all the details and simplify the process for you so that you can enjoy every minute until "move in day"!

*Contact Us Today! We look forward to helping you with all of your real estate needs.*







# Testimonials

There are many things we can say about the high quality of service we provide to our home seller and home buyer clients, but probably none would be as credible as testimonials from some of our recent clients themselves. We hope they indicate our experience and integrity, as well as make it clear how much we enjoy helping people.

Jim and Shannon are some of the best people I have ever worked with! We worked with them to sell our house and find our home in the country that exceeded our expectations. During the whole process, they were continuously engaged with us and always willing to answer any questions or concerns that we had. If we ever decide to move again, I already know who I will be calling and would recommend them to anyone looking to sell/buy a new home as you will be in good hands!

**-Adam & Jamie**

We have bought many homes through the years but we have never experienced a couple that really take care of their clients like Shannon and Jim took care of us. We all know that there is always a little stress when buying and selling a house but they covered us in all our paperwork from the beginning to the end. If we ever purchase a house again, we would always go back to these two. Thanks again Shannon and Jim you're the Best!

**-Pam & Jon**

Jim and Shannon were awesome to work with. They answered all the questions I could throw at them and didn't dance around questions to avoid them like others were. I appreciated that Jim was able to give advice and suggestions based on the questions I asked. The process and paperwork were seamless and everything went through smoothly with the bank, paperwork and closing. I would Highly recommend them.

**-Aaron & Laura**

Shannon and Jim were awesome realtors to work with. Everything they did was fast and efficient and professional. Our home had multiple offers in just a week and more showings than we ever expected! We received the exact amount we wanted for our home and Shannon supported us the whole way! Selling a home can be stressful, but we found Shannon to be soooo encouraging! She followed up on each person who saw our home. It was because of that follow up that a person who had thought about buying a different home changed their mind and bought ours. I referred Shannon to two other friends and both homes were sold!!!!!! One of them in FOUR days! Shannon and Jim-thank you for everything you did to sell our home!!!!!!!  
Modern Market Realtors—awesome!

**-Trisha & Casey**

Shannon was amazing in our (long) search for the right home! She was very patient and determined to find a great fit for our family. When it was finally the right time to list our home and meet with a builder for a new one, Shannon was on top of every detail, helping us to feel very comfortable and represented in the process. She did not miss a beat when answering questions and was very rapid in her responses. We came out of the process with not only a fantastic realtor, but a trusted friend!

**-Sarah & Tony**

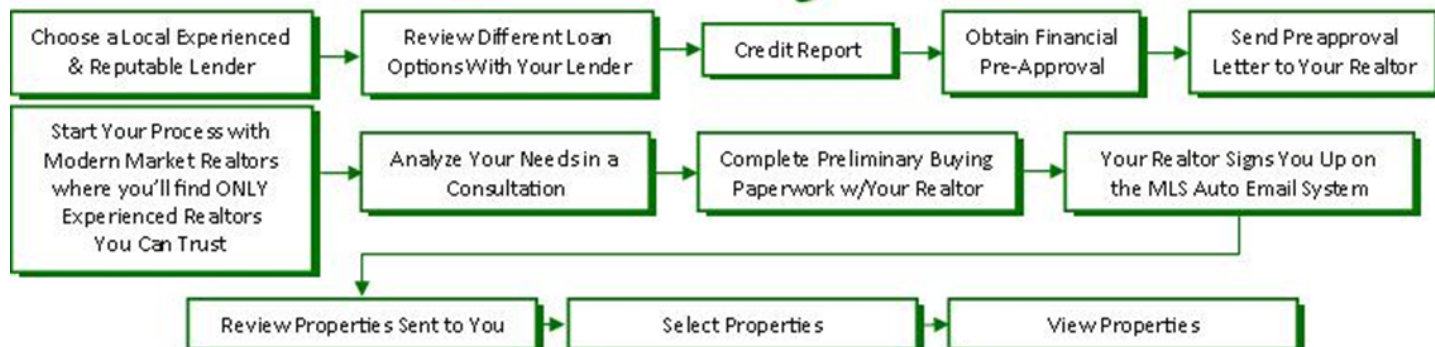
My wife Jessica and I would highly recommend Modern Market Realtors. Shannon was our agent and she went above and beyond to ensure that we made the right decision. This was our first house and Shannon's knowledge of the market combined with the use of a personalized listing system insured that we only looked at homes that met our required criteria as well as only homes that with Shannon's experience would interest us. She picked up on the small comments that we made walking thru homes and used those to narrow our search. Even after the purchase we had several questions and she was always there with an answer or would work to find one. We now live in our dream home, and when our dream needs to expand you can bet that Shannon and the Modern Market team will be there to see us through it.

**-Chad & Jes**

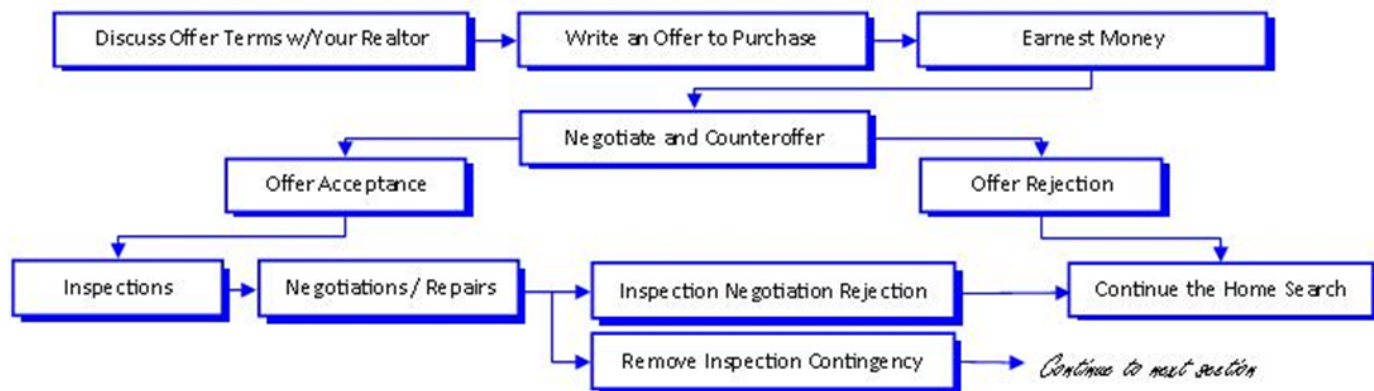
# Modern Market Realtors Home Buying Process

We have designed this packet to assist you with the purchase of your new home. We assure you that it is our goal to provide you with the most professional and informative service available. We are always just a phone call away!

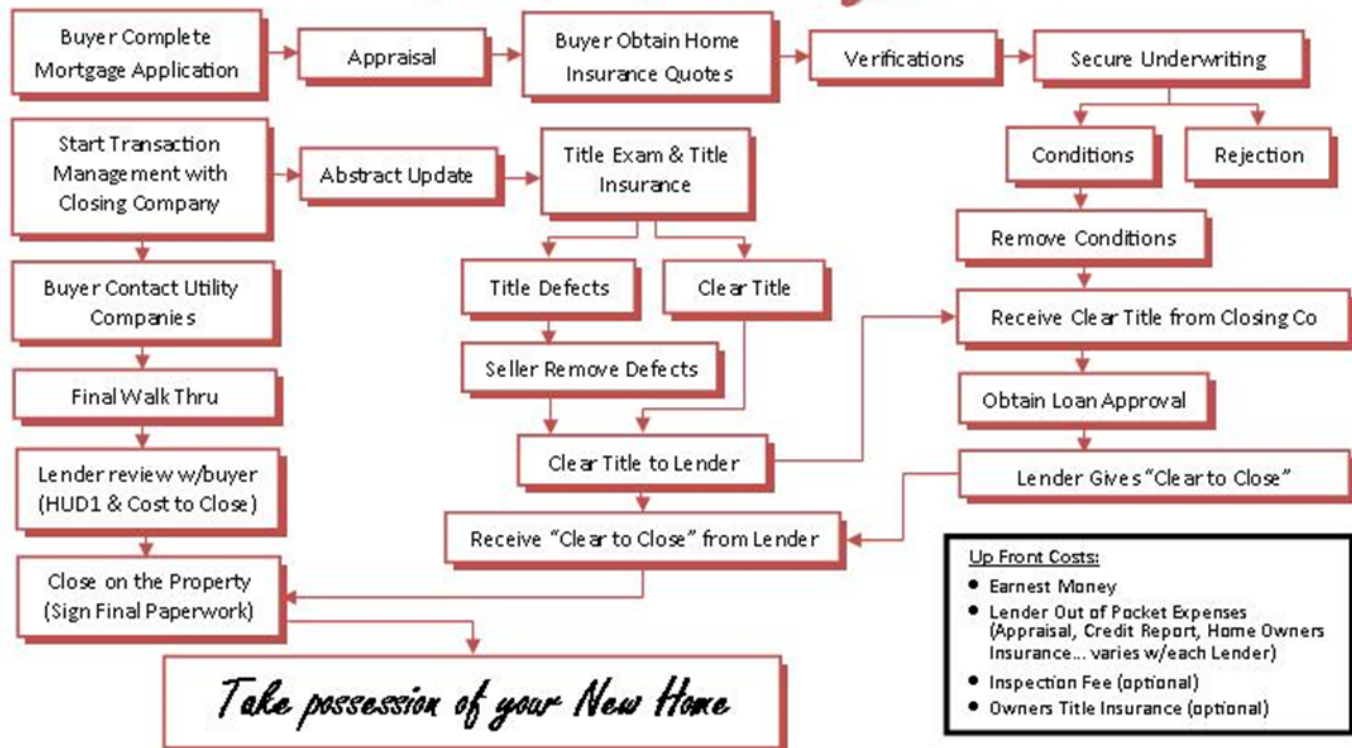
## What to do first...



## You've Found the Home You Want...



## Proceed To Closing...



# YOUR HOME BUYING CHECKLIST

You've seen the map of the home buying process and all the details can be a bit overwhelming. Many people like to follow the process and check off the items as they've been completed. I've created a checklist for you with the steps "SIMPLIFIED". Here is a summary of the process so that you can follow along throughout your home buying process.

- ☐ Choose a local experienced & reputable lender
  - ☐ Review different loan options
  - ☐ Your lender pulls your credit report and obtains financial pre-approval
  - ☐ Have your lender send us your preapproval letter
- ☐ Start your process with Modern Market Realtors experienced Realtors you can trust!
  - ☐ Schedule your initial consultation
  - ☐ Your Realtor will analyze your needs and complete preliminary buyer paperwork
  - ☐ Your Realtor will set you up on the MLS automated email alert system
  - ☐ Review properties sent to you and select your favorites
  - ☐ View favorite properties (private showings)
- ☐ You've found the home you want!
  - ☐ Discuss offer terms with your Realtor
  - ☐ Your realtor writes and offer to purchase, you sign the offer paperwork
  - ☐ You write a check for earnest money
  - ☐ Negotiate and counteroffer (if applicable/needed)
  - ☐ If your offer is rejected, continue to review properties
- ☐ Your offer is accepted!
  - ☐ Choose inspector and schedule inspection (if having an inspection)
  - ☐ Meet with your lender and complete mortgage application
  - ☐ Pay any out of pocket expenses your lender requires
  - ☐ Lender orders appraisal on the home
  - ☐ You obtain home owners insurance quote and provide to lender
  - ☐ Lender obtains verifications of details you've provided
- ☐ Your Realtor starts transaction management with Closing Company & Lender
  - ☐ All details will be handled between Realtor, Closing Company and Lender
  - ☐ Receive notice from closing company of "clear title" (if not, your Realtor guides negotiations)
  - ☐ Receive notice from lender of appraisal "passed" (if failed, your Realtor guides negotiations)
  - ☐ If appraisal passed, your lender submits your loan to underwriting
  - ☐ Receive notice of "clear to close" from lender (underwriting)
- ☐ You contact utility companies
- ☐ Attend final walk thru of home with your Realtor (usually day before closing)
- ☐ Lender reviews final HUD1 with you (breakdown of all fees and final cost to close)
- ☐ Attend Closing!
  - ☐ Bring identification
  - ☐ Bring certified funds to closing (lender provides this amount from HUD1 review)
- ☐ Receive the keys to your new home

**CONGRATULATIONS ON YOUR NEW HOME!**







## Step 1: Are You Ready?

*Having a plan is one of the keys to making the home-buying process easier. This guide is designed to help you to create your plan.*

### **First, you need to look at the pros and cons of homeownership.**

You should be a homeowner if the Advantages of Homeownership (Pros) are important to you, and the disadvantages (Cons) are not factors that should deter you from buying.

The advantages include:

- An Improved Living Environment for You and Your Family.
  - Financial benefits to homeownership.
- A great investment that will build wealth.
  - Special & Specific financial benefits of home ownership.
- Appreciation.
- Equity Creation & Forced Savings.
- Tax Benefits.

### **Are You ready to be a Fargo Moorhead Homeowner?**

You need to take hard and realistic look at your personal financial status to determine whether you can and should make the long term commitment of being a homeowner. Can you meet the immediate upfront costs involved in the home purchase process and on-going daily expenses that come along with owning and living in your own home? We offer some detailed articles that will help answer those questions: [“Can you afford to be a Fargo Moorhead Homeowner?”](#) and [“The Costs of Buying a Home”](#) (articles attached).

### **Pros and Cons of Home Ownership.**

The benefits of homeownership range from social and lifestyle benefits to significant financial benefits. No other place can you leverage a small initial cash investment (down payment) in low risk investment and ultimately realize appreciation, equity creation, savings and great tax benefits.

The cons or disadvantages of homeownership are the challenges of needing to be able to handle upfront and ongoing costs, being responsible for all the repairs and maintenance of your property, and the risk of fluctuating property values. You need to be able to withstand the strain that Homeownership can put on your financial situation.

See our detailed article that covers all the [“Pros and Cons of Home Ownership”](#) (article attached).

### **Rent vs Buy**

Not everybody should own a home! Some people aren't cut out for home ownership, for a variety of reasons. Are you one of those who should rent and not buy? Just think about your credit and debt status, your job and income stability, and the maintenance issues that you will have to deal with. Most importantly, you need to calculate whether renting is significantly cheaper than all of the costs incurred by homeowners.

See a full discussion of this [“Rent vs. Buy information”](#) (articles attached) and use our Rent vs Buy Calculator found at <http://www.mortgage101.com/buy-vs-rent-calculator>



## Step 2: Select A Realtor®

*The National Association of REALTORS® (NAR) includes 1 million brokers and salespeople, individuals bound together with a strong Code of Ethics, extensive training, and a wealth of community information.*

### Why have your own Realtor®?

The reason that we have made selecting a REALTOR® as your second step in the process of buying a home is because buying a home is probably the single largest investment you will ever make. You need a trusted guide. Buying and selling Fargo Moorhead real estate is a complex matter. At first it might seem that by checking local picture books or online sites you could quickly find the right home at the right price. But a basic rule, especially in Fargo Moorhead, is that all properties are unique. No two properties -- even two identical models on the same street -- are precisely and exactly alike.

Homes differ and so do contract terms, financing options, inspection requirements and closing costs. Also, no two transactions are alike. In this maze of forms, financing, inspections, marketing, pricing and negotiating, it makes sense to work with professionals that you consider to be Experts, and who you can count on to be Trusted Advisors.

### What should you expect when you work with a REALTOR®?

Once you select a REALTOR® you will want to establish a proper business relationship. You likely know that some REALTORS® represent sellers while others represent buyers. Each REALTOR® will explain the options available, and provide you with complete agency disclosures. You want to be sure that you have a Realtor® that is representing YOU.

Once hired for the job, the REALTOR® will provide you with information detailing current market conditions, financing options and negotiating issues that might apply to a given situation. During the entire home buying process your REALTOR® should keep you updated and alert you to each step in the transaction process. Because of the importance of the selection process, we have created a point by point guide for you.

### Selecting a Realtor® - Point by Point Guide:

It is fair to say that after looking through the financial aspects, and then overview to the buying process, that it would be beneficial to have a REALTOR® to guide you through the home buying process.

**It's critical that you make the right decision about who will handle what is probably the single largest financial investment you will ever make.**

Despite what you may think, not all Real Estate Agents are the same. In Fargo Moorhead real estate, as in life, not all things are created equal. You want to ensure that you get the best representation for your needs.

You should select your REALTOR® as you would any other Professional. You get the best results from an Expert - a Specialist. You want the REALTOR® with experience and knowledge. You want, and you deserve an Agent that provides true PREMIER SERVICE. Be sure your REALTOR® is committed to providing the highest quality of service, and will back that commitment with a written ["Quality Service Guarantee"](#) (see our guarantee attached), and will guarantee to communicate with you regularly, and be consistent, reliable, and responsive. In addition you should be able to cancel your contract at any time if you are dissatisfied with the Service you are receiving.



**Be sure that your Realtor is your "BUYER'S REPRESENTATIVE." This tells you that you that you will be working with an Agent who is committed ONLY to your best interests.**

If the seller has an agent helping them, then the best way to be certain that someone is working in your best interests is by hiring your own Buyer's Representative to represent YOU.

All Realtors have a duty to provide you with care, confidentiality, full disclosure, show you available homes, point out the property's features, provide financing information, and submit the offer to purchase.

BUT, the Buyer's Representative, if they have the knowledge, can disclose to you other valuable information such as:

- The seller's reason for selling, and their timetable
- How long the home has been on the market
- Any previous offers and counteroffers for the property
- The Strengths and weaknesses of the property.
- AND the proper price for the property

**Your Buyer's Representative works for you, the buyer, and has your best interest in mind throughout the entire Fargo Moorhead real estate process. A real Buyer's Representative is not influenced by any seller, builder, or by any incentives to sell you a specific home. You and your wants and needs come first.**

- If you have chosen well, you can consider your Buyer's Representative as your **Trusted Advisor**. You can feel secure asking for advice and assistance, because they will always act in YOUR best interest, and use their specialized knowledge and training to assist you throughout the complex process of home buying. After carefully evaluating your specific goals, they will continuously search for any and all properties the meet your wants and needs.
- Once you have found the home you want to buy, the next critical task is to prepare an offer to purchase that represents the most favorable price and terms for you. As Skilled Negotiators, a good Buyer's Agent will apply their knowledge and experience, and vigorously work with seller and the seller's agent to get you the lowest price, best terms, and the best financing possible.
- Your agent's job is not done until you have moved into your new home. The Buyer's Representative must be an Expert Facilitator. There needs to be a dedicated Transaction Coordinator to assure you that, from contract to closing, your transaction will proceed smoothly, with no loose ends, and result in a successful closing and a smooth transition into your new home.

It is important to note that compensation for the Buyer's Representative is almost always a cost paid for by the seller. Whether a home is for sale by the owner, or a builder, or is listed through a contract with Seller's Real Estate Agent, the seller bears the cost of the Buyer's Representative. **Because the seller pays the commission, you can have your own skilled professional representative at no cost to you.**

In our current Buyer's market, having your own REALTOR REPRESENTATIVE has the potential to result in a transaction that is extremely beneficial to you. You maximize the opportunities that are available for buyer in this current Real Estate Market. **With a Buyer's Representative, you should get the home of your dreams at a price and terms that substantially exceeds all of your expectations.**

Whomever you choose to represent you, make sure that you have selected a REALTOR® that you trust, and who, you believe has expertise, that will provide you with the service and results that you expect and deserve.



***Going with the first Realtor you run across or using a friend or relative that happens to sell Real Estate to represent you may not be the best decision...***

***Make sure you are represented by someone with experience, knowledge and most importantly—One that has a good track record with past clients. The best indicator of future results are "past results"!***



## Step 3: Choosing a Mortgage Lender

*Not all lenders are the same... Make sure to do your research and use a local lender who has a proven track record in honesty, customer care and excellent follow thru for seamless transactions.*

Where you obtain financing (your preapproval letter) will play an important role in your offer to purchase a home. When the seller is reviewing your contract, who your lender is will either strengthen or weaken your offer. If the lender you have chosen is not local, is unknown or has a bad track record for mortgage process, details, follow thru and completion, the seller may be hesitant to even consider your offer. A strong offer with a weak lender for financing is in the seller's eyes, still a weak offer. Most Agents will educate their sellers how important it is to have a local lender at the wheel. Not only is a local lender important but one that has a good track record. If your offer is accompanied by a letter from a lender known for their lack of dependable service, it's very possible this detail may hurt the acceptance of your offer.

While there are many people who prefer to deal only with their regular banking institution, as your REALTOR advisors, we will probably suggest you SHOP around to find both a lender and a loan that are most suited to your needs.

Home Financing is a competitive market. Visiting with Banks is OK, but you should consider contacting more than one Lender and lending institution (Banks, Credit Unions, Private Mortgage Lenders, Mortgage Brokers).

You need to interview and evaluate each individual lender personally as well as rate their company, and the products they offer. Be prepared with a questionnaire and compare them side by side. We have provided a [“Mortgage Shopping Worksheet”](#) (attached) to assist you.

Whomever you choose to represent you, make sure that you have selected the Lender that you trust, and who you believe has expertise, and will provide you with the service and results that you expect and deserve.

We would be glad to recommend a local reputable lender that we have worked with and trust. Feel free to contact us for more information.





## Step 4: Home Financing Process

*Real Estate Financing is a multi-step process.*

Because Home Financing is such an essential part in the Home Buying Process we have created the "Ultimate Guide to Home Financing." This document breaks down the financing process in great detail. If you are unfamiliar with the financing process, be sure to study this guide before going any further. **Feel free to contact us to request a FREE copy.**

Few people can buy a home for cash. According to the National Association of REALTORS® (NAR), nearly nine out of 10 buyers finance their purchase, which means that virtually all buyers -- especially first-time purchasers -- required a loan.

The real issue with Fargo Moorhead real estate financing is not getting a loan (virtually anyone willing to pay lofty interest rates can find a mortgage). Instead, the idea is to get the loan that's right for you -- the mortgage with the lowest cost and best terms.

REALTORS® routinely suggest that consumers start the mortgage process well before looking for or making an offer to buy a home. Many lenders (the sources of money) and programs are available. As your Trusted Advisor, your REALTOR® is able to make recommendations based on the experiences they have had with lenders on many previous transactions. By meeting with lenders -- either online or face to face -- and looking at loan options, you will find which programs best meet your needs and how much you can afford.

### **Prequalification/Pre-Approval will help you in the following ways:**

- Knowing in advance what your payments will be on the offer you choose to make.
- A seller feels more confident with your offer if they know your financing is secured, this will make your offer more competitive.
- A seller is more comfortable accepting an offer knowing what lender will be handling the financing. (Local and reputable lenders are more likely to give sellers confidence in your offer.
- You won't waste time considering homes you cannot afford or above the payment you would prefer.

### **What exactly is Pre-Qualification?**

"Pre-qualification" means you have met with a loan officer, your credit files have been reviewed and the loan officer believes you can readily qualify for a given loan amount with one or more specific mortgage programs. Based on this information, the lender will provide a pre-qualification letter, which shows your borrowing power. You can visit as many lenders as you like and get several pre-qualifications, but keep in mind that each one carries with it a new credit check, which will show up on future credit reports.

Although not a final loan commitment, the pre-approval letter can be shown to listing brokers when bidding on a home. It demonstrates your financial strength and shows that you have the ability to go through with a purchase. This information is important to owners since they do not want to accept an offer that is likely to fail because financing cannot be obtained.



## How do you get pre-qualified?

Real estate financing is available from numerous sources, such as banks and mortgage companies that have worked with local REALTORS®. Based on his or her experience, the REALTOR® may suggest one or more lenders with a history of offering competitive programs and delivering promised rates and terms.

The loan officer will carefully review your financial situation, including your credit report and other information. The lender will then suggest programs which most-closely meet your needs. For instance, a first-time buyer may qualify for state-backed mortgage programs with little money down and low interest rates, while a repeat purchaser (someone who has bought a home before) with more equity (money invested in the home) might want to get a 15-year loan and the lower overall interest costs it represents. Typically, first-time buyers opt for the traditional 30-year loan, with either a floating interest rate or a fixed rate of interest over the life of the loan.

Understanding the Financing of your home purchase is absolutely essential to being able to buy your home as well as making the entire Real Estate Transaction as smooth as possible.

## After Pre-qualification the next step is Pre-Approval for your home loan.

*Essential reading is our explanation of this Pre-Approval Process, which is a part of our **Ultimate Guide to the home financing process**. We will refer and recommend that you study the "Guide" in detail in Step 6 of this Step-By-Step Guide to Buying A Home. Feel free to request your free copy.*

Pre-qualification is an estimate of how much you can afford in a mortgage payment. It is based upon the information provided by the borrower, which will later be subject to verification during the pre-approval process, and the buyer will need to provide additional information, including a credit report, appraisal, income verification and other documents. Again, we recommend that you use our ["Mortgage Application Checklist"](#) so that you are prepared with all the information most lenders will require in order to process your mortgage application.

### Down Payment Requirements:

Most loans today require a down payment of between 3.5% and 5.0% depending on the type and terms of the loan. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of special fast-track programs and possibly eliminate mortgage insurance. The higher the down payment you choose, the lower your monthly mortgage insurance will be.

### Closing Costs:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full in the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan. Including them in your financing would be possible by asking the seller to pay for a certain amount of your closing costs.

### Qualifying For a Mortgage:

Most lenders require that your monthly payment range between 25-28% of your gross monthly income. Your mortgage payment to the lender includes the following items:

- The principal on the loan (P)
- The interest on the loan (I)
- Property Taxes & Specials (T) (Yearly amount divided by 12)
- Homeowner's Insurance (I) (Yearly amount divided by 12)

Your total monthly PITI and all debts (from installments to revolving charge accounts) should range between 33-38% of your gross monthly income. These key factors determine your ability to secure a home loan. Credit Report, Assets, Income and Property Value. Although, there are usually some higher interest rate loans available allow your total debt to be up to possibly even 45-49% of your income.

**For a detailed mortgage calculator, see additional resources, page E ["Costs of Buying a Home"](#)**



## Step 5: Looking At Homes

*There's no doubt that choosing a home is a big decision and you want to do it right. Your Realtor will be able to help you make sure what you're looking for is attainable and realistic.*

Millions of new and existing homes are sold each year. There's no shortage of housing options, especially in a Buyer's Market when there is an excess of homes available relative to the number of Buyers. The challenge becomes finding the property which best meets your wants and needs. In the opposite situation, a Seller's Market, the challenge switches to watching the market carefully and having the ability to move fast when a home that fits your needs comes on the market. This is when it's most important to have an experienced Realtor® working for you. Experience is important when homes are not in excess as knowing what to do and when will be the difference between winning and losing that perfect home in a competitive market. This is also a time where having your preapproval letter "in hand" is very important.

The housing market is complicated because the stock of homes for sale is always in flux. If it were possible to have a complete list of every home for sale at this very moment in Fargo Moorhead, such a list would become obsolete within "seconds" as new homes become available and properties now for sale are put under contract. You will see that you have an opportunity to search the Fargo Moorhead Multiple Listing Service (Homes) to get an idea of what is available relative to what you are looking for. We actually encourage you to do this before and while you are working with your Realtor®. We love an informed consumer. Go to [FargoHomeSearch.com](http://FargoHomeSearch.com) for public access to the Fargo Moorhead MLS.

### New Construction / Building A Home

Why use an agent to purchase a "New Home"? The advantages of having an agent help you purchase a new home are the same as those for purchasing a resale home...

- Knowledge of the market
- Help in finding the perfect home quickly
- Expertise in contract writing/negotiation
- Closing assistance.

The builder has a professional representative watching out for his/her needs, and you need the same expert representation. Buying a new home is a little more difficult and time-consuming than buying a resale. We can professionally guide you through the process. It is very important that your interests be professionally represented when you are entering into a contract for a semi-custom or build-to-suit home. These transactions are complex and the contract details must be exact in order to protect you and to ensure you get exactly the home you want!

**REMEMBER – the Builder requires that your Agent accompany you on your first visit to the Builder's sales office, or they may NOT PAY your representatives' fee! If you've already met w/a builder, call us right away and we can contact them to make sure they pay your fees.**

**You must now modify what you want and need with what you can afford.**

A home is more than just a collection of bedrooms and bathrooms. Several properties -- each with four bedrooms, three baths, and the same price -- may well represent radically different designs, commuting distances, lot sizes, tax costs, specials, interior dimensions, and exterior finishes. Your wants and needs are very specific to you.

So, it's important to have:

1. A comprehensive list the features and benefits you must have, and those that you would like to have in your home. You must consider such things as price, location, size, and amenities, and design.
2. Next, it's important to prioritize your wants vs. your needs, and what trade-offs you are willing you make.

3. Lastly, consider your needs in several years. If you'll need a larger home, maybe now is the time to buy a bigger house rather than moving or expanding in the future. If you expect your income to increase, perhaps you should consider a more expensive home financed with a loan program where monthly payments increase in the future.

A good Realtor® working with an informed Buyer will reduce all of these wants and needs to writing on a ["Home Hunter Worksheet"](#) (attached). There is no question that this is the key to looking for, and finding, the best possible home for you.

### Looking At Homes.

Once you and your REALTOR® (see attached Article: ["Look Out! Not Every Real Estate Agent is a REALTOR®"](#)) have established your home buying criteria, these are entered into our customized computer database. At all times, the computer searches all of the homes for sale in Fargo Moorhead to find just the homes that match your specific criteria, including your price range. Your REALTOR® will add to what the computer finds all of the homes that they know are coming on the market or whose prices will change to meet your criteria. Because this search is done in real time throughout the day, you will often get this information before other buyers and even other REALTORS®. You will receive an E-mail with a link to those homes immediately when the home is posted for sale, including pictures, detailed descriptions, where possible virtual tours of those homes, and information about the homes that is available to the REALTOR® that is not on your search of the "public" internet database. As you continue to receive home listings, you and your REALTOR® will adjust your criteria as need.

Now you are in charge. The REALTOR® should be available at your convenience to show you all homes you have decided that you want to see, and not those that the REALTOR® has picked. As you see homes you like then the REALTOR® may suggest other similar homes that they now know that you may be interested in. OUR NEXT STEP IS CHOOSING YOUR NEW HOME.

The most important information your REALTOR® needs from you in the very beginning to get your personalized search set up is two different categories of information, wants and needs. Here are the search criteria items that you should provide your REALTOR® as soon as possible:

- Type of Residence: Single Family, Twinhome, Townhome, Condo, Duplex (multiple units).
- Number of bedrooms: All on same floor, basement ok or any other specifics.
- Number of bathrooms: # of Full Baths, Half Baths or ¾ Baths
- Number of garage stalls: Attached or Detached
- Style of home: 1 Story, 2 Story, 1 ½ Story, Bi-level, 3 or 4 level split
- Location(s): Specific neighborhoods, towns, areas, school districts etc.
- Price Range: Best if this amount is provided by your lender, guessing is not the best practice.
- Add'l Information: Any other details that are a requirement for your new home.

For example:

### What You "WANT":

- Single Family Home
- 1 Story
- 3 Bedrooms (all on the same floor)
- 2 Baths
- Double Attached Garage
- South Fargo or West Fargo
- Up to \$165,000
- Central Air
- Deck

### What You "NEED":

- Single Family Home or Twinhome
- Any Style
- 3 Bedroom (any floor)
- 1 Bath
- Single garage (attached or detached)
- South Fargo or West Fargo
- Up to \$175,000
- Central heating system so central air can be added.

It's important for your REALTOR® to understand the difference between your wants and needs. Knowing both what you will absolutely not give up and what criteria is preferred but not required, are important for your REALTOR® to keep in mind. This way if there's a new listing that could be a great option for you, it doesn't get passed up just because its missing one detail that possibly you weren't too concerned about anyway.





## Step 6: Selecting A Home

*There's no doubt that choosing a home is a big decision and you want to do it right.*

### Is this "THE" house for you?

A house is shelter, but a home is far more. It's where you live, relax, entertain friends, raise families, and work. A home is where you spend much of your life, and so choosing THE house is an enormous decision.

How do you know if a house is "THE" one? Probably the best approach is to look at as many homes as possible, online and actual showings. Because you will see many homes, some you will reject right away, but others you will like.

One important step is the "drive by". If you have interest in a home that your REALTOR® has sent to you, immediately take a drive and view the outside, the neighborhood, the houses surrounding it, the yard, landscaping, basically the first impression. Many times you will know it's not the one just by driving by. This will save your actual viewings for homes that are definite contenders. Looking at too many homes that you know you wouldn't even consider just by driving up to it, will clutter your mind with details that don't pertain. This can eventually be a confusion that hinders the decision making. Once you've viewed a few homes, the details of each one tend to start meshing together and it can be difficult to remember important aspects of what you like about each house.

It is best to keep a journal of pluses and minuses of the contenders, and ultimately compare it to your Home Hunter form with wants and needs and trade-offs. You should then narrow your choices to just the top favorites. You and your REALTOR® can then meet and go over the specific information and options available if you were to make an offer to purchase each of these finalists. (This is the reason for STEP 4.)

### **Before making a legally binding offer you want to be sure you can afford this home.**

Remember Step 2? Now is the time you will be very happy that you have gone through the pre-approval process. You have a very good idea of how much you can borrow, what loan programs will most likely work best in your situation and how much home you can afford. Pre-approval is not a loan commitment. It is still necessary for lenders to check such items as appraisals and the latest credit reports. BUT, Pre-approval nonetheless provides a reasoned, careful analysis of what you can afford.

***Preparation is key!***

***Not having your preapproval letter could  
very well be the cause of missing out on the  
house of your dreams!***





## Step 7: Making An Offer

*Terms are extremely important and should be carefully reviewed.*

The ND & MN Association of REALTORS®, working with legal counsel, have developed standardized forms that are appropriate for realty transactions in each state. Such documents include numerous sale conditions and places for the buyer to insert the terms under which they are making their offer to purchase a property. All Buyers and their Realtor® should carefully review the contract to assure that it reflects the terms and conditions you want to offer.

While much attention is spent on offering prices, a proposal to buy includes both the price and terms. In some cases, terms can represent thousands of dollars in additional value for buyers -- or additional costs. Terms are extremely important and should be carefully reviewed.

### How much?

You will sometimes hear that the amount of your offer should be some percentage below the asking price, or it should be some percentage below what you are really willing to pay so that you can negotiate. In practice, your offer depends on the basic laws of supply and demand. If we are currently in a Buyer's Market, the pressure is on the Seller. But, in fact you and your Realtor® will know what the fair Market Value of a property is. This means you need to have a Realtor® with very up to date knowledge about the "Market." This is way that you get the best home at the best possible price and terms - not by any crazy formulas.

### How do you make an offer?

The process of making offers requires completion of the State approved Standardized Purchase Agreement. As we have said, that offer should be carefully reviewed to be sure that it accurately reflects the terms and conditions under which the Buyer is willing to purchase that property. It is legally binding once signed by both parties.

The REALTOR® will present that document to the owner's representative. When you selected your Realtor® Representative, their reputation as a "Skilled Negotiator" should have been one of your criteria. This is first occasion that your Realtor® will apply that skill. The owner, may accept the offer, reject it, or make a counter-offer. You want your Realtor® to negotiate an acceptance.

Any change in a Buyer's offer by the seller is considered to be a "counter-offer." Until both parties sign the Offer and Counter-offer there is no contract of sale, and another Buyer can step in and the Seller can accept that offer. Therefore, the buyer should remain in close contact with the REALTOR® during the negotiation process so that any proposed changes can be quickly reviewed and dealt with. You should be aware that many counter-offers can go back and forth until a "deal" is struck between the parties. Again, you depend heavily on the skilled negotiations of your Realtor® to get you the home you want at the best possible price and terms.

Once both parties sign the offer and all the counter-offers (if applicable) you are "Under Contract."



## Step 8: From Contract to Closing

*The REALTOR® and the closing company take care of everything except for the lender financing.*

Once the purchase contract is accepted by both you and the seller, your REALTOR® will help to guide you through the portion of the home buying process known as Transaction Management which is handled by the Title/Closing Company.

You may be unaware of what is happening during this part of process because much of it occurs behind the scenes. This is the time when your Realtor® makes sure all of the terms of the contract are fulfilled according to the schedule set forth in the contract. Any mistakes at this stage can result in default, or a closing that just doesn't happen. See ["Top 10 Buyer Mistakes"](#) (attached).

**See Checklist Attached (under Additional Resources):** ["My Offer Is Accepted...Now What Do I Do?"](#)

The REALTOR® is there to answer any questions about the process that you may have, and to make sure that all the correct steps are taken, so you won't have any problems once you get to closing. The REALTOR® will follow up with you, the seller, and the lender to be sure all the parties arrive at closing, and with the right amount of money. The REALTOR® and the closing company take care of everything except for the lender financing. The usual contract contingencies that occur between the contract and the closing are inspections, insurance, warranties, and coordinating the actual closing process itself.

### Change Utilities

You will need to make sure to call the utility companies that service the home you are purchasing to let them know that you are the new owner and the date of your closing. See ["Utility Contact Numbers"](#) in Additional Resources (attached) to assist you in this task.

### Home Inspections

If you are purchasing a resale property, we highly recommend that you have a professional home inspector conduct a thorough inspection. The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that a structural engineer or some other professional inspect it as well.

Your home cannot "pass or fail" an inspection, and your inspector will not tell you whether he/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. The seller may be willing to negotiate completion of repairs or a credit for completion of 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 addition to the overall inspection, you may wish to have separate tests conducted for presence of radon, mold or any other concerns you may have.

In choosing a home inspector, consider one that has been certified as a qualified and experienced member by a trade association. Your realtor should be able to suggest some reputable and experienced inspectors if you would like some direction.

We recommend being present at the inspection. This is to your advantage. You will 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 once you move into your new home. Most importantly, you will see the home through the eyes of an objective third party.

See list of ["List of Qualified Inspectors"](#) in Additional Resources (attached).



There are various forms of insurance associated with home ownership, including these major types:

## **Get Insurance**

No one would drive a car without insurance, so it figures that no homeowner should be without insurance. The essential idea behind various forms of real estate insurance is to protect owners in the event of catastrophe. If something goes wrong, insurance can be the bargain of a lifetime.

### **What kind and how much insurance should you have?**

#### ***Title insurance:***

Purchased with a one-time fee at closing, title insurance protects owners in the event that title to the property is found to be invalid. Coverage includes "lenders" policies, which protects the bank up to the mortgage value of the property, and "owners" coverage, which protects owners up to the purchase price. In other words, "owners" coverage protects both the mortgage amount and the value of the down payment. In ND, typically the Sellers pay for the abstract update, the buyer pays for an attorney's opinion. In MN the abstract update and opinion are both expenses of the buyer unless otherwise noted. An Owner's Title Policy, in most cases, can be purchased in lieu of the abstract update & attorney's opinion as long as the lender has approved the substitution and the buyer is in agreement. The Buyers pay for the Lenders Policy which is a requirement of the lender. More information details about Title Insurance is available at:

**<http://homebuying.about.com/od/homeshopping/qt/TitleInsurance.htm>**

#### ***Homeowners' insurance:***

Homeowner's insurance provides fire, theft and liability coverage. Homeowners' policies are required by lenders and often cover a surprising number of items, including in some cases such property as wedding rings, furniture, and home office equipment. The Insurance Information Institute provides this explanation of homeowner's insurance:

**<http://www.iii.org/insurance-topics/homeowners-and-renters-insurance>**

#### ***Flood insurance:***

Generally required in high-risk flood-prone areas, this insurance is issued by the federal government and provides as much as \$250,000 in coverage for a single-family home plus \$100,000 for contents. Local REALTORS® can explain which locations require such coverage. Flood insurance is provided by FEMA. Everything you need to know and FAQ's can be found at: **[https://www.floodsmart.gov/floodsmart/pages/residential\\_coverage/rc\\_overview.jsp](https://www.floodsmart.gov/floodsmart/pages/residential_coverage/rc_overview.jsp)**

**See the following website for multiple flood publications: <http://publications.usa.gov/USAPubs.php?PubID=6064>**

## **Home warranties:**

With new homes, buyers want assurance that if something goes wrong after completion the builder will be there to make repairs. But what if the builder refuses to do the work or goes out of business? Home warranties bought from third parties by home builders are generally designed to provide several forms of protection: workmanship for the first year, mechanical problems such as plumbing and wiring for the first two years, and structural defects for up to 10 years (2-10). Many homebuilders only provide a one-year warranty, but some do provide the 2-10 warranty. You need to check with each specific builder.

Home warranties for existing homes are typically one-year service agreements purchased by buyers or sellers. In the event of a covered defect or breakdown, the warranty firm will step in and make the repair or cover its cost with the normal deductible depending on your coverage. This website provides home warranty insurance plan details from HSA Home Warranty. **<http://www.onlinehsa.com/Homeowners/HSA-Home-Warranty.aspx>**

Insurance policies and warranties have limitations and individual programs have different levels of coverage, deductibles and costs. For details, speak with REALTORS®, insurance brokers and home builders.

### **How do you get insurance?**

The time to obtain insurance and warranty coverage is at closing, so speak with a REALTOR® or insurance broker prior to closing. Be sure to ask about limitations, costs, deductibles and "endorsements" and additional forms of coverage that may be available.



## Step 9: Closing

*Closing is a process where all of the necessary paperwork needed to complete the transaction is signed*

### Step 9: Closing

The closing process is also known as "settlement" or "escrow," in different parts of the country is increasingly computerized and automated. In many cases, buyers and sellers don't need to attend a specific event; signed paperwork can be sent to the closing agent via overnight delivery.

In practice, closings bring together a variety of parties who are part of the "transaction" process. For example, while the history of property ownership has been checked, it's possible that the records contain errors, unrecorded claims or flaws in the review itself, thus abstract update or title insurance are necessary. At closing, taxes must be paid, and other claims must also be settled (including closing costs, legal fees and adjustments). In most transactions, the closing agent also completes the paperwork needed to record the loan.

#### **What to expect at Closing,**

Settlement is a brief process where all of the necessary paperwork needed to complete the transaction is signed. Closing is typically held in an office setting, generally with each party completing their papers separately. Whatever the case, the result is that title to the property is transferred from seller to buyer. The buyer receives the keys and the seller receives payment for the home. From the amount credited to the seller, the closing agent subtracts money to pay off the existing mortgage and other transaction costs. Deeds, loan papers, and other documents are prepared, signed and filed with local property record offices.

One of the best parts of settlement is that buyers and sellers need to do very little. Because before closing buyers typically have a final opportunity to walk through the property to assure that its condition has not materially changed since the sale agreement was signed.

At closing itself, all papers have been prepared by closing agents, title companies, lenders and lawyers. This paperwork reflects the sale agreement and allows all parties to the transaction to verify their interests. For instance, buyers get the title to the property, lenders have their loans recorded in the public records and state governments collect their taxes.

A Complete explanation of the Closing Process and link to a local closing company can be found using these two links:

[www.bankrate.com/brm/news/real-estate/buyerguide2004/closing.asp](http://www.bankrate.com/brm/news/real-estate/buyerguide2004/closing.asp)

[www.regencytitlemn.com](http://www.regencytitlemn.com) (Local Closing & Title Company)



## *Step 10:*

# *What's Next*

You've done it.  
You've looked at properties, made an offer,  
obtained financing and gone to closing.  
**The home is yours!**

Is there any more to the home buying process? There are several more steps you'll want to take.

- Those papers you received at settlement are extremely valuable, so hold on to them! In the short-term they can help establish tax deductions for the year in which the property was purchased. In the future, such papers will be important for tax purposes when the property is sold, and in some cases, for calculating estate taxes.
- Also at closing, determine the status of the utilities required by the home, items such as water, sewage, gas, electric and oil service. You want utility bills to be paid in full by owners as of closing and you also want services turned on and billing transferred to your name. Usually such transfers can be done without turning off utilities. Your REALTOR® can provide contact numbers and related information for all of these Essential Services.
- About two weeks after closing, contact your local property records office and confirm that your deed has been officially recorded. Mistakes happen and it is always good to check. These records are public notices that show your interest in the property.
- Moving in It is generally understood that sellers will leave homes "broom clean" when moving out. This expression does not mean "vacuumed" or "spotless." Broom clean makes sense because it means the house is ready to be painted and cleaned.
- For Security and for insurance purposes, many owners make a photo or video record of the home and their possessions. Keep the records in a safety deposit box. Your insurance provider can recommend what to photograph and how to secure it.
- You want to maintain fire, theft and liability insurance. As the value of your property increases such coverage should also rise. Again, speak with your insurance professional for details.

Lastly, enjoy your home. Owning real estate involves contracts, loans, and taxes, but ultimately what's most important is that home ownership is a wonderful accomplishment. Enjoy!





**“The ONLY Real Estate Site You’ll Ever Need!”**

**VIP Home Search Access (see below)**

**Home Buying & Selling Helpful Tools**

**Step by Step Guides for All Your Real Estate Needs**

**Our Free Online Instant Home Valuation**

**Our FM Real Estate Blog with helpful news and information**

**Community Information & Much Much More!**

## **VIP Home Search Access**

### ***Search Homes Like a Professional***

Search the exact same place that REALTORS search for homes! The MLS is the ONLY place you can search absolutely every home listed by every Realtor and every Real Estate Company. The MLS is the ONLY site that is completely accurate and thorough. PLUS... the MLS is updated in “Real Time”! No more wasted time viewing sold homes, spam or incorrect information. You can sign up for updates of new homes on the market and be the first to know when a home comes on the market and fits what you’re looking for!

*Or...simply let us know what you’re looking for*

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