

SHORE & COUNTRY

PROPERTIES *at Russell Pruner & Associates*

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A Guide and Overview of the
Typical Home Purchase Process
Greenwich, Connecticut

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Typical Home Purchase Process

(Greenwich, Connecticut)

The following is intended as a guide to help you determine the steps you probably will need during the process of buying a home in Greenwich, Connecticut. All items mentioned are not necessarily required for all home purchases (e.g. a well inspection would not be necessary on a home which is serviced by the public utility water company).

Selecting a Real Estate Agent:

Select an agent who is both experienced and knowledgeable with the local market and inventory. The only way for you to obtain this type of information is to 'Interview' the agent. Just as you would do if you were going to list your home for sale. You want to speak with several agents to understand their level of experience, training, and education while also looking at their purchase philosophies. When you do select an agent, they will request that you sign a 'Buyer Representation Agreement'. State of Connecticut agency laws require that this document be signed by a buyer prior to a real estate agent showing them property. Review this document with the agent prior to signing it.

Do Your Homework:

Focus on your needs. Look not simply in terms of real estate, but also placing emphasis on 'quality of life' issues and how important they are to you. Determine what a community offers, not only from an initial purchase perspective but also from a resale standpoint. There is nothing worse than finding your ideal dream home and then spending the rest of your life wishing that it were "in another town". Focusing on these types of items early will make the rest of the process that much more enjoyable and satisfying.

Mortgage Pre-Approval:

Contact a mortgage company or banking institution to understand what purchase price might be correct for you. Further understanding of your financial situation will allow the lender to issue you a 'Pre-Approval' letter which stipulates that you have been approved for a mortgage up to a specific dollar value — a valuable asset for you during the negotiation process! If you are not familiar with the names of lenders (banks, mortgage brokers & mortgage bankers), your real estate agent will be able to provide them.

Finding the Right Property:

The house searching portion of the process is truly a 'joint effort' between you and your real estate agent. Try to be open with your Realtor about your likes and dislikes, it is not a personal issue to the agent, after all - you are not buying his or her house. It is just as important to tell your agent when there is part of the house that you do like so he/she will begin to understand your likes in the home you wish to buy. Between your input and your agents' professional skills, the search will narrow until you are ultimately find the 'right' property for you.

Preparing to Make an Offer:

Once you have started to focus on one or two properties, your agent will be able to provide you with market data on recently sold properties. This information will help both you and your agent to formulate your offer. Working with your agent, you will be able to determine where you would initially like to start with your offer price. You should then develop a set of strategies, each dependent upon how the seller responds to your offer. In this way you are prepared and should not end up in a 'react' mode to any counter offer by the seller.

The Offer:

It may include, but is not limited to, the following:

- The Opening Offer Price that you are willing to pay
- Financial Contingency requirements, amount of your mortgage and date by which you will receive a written commitment.
- The Closing Date upon which you will take ownership of the property
- Inspection Contingencies (Building, Radon, Termite, Lead Paint, Well, Septic, Survey, etc.), usually termed “all physical inspections”
- Other Contingencies that are to be identified and included in a Contract of Sale along with dates if appropriate
- Identification of the Inclusion and/or Exclusion of any ‘personal property’ (ie washer/dryer etc.)
- The date you will sign the contract and give 10% of the purchase price as earnest money.

This complete offer is then presented by your agent to the Listing Agent for the property. The seller may respond in any one of the following manners:

1. The seller may totally reject your offer without giving any counter offer.
2. The seller may counter your offer with one of their own, thereby rejecting your offer and placing one of their own on the table for you to consider (accept, reject or counter),
3. The seller may accept your offer as it was presented it.

Once a verbal agreement has been reached, a written ‘Offer to Purchase’ is prepared by your agent, outlining the terms agreed to by you and the seller, and this document is then transmitted to the appropriate Listing Broker and the attorneys of record.

Contracting Process:

The seller will instruct their attorney to draw the Contract of Sale to include the terms agreed upon. Your agent will ensure that, at the same time, your attorney receives the necessary information so that he/she can begin their work and be prepared to receive and review the contract. Your attorney will review the contract from your perspective and insure that your interests are protected (such as including stipulations for delays, searching of Title, type of title to be conveyed, cleanliness of the premises at time of closing, etc.). The timing of this, dependent upon the complexity of the terms, should all take between five to ten days from accepted offer to signed contracts. You will normally be expected to submit an escrow check (made out to the attorney) with the signed contract, in the amount of ten percent of the total purchase price.

Pre-Closing Activities:

Your agent will work closely with you to ensure that the specified 'contingencies' which are part of the contract are removed by the dates stipulated. This means that inspections must be arranged and completed and that your mortgage must be processed by the agreed to dates. If any of the dates appear to be in jeopardy, notify your agent and attorney immediately – do not wait until the last moment. There is always the possibility that extensions, if reasonable, can be accommodated. One of the most often jeopardized dates is the one by which you will have completed arrangements for your financing/mortgage. This, unfortunately, is one date where you are at the mercy of the mortgage person you have chosen. Therefore, when selecting your mortgage provider, you need to seek out one with a solid record for performance and level of service. This is another area in which your agent can provide valuable assistance.

Your agent will remind you, about two weeks prior to the closing, that the appropriate utilities and services (electric, gas, oil, propane, telephone, refuse, etc.) need to be notified to have the accounts transferred to your name on the date of the closing. During the same period, the seller will be contacting the same providers to 'discontinue' service. This transition needs to go smoothly to protect you from having to pay a 'connection' or 'hook-up' fee because the service was completely terminated. Your real estate agent will assist you with this, but the companies require the new account owner to actually initiate the request for service.

Closing Day:

On the day of your closing, you and your real estate agent need to perform one last walk-through of the premises. Together you will look to insure that the property is in the condition that it was when you signed the Contract of Sale. You will verify that the items which were to be included are present. You want to make sure that the house and grounds are as specified within the contract ('broom clean'). And most important, that there are no defects visible now which were previously hidden (such as a damaged floor which was previously hidden by carpeting, or a hole in a wall which was hidden by an entertainment center, etc.).

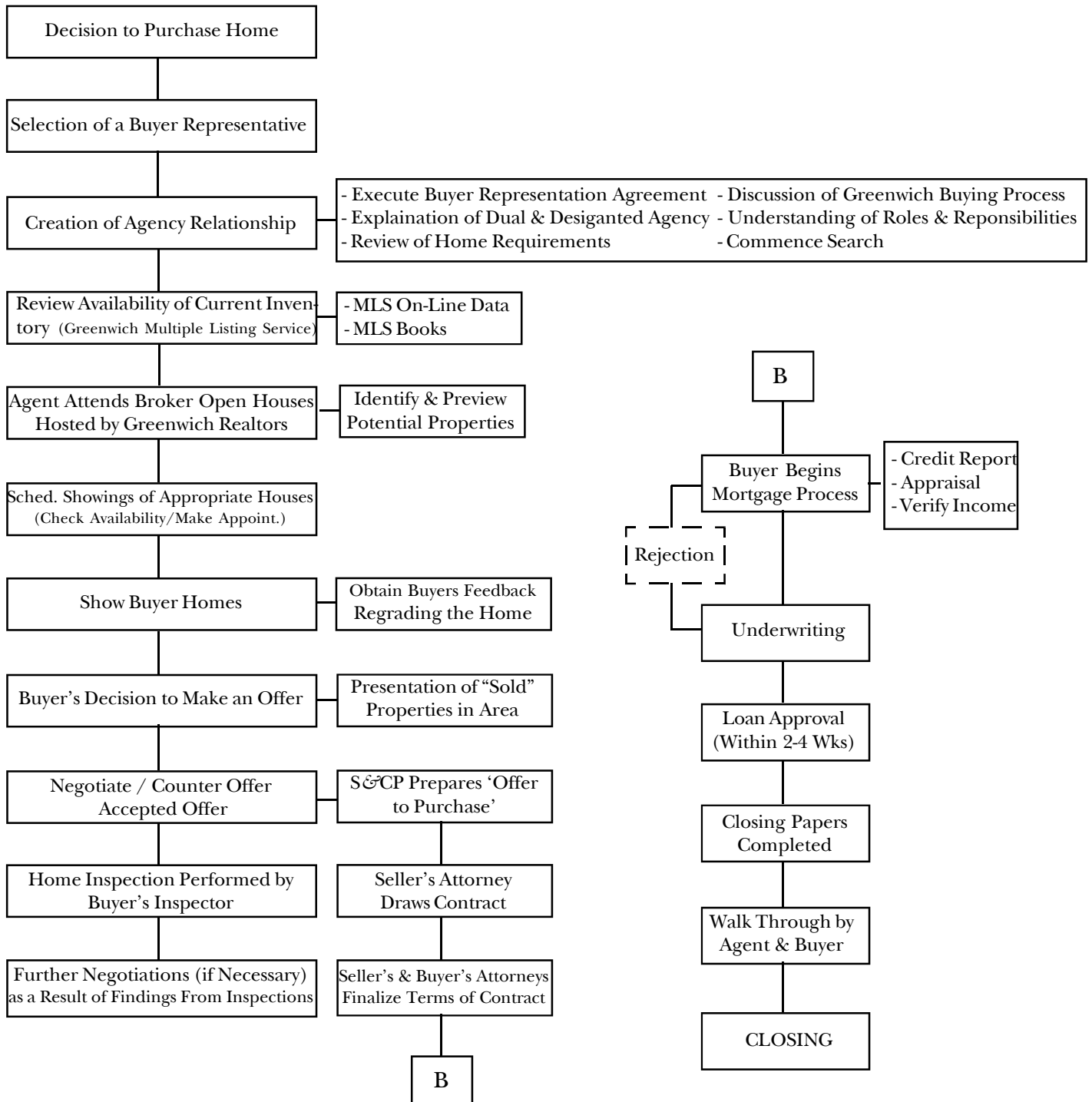
Finally, you close on the property. You (or in your absence, your power-of-attorney) will attend the closing – primarily to sign appropriate documents and deliver checks for appropriate amounts. If your situation dictates, you may actually meet with your lender immediately prior to the time of the closing to sign your mortgage papers. Between your real estate agent, your attorney and your lender, you will be advised ahead of time of all the costs and fees associated with your closing (e.g. points or loan origination fee, title insurance, bank appraisal fee, attorney's fee, survey fee (if required by lender or title company), recording fees, homeowner's insurance, adjustment costs (gas, oil, property taxes), private mortgage insurance (if financing more than 80%), tax escrow, etc.).

We at Shore & Country Properties trust that the above information proves helpful to you and that it makes the entire process less forbidding and more enjoyable. To further assist you with all of your real estate needs – please give us a call **(203) 698-1234**.

Typical Home Purchase Costs

- Points or Loan Origination Fee
- Adjustment of Interest on Loan from date of closing
- Title Insurance (One-time fee required by banks)
- Credit Check
- Bank Appraisal
- Attorney's Fee
- Survey Fee: If property has not been surveyed, the Lender or Title Insurance Company may require a registered survey or plot plan showing the location of the dwelling(s) and the boundaries of the property, as well as easements and rights of way.
- Recording Fees: The Buyer usually pays the fee for legally recording the new deed and mortgage.
- Homeowners Insurance: Proof of a current policy is necessary at closing.
- Adjustment costs paid to the seller at closing (where applicable):
 - Buyer's share of pre-paid property taxes.
 - Heating Oil or Gas remaining in tank(s).
 - Association Dues.
 - Sewer Service Charge.
- Inspections made of the property (normally incurred prior to closing) which may have been performed at the request of the Buyer:
 - Pest, Structural, Radon, Lead Base Paint, Well, Septic, etc.
- Private Mortgage Insurance (PMI) - if financing more than 80%.
- Tax Escrow, if necessary

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