

HOW A REALTOR® CAN HELP

A real estate agent can help you understand everything you need to know about the buying process.

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The process of buying a home or investment generally starts with determining your buying power; that is, your financial reserves plus your borrowing capacity. If you give a real estate agent some basic information about your available savings, income and current debt, he or she can refer you to lenders best qualified to help you. Most lenders -- banks and mortgage companies -- offer limited choices.

Looking

Once you know how much you can and want to invest, the next step is to find the properties that most nearly fit your needs. This is the time to choose a real estate licensee. When picking a real estate agent look for one who is also a REALTOR®. A REALTOR® is a member of the NATIONAL ASSOCIATION OF REALTORS®, a real estate trade association, and all members agree to abide by a 17 article Code of Ethics. A REALTOR® has many resources to assist you in your search. Sometimes the property you are seeking is available but not actively advertised in the market. It will take some investigation by your agent to find all available properties.

Choosing a property

Your job is to make the final selection of the right property for you. This is when excitement and emotion run high. Your real estate agent can assist you in the selection process by providing objective information about each property. Agents who are REALTORS® have access to a variety of informational resources. REALTORS® can provide local community information on utilities, zoning, schools, etc. There are two things you'll want to know. First, will the property provide the environment I want for a home or investment? Second, will the property have resale value when I am ready to sell?

Negotiating

There are myriad negotiating factors, including but not limited to price, financing, terms, date of possession and often the inclusion or exclusion of repairs and furnishings or equipment. The purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. Your agent can advise you as to which investigations and inspections are recommended or required.

Due diligence

With a negotiated agreement in hand, it is time to complete the evaluation of the property. Depending on the area and property, this could include inspections for termites, dry rot, asbestos, faulty structure, roof condition, septic tank and well tests, just to name a few. Your agent can assist you in finding qualified responsible professionals to do most of these investigations and provide you with written reports. You will also want to see a preliminary report on the title of the property. Title indicates ownership of property. The title to most properties will have some limitations; for example, easements (access rights) for utilities. Your agent, title company or attorney can help you resolve issues that might cause problems at a later date.

Financing

As soon as you are reasonably sure the property is right for you, the process of obtaining financing begins. Your agent can help you in understanding different financing options and in identifying qualified lenders.

Closing or settlement

Finally, there is the closing, or settlement, as it is known in different parts of the country. Every area has its own unique customs. In some areas, the title or escrow company will handle this process. In other parts of the country, an attorney does it all. Again, your real estate agent can guide you through this process and make sure everything flows together smoothly.

Why use a REALTOR®?

All real estate licensees are not the same. Only real estate licensees who are members of the NATIONAL ASSOCIATION OF REALTORS® are properly called REALTORS®. They proudly display the REALTOR "®" logo on their business cards or other marketing and sales literature. REALTORS® are committed to treat all parties in a transaction honestly. REALTORS® subscribe to a strict code of ethics and are expected to maintain a high level of knowledge of the process of buying and selling real estate. An independent survey reports that 84% of home buyers would use the same REALTOR® again.

You be the judge

Real estate transactions involve one of the biggest financial investments most people experience in their lifetime. Transactions today usually exceed \$100,000. If you had a \$100,000 income tax problem, would you attempt to deal with it without the help of a CPA? If you had a \$100,000 legal question, would you deal with it without the help of an attorney? Considering the small upside cost and the large downside risk, it would be foolish to consider a deal in real estate without the professional assistance of a REALTOR®!



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