

1 Buyer Inquiry

Buyers generally make an inquiry to the listing agent for a specific property, or with an agent who is promoting an inventory of properties. The buyer may have seen a For Sale sign, an advertisement on print media or on the Internet, or heard about a property or agent through the referral of a friend, family member, or coworker. Once the inquiry is received, the buying process begins.

2 Initial Interview

With literally thousands of properties on the market, the agent must find out the needs and wants of the buyer then establish the parameters for a property search. While some buyers know exactly which property they wish to buy, the majority of buyers need help to identify which properties fit their criteria. As required by state law, a buyer agency agreement/disclosure is also drafted and signed at this point. It establishes the responsibilities and expectations of both the buyer and the real estate agent.

3 Obtain Financing Pre-approval

Unless there are sufficient funds to pay cash, the buyer needs to acquire financing in order to purchase a property. Obtaining a loan can take a significant amount of time and needs to be addressed early in the buying process. The buyer needs to complete a loan application and submit all necessary documentation. The lender can then give a “pre-approval” to the buyer, assuming the buyer’s income, debt, and credit history are acceptable. Loan “pre-approval” speeds up the buying process, establishes an affordable purchase price, and enhances negotiation with property owners.

4 Search for Properties

The agent accesses thousands of properties for sale and narrows down the search using tools not available to the public. This is one of the many benefits of using a professional real estate agent during the buying process. While some realty sites on the internet have basic search parameters such as price and town, they do not search other key data fields that are necessary in weeding out properties that don’t fit the true needs and wants of the buyer. This process can sometimes take longer than others depending upon the current inventory. Certain property types, locations, and price ranges are more readily available than others. If a suitable property is not currently available, an agent may proactively pursue properties that fit the buyer’s needs but are not currently for sale. Buyers may sometimes come across For Sale By Owner (FSBO) properties as well as properties listed with non-members of the local Multiple Listing Service (MLS). If this happens, the buyer can simply inform the agent of the property(ies) in question, and the agent will make arrangements to obtain information and/or show the property(ies) to the buyer.

5 View Properties

Once one or more properties have been found to meet the buyer’s criteria, the agent will schedule a suitable time to view the properties. Although “virtual tours” allow buyers to view dozens of photos and/or video, they do not replace the need to view properties in person. However, they can be very helpful in ruling out certain properties that clearly do not meet the buyer’s criteria. Viewing properties in person allows buyers to see neighboring properties, get a better feel of the location, and closely examine the condition and layout of the property.

6 Write the Contract

Once the buyer has indicated that they wish to purchase a specific property, the next step is to submit a signed purchase agreement and an earnest money deposit to the property seller. The purchase agreement, or contract, contains the names of all buyers and sellers, the legal description of the property, the price, financing arrangements, closing date, as well as any other terms and contingencies the buyer needs to have in the contract. The price in the contract is based on recent, comparable sales, as well as the buyer's level of comfort and budget. Financing, home inspections, repairs, study period, and approvals to use/change the property for a specific use, are the most common contingencies written into a purchase agreement. Although a buyer can offer a property owner any price and terms, the seller does not have to accept the offer. A ratified contract exists when the buyer and the seller have reached an agreement on price and terms. Prior to the purchase agreement being fully executed by both parties, it is simply considered an "offer" or a "counter-offer" (a response to an offer).

7 Work Through Contract Contingencies

Once there is a ratified/executed contract, the buyer's agent will guide them through the contingencies noted in the purchase agreement. Once all contingencies are met and are satisfactory to the buyer and their lender, and agreed upon by the seller, the contract will then be amended to release the conditions. There may be multiple parties involved in fulfilling the contract contingencies – the loan originator, loan processor, loan underwriter, appraiser, home inspector, engineer, county building/zoning official, soil consultant, septic inspector, termite inspector, contractors, and others. There may be instances where the contract contingencies cannot be satisfied, or problems arise in the process (e.g., title and/or survey problems, major construction problems, etc.) that cannot be cured to meet the approval of all parties. If this happens, the contract shall be terminated and the property, in most cases, will be placed back on the market.

8 Coordinate Final Inspections and Tasks Related to Settlement

For most residential properties, there are three standard inspections that need to be completed within thirty days prior to settlement. These inspections include a water analysis, a septic inspection, and a wood-destroying-insect inspection, all of which will be ordered by the listing agent. If the home is served by a public/community water and/or sewer system, the water analysis and/or septic inspection are waived. Unless the lender requires them, these standard inspections can be waived for houses being sold "as-is, where-is". It is customary for the standard residential inspections to be paid by the seller, and they are not ordered until all other conditions in the contract have been satisfied. For residential properties, buyers typically want to conduct a walk-through inspection of the home to ensure that nothing has changed, except for any agreed repairs, etc., since the last time they were at the property. It is also to make sure that appliances and mechanical systems are working properly, unless agreed otherwise. Once all conditions have been satisfied and all standard inspections are completed without any problems, settlement can then be scheduled. Both the buyer and the seller need to hire the services of a settlement agent or attorney to represent them in the final steps of the transaction. This includes deed preparation, title search, loan document review and explanation, legal questions, etc. They may use the same settlement agent or attorney, or choose different people to represent them. The real estate agent(s) will help coordinate all of the many items and tasks associated with this step and will work closely with the settlement agent(s), attorney(s), and other relevant parties.

9 Closing Settlement

Title (ownership) to the property is transferred from the seller to the buyer at the time of settlement, once the deed has been recorded. All necessary loan documents, the deed, the settlement statement that shows all expenses, credits, and proceeds, along with any other final documents, are signed at closing to finalize the transaction. If the property being purchased is a home, the buyer may or may not take possession of it on the day of settlement. The date in which the buyer takes possession of the property needs to be included in the purchase agreement. It is not uncommon for the owner to rent back for a few days or weeks after settlement. This helps eliminate the risk of a transaction falling apart at settlement after the seller has already moved out their personal property items. It's also very common for the buyer and seller to sign their respective documents at different times and places, sometimes by mail. Proceeds from settlement can be wired electronically to the seller or given in the form of a check.

10 Post-settlement Tasks

If there are any remaining items to be completed after settlement, the agent can facilitate these items and make certain they are taken care of in a timely fashion. Such items may include repairs (where money may have been escrowed), a final walk-through inspection for cases where the seller didn't vacate the home until after settlement, and setting up accounts for utilities (electricity, water, gas/oil, cable, telephone, etc.) if not completed prior to settlement.

11 Ongoing Follow-up

Even after the sale is finalized, it is our hope that you, the buyer, will allow Bay River Realty the opportunity to assist with any real estate related needs you may have. Anything from a simple referral to a contractor, or your desire to purchase or sell another property, please let us know how we can help. If any of your family, friends, or co-workers needs assistance with buying or selling, we would be most grateful for those referrals as well!