

Chad Sperry

The
CONDO SHOPPE


SPERRY
REALTY LLC

HOME BUYER'S GUIDE

condos for all lifestyles | condos for all budgets

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The Condo Shoppe Buyer's Guide provides a general overview of basic essentials you need to understand in order to navigate today's real estate market. To receive full-service support and real estate advice tailored to your needs, visit CondoShoppe.com to schedule a personalized and complimentary consultation.

INTRODUCTION

While every financially significant investment poses risks, the Madison real estate market offers more opportunities than ever before. Whether you are an experienced real estate investor with a sophisticated and diverse portfolio, or a first-time homebuyer contemplating the purchase of your first home, it's important to educate yourself on the latest economic and real estate market trends, the basics of the home buying process and to understand the unique local market trends impacting your neighborhoods of interest. It's also essential that you select a skilled and experienced real estate agent partner to help you navigate the process. Chad Sperry at The Condo Shoppe provides homebuyers with expert advice, accurate market and property information, prompt access to upcoming properties and the highest level of service and discretion. Seller and Buyer clients leverage our skilled and authoritative assessment of real estate opportunities, as well as exclusive access to some of the best properties on the market —many of which may never be available to the public on through MLS.

The Home Buying Process: A Basic Overview

Finding and purchasing a home in Madison and the surrounding areas involves the general steps outlined in the following section; however, most homebuyers and real estate investors have unique financial, property and personal requirements that demand advice from a real estate professional with specialized expertise.

These include instances when you wish to purchase a:

- First home
- Home that is dependent on the sale of another property
- Vacation home or cabin
- Property overseas
- Lot and build a new construction home
- Secondary or multiple investment properties

If you are interested in buying a home, Chad can help.

Visit CondoShopper.com to schedule a complimentary consultation.

Home Buying Process: A Basic Overview

Step 1: Secure Financing

Before starting your home search, it's important to evaluate your financial situation, confirm your budget, familiarize yourself with mortgage options and schedule a meeting and secure pre-approval from one of our preferred lenders. This will help you conduct your search with confidence and negotiate your desired home successfully.

ESTABLISH YOUR BUDGET

As a general guideline, we recommend total monthly housing costs for your primary home, including mortgage payments, taxes, maintenance fees, insurance, interest charges and utilities, should not exceed 32 percent of your gross monthly household income. Many financial advisors also suggest that total monthly debt, including mortgage payments, credit card and car payments, should not exceed 40 percent of your gross monthly income. Those purchasing a real estate investment property should consult their tax accountant and financial advisor to understand tax and financial implications of their purchase.

CONFIRM DOWN PAYMENT

If your down payment amount is less than 20 percent of the total purchase price, you will need to purchase private mortgage insurance (PMI) that guarantees the debt against default. In most cases PMI will be bundled with the mortgage loan.

CHECK YOUR CREDIT RATING

Your credit report plays an important role in your mortgage approval process and in determining the interest rate and other loan terms that a lender offers you. Before meeting with a potential lender, you may wish to confirm your credit rating so you have time to resolve any issues. You can contact Equifax Credit Information Services at 1-877-322-8228 or visit www.annualcreditreport.com for more information.

UNDERSTAND MORTGAGE RATES

Interest Rates

Mortgage interest rates are fixed, variable or adjustable.

- Fixed: A fixed mortgage interest rate is a locked-in rate that will not change for the term of the mortgage.
- Variable: A variable rate fluctuates pending market conditions while the mortgage payment itself remains unchanged.
- Adjustable Mortgage Interest Rate: With an adjustable rate, both the interest rate and the mortgage payment change based on market conditions.

Home Buying Process: A Basic Overview

MORTGAGE DETAILS

Open Mortgage: An open mortgage is flexible. You can typically pay off part of it or the entire amount at any time without penalty. This may be a good option if you plan to sell your home in the near future or if you intend to pay off a large sum of your mortgage loan.

Amortization

Amortization is the length of time the entire mortgage debt will be repaid. Many mortgages are amortized over 30 years, but shorter periods are available. The longer the amortization, the lower your scheduled mortgage payments, but the more interest you pay in the long run.

CONVENTIONAL VS. HIGH RATIO MORTGAGES

- **Conventional Mortgage:** A conventional mortgage is a mortgage loan that is equal to, or less than, 80% of the lending value of the property. The lending value is the property's purchase price or market value — whichever is less. For a conventional mortgage, the down payment is at least 20% of the purchase price or market value.
- **High-ratio Mortgage:** If your down payment is less than 20% of the home price, you will typically need a high-ratio mortgage. A high-ratio mortgage usually requires mortgage loan insurance. Your lender may add the mortgage loan insurance premium to your mortgage or ask you to pay it in full upon closing depending on your scenario.

MORTGAGE TERM

- The term is the length of time that the mortgage contract conditions, including interest rate, are fixed. The term can be from six months up to 30 years.
- There are generally several term options for a mortgage and it's important to weigh the benefits and costs of each. A longer term may allow you to plan ahead and protect you from interest rate increases, but may not offer you flexibility, should interest rates fall.

OPTIMIZING YOUR MORTGAGE

Work with your lender to optimize your mortgage payment schedule for your unique situation. Many primary homeowners aim to pay off their mortgages as quickly as possible, which can be achieved with more frequent installments. Your mortgage may also be structured to allow an increase in payments as cash flow permits, and there may be lump sum payment opportunities each year to be applied directly to the principal. If you are purchasing real estate solely for investment purposes, other considerations such as tax implications come into play. Consult your tax accountant and financial advisor for assistance and insight.

GET WRITTEN PRE-APPROVAL

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Home Buying Process: A Basic Overview

Step 2: Define Your Goals, Needs and Budget

Prior to meeting, it's important to clarify your budget, personal property preferences, and any anticipated life stage and lifestyle requirements that may impact the purchase of your home. As a starting point for your consultation, complete the worksheet to review with Chad.

BUDGET RANGE

Target Budget _____ Maximum Budget _____

PREFERRED PROPERTY TYPE

- Condo/Loft Townhouse Single-Family Home
 Multi unit building Vacation Home/Urban Cabin Other

PRIMARY PROPERTY USAGE

- Primary Family Home Vacation/Secondary
 Investment/Revenue Property Other _____

PROPERTY FEATURES

	Need	Want
How many bedrooms do you need?	_____	_____
How many bathrooms do you need?	_____	_____
Do you need space for a home office?	_____	_____
What kind of parking facilities do you need? For how many cars?	_____	_____
Do you require storage or hobby space?	_____	_____
Do you require garden/outdoor space?	_____	_____
Is a fireplace or amenities like a swimming pool/fitness center high on your list?	_____	_____

Home Buying Process: A Basic Overview

LIFESTYLE AND LIFE STAGE

Most people aim to find a home and neighborhood that will meet their needs for the next five to 10 years. Chad can help you assess how your lifestyle may impact the property or neighborhood that is right for you.

How long do you plan on staying in this home?

Will you need a home that can accommodate different stages of life?

Do you have children or plan to have children?

Do you have teenagers who will be moving away soon?

Are you close to retirement?

Home Buying Process: A Basic Overview

Step 3: Select Your REALTOR®

A REALTOR® represents your interests when purchasing a home, one of the most significant financial investments you can make. For this reason, it's essential to select an advisor with in-depth knowledge of the real estate market and specialized experience in the property types you are interested in. If you are interested in buying a home, Chad Sperry can help:

LOCAL EXPERTISE

Chad offers in-depth knowledge of the Madison real estate market, from advice on condo buildings, historic homes and new construction homes and developments with the best potential return-on investment, to insight into the properties and neighborhoods that best match your life stage and lifestyle.

NATIONAL CONNECTIONS

Chad is a member of an agent network of over 140,000 top-performing agents covering 100% of the U.S. and Canada. If you are moving anywhere around the country Chad can supply you with multiple agents who can help you in your move. We have the experience and contacts to facilitate real estate transactions anywhere and to assist clients who wish to buy Madison real estate from out of state and abroad.

REAL ESTATE SPECIALIZATION

Chad assists clients in the purchase of real estate in many categories: single-family homes, condos, townhomes and multiplexes, as well as properties that demand specialized knowledge such as historic homes, tear downs and new construction homes.

PROFESSIONAL SERVICE AND DISCRETION

Chad commits to providing you with confidential, knowledgeable and responsive service. He guarantees discretion, monitor and promptly deliver listings that meet your criteria, facilitate viewings and property tours according to your individual needs and schedule, and facilitate the negotiation and purchase of your home professionally.

SEAMLESS SALES & MARKETING

If buying a home purchase depends on the sale of your current one, we make the process efficient and seamless. Our real estate marketing program reaches the most targeted and qualified buyers through exclusive online marketing that generates hundreds- if not thousands- of impressions.

Home Buying Process: A Basic Overview

Step 4: Conduct Your Home Search

Once Chad has an understanding of your budget and property preferences, you can expect him to provide you with:

Automatic Property Updates

As soon as a property that meets your desirable home criteria comes on the market via MLS or through our other broker channels, you will receive an email alert to direct you to that listing.

Advance Access to Exclusive Properties

In some neighborhoods, homes are sold within days- or even within hours- of being listed. Others are marketed and sold within a brokers network without ever being made available to the public. In some cases, Chad will be able to arrange for advance access to properties that are represented within their professional and company networks.

Property Tours

Chad will schedule walk-throughs of properties matching your preferences and needs. You may also review properties on third-party websites or by visiting open houses, then contact Chad to schedule a private tour, should there be one that matches your needs.

Evaluation of Options

It can be challenging to determine the fair market value of a home and to assess whether it is “good value” for its listed price or for your budget. Variables that impact the value of a home or property include its location, neighborhood, community plan, proximity to amenities, lot attributes, views, property size, interior and structural condition, construction type, age, unique features, and the current state of the local real estate market.

Chad Sperry will assist you in assessing the pros and cons of properties you are interested in, and provide insight on recent comparable property sales so you have the information you need to place an offer and negotiate effectively.

Home Buying Process: A Basic Overview

Step 5: Submit Your Offer

It's important that you understand the documents crafted to prepare your offer. Prior to signing any documents Chad will walk you through the strategy and also the language of the offer documents. Some general considerations include:

Legal and Contractual Obligations

In the state of Wisconsin, an offer commits you to legal and contractual obligations as soon as the other party has accepted it. The state of Wisconsin does not require that an offer be prepared by an attorney. Prior to submitting an offer, should you have specific questions about the legal obligations you are undertaking, please consult an attorney.

Valuation

Prior to writing your offer, Chad will provide you with information on recent area sales, local market information and background on whether there are competitive bids, which will help you determine your initial offer as well as your target price for this specific home.

Background Research

With some investigation, Chad may also be able to assess the Seller's background and objectives for selling, which may assist you in crafting a competitive offer.

Offer Details

The details of an offer typically include: your legal name, the legal address of the property, the price you are offering to pay, inclusions (items in or around the home that you think are included in the sale should be specifically stated in your offer, such as appliances, lighting fixtures or window coverings), amount of your earnest money deposit, dates you take legal and physical possession of the home, contingencies upon which the contract becomes final (such as satisfactory home inspection report or financing approval), and the date the offer expires. Your offer is a legally binding document and will be prepared by a real estate professional.

Professional Inspection

Chad can advise you as to whether a professional inspection should be conducted prior to or after submitting your offer. This will depend on the property age and type, and whether competitive bids are anticipated.

Time Frame

Ensure that any time frames indicated in your contract are realistic, particularly if your offer is still subject to securing a mortgage, a situation we advise against by ensuring you secure pre-approval in advance. Recent increases in market activity as well as increased vigilance by lenders may mean that mortgage approval requires more time.

Home Buying Process: A Basic Overview

Step 6: Negotiate Successfully

Preparation

Depending on the situation, after submitting an offer you should be prepared to negotiate, not just on the initial price, but on all key factors impacting the sale of the home including earnest money, inclusions, dates for closing and possession. Ensure you know your budget and requirements prior to submitting your offer so you don't commit to additional costs in the heat of the process. Chad will guide you in the process.

Multiple Offers

In high-demand, low-inventory areas, you may find yourself bidding against other buyers. Some sellers in high demand niche markets may also intentionally list their home at a low price hoping to stimulate multiple offers. This doesn't necessarily mean that the price will be bid up significantly over the asking price, but it does mean that due diligence is required on your part and the part of your REALTOR® to ensure the offer you submit is strategic, competitive and reflective of what are ultimately willing to pay for the property. Whether you are anticipating competition or not, you should be preapproved for your mortgage prior to your home search and well in advance of writing an offer. In a multiple offer situation, this will impact your ability to negotiate successfully, particularly if others making an offer are already preapproved. It also lets you know the maximum you can afford in what may be a stressful situation.

Potential Responses

You can expect one of three responses to your offer:

- Accepted as is: the deal is complete and once signed by the seller, the offer becomes a binding legal contract.
- Counter offer: the seller may make changes to your offer, such as adjustments to the price, closing date or conditions. You may accept the counter offer and close the deal by signing the document. Or, you may make another counter offer back to the seller.
- Rejection of the offer: the seller may choose to reject the offer and the sale will not go through.

Offer Acceptance

Once both parties come to an agreement, negotiations conclude and you move on to the next steps in the buying process. You will have a set period of time in which to satisfy the contingencies agreed to in your contract, such as completing a satisfactory home inspection report or securing financing. Only after your subjects/conditions are removed do you have a legally binding document.

Home Buying Process: A Basic Overview

Step 7: Close the Deal

The closing or completion day is the day the buyer takes legal possession of the property.

Preparation

As this day nears, Chad and your lender will monitor the progress of your transaction to ensure there are no last minute issues that need to be dealt with.

Closing Day

On closing day itself, legal property ownership is transferred to your name. Prior to the closing it is common to do a final walk through of the property to ensure everything is in good working order before you take ownership. The mortgage amount is provided to the title company by your lender and you will receive a settlement statement (often referred to as a HUD) which is a breakdown of all the costs payable, including: balance owing, title fees, mortgage registration taxes and other closing costs. Your closing officer will pay the Seller's title company, complete necessary documents and give you necessary documents needed in the event you wanted to homestead your new property.

On your closing day, your lender provides the mortgage money to your title company, you provide the down payment (minus your earnest money) as well as any remaining closing costs as discussed by your lender. The title company will register the home in your name and provide you a copy of the warranty deed to your new home.

CONGRATULATIONS!

Contact Information



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