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A REALTOR's Role Understanding Your Options

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How best to buy
or sell a home

Because there's too much at stake...

Table of Contents

Buying or selling	1
How to choose a real estate professional?	1
Agency relationships	1
What is a REALTOR®?	2
If you're buying a home	3
What is the down payment?	3
What are closing costs?	4
What is earnest money or deposit?	4
How much will a financial institution lend you?	5
Pre-qualifying or pre-approval?	6
Why use a real estate professional to help you buy a home?	6
House hunting	7
What you should know about home inspections	9
Ready to make an offer?	10
What is a home warranty?	10
What the offer contains	11
What are contingencies?	12
Withdrawing an offer	12
Between sales contract & the closing	12
What's a walk through?	13
What is title insurance?	14
Just before closing	14
The closing process	15
If you're selling a home	16
What can a real estate professional do for you?	16
Why use a real estate professional to help you sell your home?	17
How do you get the best price for your home?	17
Figuring your net proceeds	19
Fair housing, what you need to know	19
REALTOR® Associations	20



Buying or selling:



How to choose a real estate professional

First, understand the difference between “buyer’s agents,” who represent the best interests of the buyer, and “seller’s agents,” also called “listing agents,” who represent the seller’s best interests. Understanding the differences between these two agency types can play a vital role in your choice of a real estate professional as well as the specific services, skills and capabilities offered by that individual.

How do you decide which is best for you? Virginia law defines “Agency” in the real estate context as a “relationship in which a real estate licensee acts for or represents a person by such person’s express authority in a real estate transaction.” If you enter into an agency relationship with a real estate firm, you are its client, and the firm represents you. If you are buying through a firm but do not enter into an agency or brokerage relationship with the firm, Virginia law says that you are the firm’s customer. Firms will generally give higher levels of service to their clients than to their customers.

Agency relationships

Single Agency

Most of the time, the firm representing one party (the buyer or seller) will represent only that party and will not also represent the other party. Unless you and your agent agree in writing to the contrary, your agency relationship will be a standard agency and will be governed by Virginia’s laws and regulations setting forth the duties agents and brokers owe their clients.

Most of us are generally aware of the role played by the listing agent, who represents the seller. But within the last decade or so, buyer agency has become increasingly commonplace. A buyer’s agent can help you with many tasks in purchasing your new home. He or she will help you determine how much you can reasonably afford to spend on a house, help you obtain a loan commitment from a mortgage lender, help you establish priorities such as location, personal tastes, availability and budget, and find the home that fits your needs and desires. One of the most important and valuable skills is the ability to negotiate for favorable terms on your selected real estate. While you will make the ultimate decision on what to offer for a home, the price you pay will be influenced by market conditions, interest rates and market subtleties that your agent will know and understand. When you have agreed on price and terms with the sellers, your buyer’s agent will help you locate a qualified home inspector, finalize your loan, and select an attorney or title company to close your purchase.

Dual Agency

Occasionally a buyer will wish to make an offer on a property listed by the buyer agent's firm, or even by the buyer agent. Virginia law allows an agent to represent both the seller and buyer in the same transaction, but only with the mutual and informed consent of both parties. The dual agent's position is one of neutrality, which means the agent cannot favor one party over the other, cannot offer negotiation assistance, and cannot disclose the confidential and personal information of either party to the other party. The agent will typically make every effort to act impartially and facilitate a win-win conclusion to the transaction.

Designated representation

A buyer may wish to make an offer on a property listed by the buyer agent's firm, but by a different agent in the firm. In this situation, it may be possible for both buyer and seller to retain full representation and assistance by the use of what is known as designated representation. The firm's principal broker, who remains impartial regarding the parties, designates one agent in the firm—to the exclusion of all others—to represent the seller, and, similarly, one agent—to the exclusion of all others—to represent the buyer. The designated representatives act more or less as if they were in separate firms, giving their full services to their respective clients while preserving all their client's confidences. The broker remains available to assist in resolving any conflicts or disputes that may arise between the parties. Designated representation, when available, offers the advantage of full service that is not possible when the parties consent to a dual agency, in which one or both agents represent both parties.

What is a REALTOR®?

Many people are surprised to learn that not all real estate licensees are REALTORS®. REALTORS® are members of the National Association of REALTORS®, and are pledged to abide by the 17 articles of the REALTOR® Code of Ethics. The Code was established in 1912 and predates many license laws issued by real estate licensing boards. Typically, REALTORS® spend many extra hours continuing their real estate education. Consumers having problems working with a real estate licensee must address their complaint to the Virginia Real Estate Board, a state government agency which licenses brokers and agents. Those having any problem or concern with a REALTOR® have the additional option of addressing that with the REALTOR®'s local association (on page 20).

One more tip on selecting an agent...

Select your agent carefully and then work with only one agent. Working with more than one agent usually results in wasted time and energy and will only complicate your real estate transaction—neither agent will provide exceptional service because of split loyalties, transaction commissions and procuring cause conflicts. However, agents will be committed to you if you are committed to them. If you select wisely, your agent will provide detailed housing market information, be able to optimally access and utilize the various available technologies, and will devote the time necessary to find you the best home at the best price or find the buyer for your home at the best price and terms for you.



If you're buying a home

The first question to ask yourself is: how much house can you afford? Two things will answer this question: 1) how much you have available for the down payment, and 2) how much a financial institution will agree to lend you based on your income, debt, and other factors.

If you are buying a house with someone else (spouse, parent, adult child, partner/companion, brother or sister or other relative), you should consider your co-purchaser's earnings and existing debts as well. Both you and your co-borrower will be legally responsible for repayment of the mortgage.

What is the down payment?

The biggest hurdle for most first-time buyers is saving enough money for the down payment. If you haven't saved much, you may want to set aside funds for a down payment on a regular basis from your paycheck. Look at all the funds that are potentially available to you: your checking and savings accounts, mutual funds, savings bonds you've stashed away, stocks and bond funds, the cash value of your life insurance policy and gifts from parents or other relatives. It may even be savings from a part-time job that are devoted to your down payment.

If you put less than 20 percent down, you may be required to purchase private mortgage insurance, or PMI, which helps protect the lending institution in case you fail to make payments on your mortgage. Typically, these costs will be added to your monthly mortgage payments and to your closing costs. In helping you decide how much money you feel comfortable paying as a down payment, you should think about the many other expenses that

go along with buying a home. There will be moving expenses, any home repairs you might need to make immediately, and home decorating costs. You should try to avoid moving into the home of your dreams with a savings account on empty. It's a good idea to have two or three months of mortgage payments saved in a cash reserve when you apply for your mortgage.



The biggest hurdle for most first-time buyers is saving enough money for the down payment.

The closing is the process during which ownership of the house is transferred to you.

Are there mortgages that don't require a down payment?

Some lenders will finance 100 percent of a home purchase. Ask your REALTOR® or representative for information, or contact the Virginia Housing Development Authority (VHDA) at (800) 227-VHDA. VHDA's Government Loan Products offer low 30-year fixed rate financing with flexible credit guidelines and a no down payment option. Government Loans are available with FHA, VA or Rural Housing Insurance.

What are closing costs?

In addition to the down payment, you will also need to consider closing costs. The closing is the process during which ownership of the house is transferred to you. Closing costs generally range from three percent to six percent of the amount of the mortgage. For example, if you were to buy a \$100,000 house with a five percent (\$5,000) down payment, you could expect to pay between \$2,850 and \$5,700 on your \$95,000 mortgage. Sometimes, you can negotiate with the seller of a property to pay some of your closing costs, which will reduce the amount of money you will need to bring to closing.

What is earnest money or deposit?

Sometimes new homebuyers forget about the "up front" cash needed when making an offer on a house. A seller is understandably suspicious of a written offer that is not accompanied by a deposit to show "good faith." Talk with your real estate professional about how much they recommend. A REALTOR® or an attorney usually holds the deposit, and it will become part of your down payment. If your offer is refused, your earnest money is refunded to you.



How much will a financial institution lend you?


Besides having funds for a down payment and closing costs, the other major factor in your home purchase decision will be how much you can borrow. When you apply for a mortgage, the lender will consider both your earnings and your existing debts in determining the size of your loan. Lenders generally use the following two qualifying guidelines to determine what size mortgage you are eligible for:

1. The amount of money you owe for mortgage payments, property taxes, insurance, and condominium or co-op fee, if applicable, should total no more than 28 percent of your monthly gross (before-tax) income. This is called the housing expense ratio.
2. The amount of money you owe for the above items plus other long-term debts should total no more than 36 percent of your monthly gross income. This is called the total debt-to-income ratio.

Basically, lenders are saying that a household should spend no more than about one-fourth of its income (28 percent) on housing and no more than about one-third of its income (36 percent) on total indebtedness (housing plus other debts). Lenders feel that if they follow these guidelines, homeowners will be able to pay their mortgages fairly comfortably.

These ratios are flexible guidelines. If you have a consistent record of paying rent that is very close in amount to your proposed monthly mortgage payments or if you make a large down payment, you may be able to use somewhat higher ratios. Some lenders offer special loans for low- and moderate-income homebuyers that allow them to use as much as 33 percent of their gross monthly income for housing expenses and 38 percent for total debt.

A mortgage lender will use all the relevant data—your income, your existing debts, the purchase price of the house, your down payment, the interest rate on the loan, and the cost of property taxes and insurance—to calculate whether you qualify to borrow the amount of money you need to buy the house. Rather than guessing or estimating how much you can afford to spend, ask a lender or mortgage broker to give you a full assessment and a letter stating how much you're qualified to borrow. The true amount may be much more or less than you think.



**The REALTOR® you choose
should fully represent your
best interests.**



Pre-qualify or pre-approval?

If you're serious about buying a home, obtaining a mortgage pre-approval early in the process can greatly enhance your negotiating power and will give you a valuable competitive edge. With your purchasing power known, house-hunting tours can be focused on the homes in your price range. When you make an offer, sellers will view yours more favorably because having a mortgage pre-approval removes any doubt about your ability to obtain financing, and might even make the difference in your getting the home you want—or someone else getting it. When negotiating to purchase a home, your offer and counter offer strategies can be crafted based on the terms that are best for you. For instance, you may benefit more from seller paid points or closing costs than from a lower selling price, or vice versa, depending on the lender's terms. It is critical for you to know the best strategies up front because it is nearly impossible to re-negotiate a contract at a later time.

Finally, don't mistake mortgage pre-qualification for mortgage pre-approval. Mortgage pre-qualification has little or no value because it is only based on the answers given to a simple, brief interview by the lender. Mortgage pre-qualification gives no guarantee that a loan will be granted. In contrast, mortgage pre-approval means that an application has been completed and reviewed, a credit report has been obtained and the lender has agreed to loan a specific amount of money to the buyer.

Why use a real estate professional to help you buy a home?

The best advice for any home buyer is to think through the process very carefully. There are many, many activities that have to happen before a home can be purchased. A couple of things to think about:

Information vs. knowledge: If you're buying a home, think about how much you know about what is a reasonable price to pay for the property. Buying a home is the largest investment most people make. A professional can guide you in making the best offer.

Your time: How many homes do you have time to tour if you're buying? A professional puts in many, many hours into searching for the right home for you, and in smoothing the way for your eventual transaction. Much of this activity goes on "behind the scenes" so many people are not aware of how much effort actually goes into the home buying and selling process.



The three most important factors in finding the right home? Location, location, location.

Now the fun part: house hunting

Now that so many properties are online at www.Realtor.com and other sites, you can start looking for your new home without even leaving your desk. If you don't have an opportunity to shop on the Internet, another good way to start is by picking up homeguides and magazines that often are distributed at your area grocery stores. And, of course, an excellent resource is the classified advertising that appears in your local newspaper. You can also visit model homes that are often open on weekends for touring. When you've decided what you like (and don't like) and narrowed down your choices, you can save time by visiting only the properties that best match your needs.

Some things are going to be important to consider in your new home, so make a list. Do you really know what you need and want in your home? You'll save yourself many hours of shopping if you make a list ahead of time. Zero in on the features you must have, would like to have, definitely don't want and would prefer not to have. Your goal is to find the right home for your family without falling in love with one that doesn't suit your needs. Start compiling your wish list by thinking about what you like and dislike about your current home.

Location, location, location

The three most important factors in finding the right home? Location, location, location. The location of your new home is critical. How far will you have to drive to work? How good are the local schools, shopping centers, public transportation, seniors' services, and other neighborhood amenities? Will your new neighbor be a vacant lot or a commercial property? Even a picture-perfect dream home can be a mistake if it's in an undesirable location, and a poorly located home can be a particularly bad choice if you anticipate reselling the home within a few years.



Checklists are a great way to remember what you like or don't like about the houses you see. Rather than relying on memory, make notes about the homes you visit. Turn your priorities into a personalized home-shopping checklist and use it to track the features of each home.



Feel free to open closets and cabinetry. Look in storage areas and crawl spaces. Most sellers provide information sheets about the home, and you can add your own notes to these fact sheets. It's easy to fall in love with a house, but before it becomes your home, you might want to check off these additional considerations:

- Will your furniture fit in the new spaces?
- Are there enough bathrooms to serve the needs of your family now and in the near future?
- Are there comfortable spaces for any overnight visitors?
- Is there plenty of storage space and is it easily accessed?
- Which schools serve this address?
- Are there children in the area?
- How far is the home from work, school or recreation?
- Will pets be comfortable in the new surroundings?
- Does the community have pet restrictions?
- What kind of repairs will be required right away?
- Will there be an excessive amount of ongoing maintenance required?
- How old are the heating, cooling and roofing systems, and are they in good working order?
- Is the home protected against unexpected repairs by a home warranty plan?

What is a home inspection?

Obtaining a professional home inspection is one of the most important aspects of purchasing a home. Unfortunately, the expertise of inspectors varies greatly, and home inspectors are not regulated or licensed in most states, including Virginia. However, many good inspectors are available; the key is finding them. In Virginia, any property inspectors who wish to be recognized as “certified home inspectors” must complete educational and competency standards under the Virginia Department of Professional & Occupational Regulation. Homebuyers can then seek out “certified home inspectors” who have demonstrated the knowledge and skills necessary to perform professional inspections of homes. In the meantime, your real estate professional can provide a list of experienced home inspectors in your area.

If you are purchasing a somewhat unique home (such as historic property, farm, rehab), ask if the inspector has experience with that type of property. Consider ordering specialized inspections for systems such as heating and cooling, solar, alarm or security, pools and spas, etc. Look for contractors specifically experienced with those systems. Explain up front that you will not request repairs from their firm. A good inspector only performs inspections. Don’t hire an inspector who claims to make corrective repairs as identified by the inspection. This is the best way to avoid conflict of interest issues.

Can the inspector return to look at repairs made after the inspection?

Once you’ve chosen an inspector, plan to be present for the inspection and pay close attention. You will learn a lot about the home and the future maintenance that may be necessary. Don’t bring friends, children, decorators, painters or

contractors along. Avoid being distracted from the inspection; this is the best opportunity to learn about your prospective new home.

“Wear and tear” flaws or minor cosmetic deficiencies may be pointed out by your inspector. It’s important, however to understand that that the purpose of inspections is to uncover major defects for which you may be able to negotiate with the seller for corrective repairs. Make any such request for repairs in writing. Get repair estimates from qualified contractors. Prepare documentation and allow your agent to present it to the seller as part of the negotiation.

A home inspection cannot eliminate all future maintenance problems, but it can give you a detailed understanding of the home’s condition at the time you purchase it. A careful inspection will help you to avoid costly surprises. For further protection, you may want to consider purchasing a Home Warranty or Home Protection Plan.

A few questions to ask before you hire the inspector can include:

- ➔ Are you a member of a professional association?
- ➔ Do you hold any special licenses or degrees?
- ➔ How many inspections have you performed?
- ➔ What type of report do you provide?
- ➔ When is the report available?
- ➔ May I check your recent references?

Ready to make an offer?

A written proposal is the foundation of a real estate transaction. Oral promises are not legally enforceable when it comes to the sale of real estate. Therefore, you must enter into a written contract, which starts with your written proposal. This proposal not only specifies price, but all the terms and conditions of the purchase. For example, if the sellers said they'd help with \$2,000 toward your closing costs, be sure that's included in your written offer and in the final completed contract, or you won't have grounds for having that credited at settlement.

Real estate professionals usually have a variety of standard forms (including Residential Purchase Agreements) that are up to date with the changing laws. In addition, your agent will cover the questions that need to be answered during the process. In Virginia, certain disclosure laws must be complied with by the seller, and your representative will ensure that this takes place.

If you are not working with a professional, keep in mind that you must draw up a purchase offer or contract that conforms to state and local laws and that incorporates all of the key items. State laws vary, and certain provisions may be required in your local area.

What's a home warranty?

Buyers, as well as sellers, can benefit from a home warranty or home protection plan, as it's sometimes called. A warranty may protect you against expensive repair or replacement costs when the major working components in the home you're selling or buying break down, including things like the water heater, furnace, built-in appliances, electrical wiring, central air conditioning, exposed duct work, interior plumbing system and fixtures.

Protection typically lasts for a full year from the date of purchase on a previously owned home, and often can be extended beyond one year if desired. For sellers, homes protected by a Home Warranty can sell up to 15% faster on average, because buyers see it as an additional advantage and safeguard for them. In addition, most plans offer protection for the seller on the same major components until the day of sale while the home is on the market.

If you're looking for a home warranty plan, check with your real estate professional for companies they recommend. Review each plan thoroughly to know what components are—and are not—covered.


After the offer is drawn up and signed, it will usually be presented to the seller by your agent, by the seller's agent if that's a different agent, or sometimes by the two together.



What the offer contains

The purchase offer you submit, if accepted as it stands, will become a binding sales contract (known in some areas as a purchase agreement, earnest money agreement or deposit receipt). It's important, therefore, that it contains all the items that will serve as a blueprint for the final sale. These purchase offer items include such things as:

- Personal property, such as appliances, draperies, etc.
- Address and sometimes a legal description of the property
- Sale price
- Terms—for example, all cash or subject to your obtaining a mortgage for a given amount
- Seller's promise to provide clear title (ownership)
- Target date for closing (the actual sale)—NOTE: If you have a mortgage, make certain that your closing occurs BEFORE the expiration date of your loan commitment and interest rate lock-in.
- Amount of earnest money deposit accompanying the offer, and whether it's a check, cash or promissory note, and how it's to be returned to you if the offer is rejected—or kept as damages if you later back out for no good reason
- Method by which real estate taxes, rents, fuel, water bills and utilities are to be adjusted (prorated) between buyer and seller
- Provisions about who will pay for title insurance, survey, termite inspections and the like
- Type of deed to be given
- Other requirements, which might include a chance for attorney review of the contract, disclosure of any known environmental hazards or other specific clauses
- A provision that the buyer may make a last-minute walk-through inspection of the property just before the closing
- A time limit (preferably short) after which the offer will expire
- Contingencies, which are an extremely important matter



The purchase offer you submit...will become a binding sales contract...

What are contingencies?

If your offer says “this offer is contingent upon (or subject to) a certain event,” you’re saying that you will only go through with the purchase if that event occurs. The following are two common contingencies contained in a purchase order:

- The buyer obtaining specific financing from a lending institution. If the loan can’t be found, the buyer won’t be bound by the contract.
- A satisfactory report by a home inspector (for example) “within 10 days after acceptance of the offer.” The seller must wait 10 days to see if the inspector submits a report that satisfies you. If not, the contract would become void. Again, make sure that all the details are nailed down in the written contract.

Withdrawing an offer

Can you take back an offer to buy? In most cases the answer is yes, right up until the moment it is accepted, or even in some cases, if you haven’t yet been notified of acceptance. If you do want to revoke your offer, be sure to do so only after consulting a lawyer who is experienced in real estate matters. You don’t want to lose your earnest money deposit, or find yourself being sued for damages the seller may have suffered by relying on your actions.

Between the sales contract and the closing

Many activities take place in the weeks and days before your home sale or purchase closes. The date of closing may be estimated in the sales contract, with flexibility to allow for the preparation of documents necessary to finalize the sale. For example:

- You will need to obtain homeowner’s insurance before closing
- Work out the transfer of the utilities ahead of time
- Change your mailing address
- If the property is in or near a flood plain, consider obtaining flood insurance
- If the home has well or septic systems, then certifications should be ordered from the appropriate authorities
- A newly constructed home may need a “certificate of occupancy” from the municipality before closing can occur
- Your lender may require a survey—an accurate plat of the property’s boundaries and easements
- Customarily, the seller obtains a termite report no sooner than thirty days prior to closing

Your real estate professional will facilitate the gathering and transfer of information between your attorney or settlement agent, the seller’s and their attorney, your lender and any government authorities required.

What's a walk-through?

The sales contract should allow for a pre-settlement walk-through of the home to verify that the condition, fixtures and amenities are unchanged and undamaged from the day the contract was executed. This is not the time to find major problems: that should have happened during the inspection process. The walk-through usually takes place shortly before or on the day of closing. Be sure to look at any requested repairs made after the execution of the contract. If unwanted changes have occurred, or the agreed-upon repair was not made, settlement may be delayed until the problem can be resolved. Options include postponing settlement until the problems can be corrected, or entering into an agreement for the future resolution of the problems, usually by placing funds in an escrow account held by your attorney or settlement agent to cover major repairs or the replacement of fixtures. Once the seller has made the necessary repairs, the escrowed funds will be returned to the buyer.

Negotiating tips for buyers

First, look to your agent for guidance on negotiating strategies. You're in a strong bargaining position—meaning, you look particularly welcome to a seller—if:

- You're an all-cash buyer
- You're already pre-approved for a mortgage
- You don't have a present house that has to be sold before you can afford to buy.

In those circumstances, you may be able to negotiate some discount from the listed price. On the other hand, in a hot seller's market, if the perfect house comes on the market, you may want to offer the list price (or more) to beat out other early offers.

It's very helpful to find out why the house is being sold and whether the seller is under pressure. Keep these considerations in mind:

- Every month a vacant house remains unsold represents considerable extra expense for the seller
- Some owners might be relocating immediately because of a job change, or working with a relocation company
- Estate sales often yield a bargain in return for a prompt deal.

How does a seller respond to an offer?

You will have a binding contract if the seller, upon receiving your written offer, signs an acceptance just as it stands, unconditionally. The offer becomes a firm contract as soon as you are notified of acceptance. If the offer is rejected, that's that, and the sellers cannot later change their minds and hold you to it.

If the seller likes everything except the sale price, or the proposed closing date, or the hot tub you want left with the property, you may receive a written counteroffer, with the changes the seller prefers. You are then free to accept or reject it or to even make your own counteroffer. For example, "We accept the counteroffer with the higher price, except that we still insist on having the hot tub."

Each time either party makes any change in the terms, the other side is free to accept or reject it, or counter again. The document becomes a binding contract only when one party finally signs an unconditional acceptance of the other side's proposal.

What is title insurance?

In preparation for closing, the title on the property will be searched to look for liens or encumbrances against the property, and to verify that the seller is indeed the seller for the property. Owner's title insurance is necessary as additional protection against undiscovered flaws in the title of the property. If you have a mortgage, the lender will require a lender's policy. Obtaining a combined owner's/lender's policy may provide some cost savings. Additional savings can also be possible through obtaining title insurance at what is called a "re-issue" rate from the company that previously insured the property. If you work with a real estate professional, that person is trained to look for these and other savings on your behalf.

Just before closing

Several days before closing, contact your attorney or settlement agent, or your real estate agent, to request an estimated settlement statement or "HUD-1." The charges and credits anticipated for the buyer's side and the seller's side of the transaction will be listed, so review the statement very carefully, and notify your attorney, settlement agent or real estate agent of any errors immediately. Then, figure the estimated funds you will need to bring to closing and the means of payment your closing attorney or settlement agent will accept, which is typically a certified or cashier's check made out to the closing attorney or settlement agent. It sounds like a simple thing, but be sure to check the hours your bank will be open to prepare your check in advance of closing! The final figure may vary somewhat from the estimate, so arrangements need to be made with the closing attorney or settlement agent for paying the balance or receiving a refund at closing.

Finally, it's a good idea to establish a master file for all the important papers related to your home ownership. You will need to reference these documents in the future. For instance, if a job transfer necessitated your purchase, your employer may need your records to reimburse your expenses. When filing your taxes each year, items such as property tax payments and mortgage interest may be deductible. Remember to keep track of all capital improvements you make to your home—this information could be important in the future for establishing your cost basis for the home. If your mortgage lender requires private mortgage insurance (PMI), with good records, in the future you should be able to substantiate a claim that your equity in the home is great enough for the PMI requirement to be removed.



The closing process

For sellers and buyers, the last step in the transaction process is the closing. In Virginia, a “deed of trust” instrument is established, in lieu of a mortgage. This arrangement allows title to be received by the buyer, but in turn the buyer conveys title to a third party trustee until the loan is paid in full. When you sell the home or pay off your mortgage, be sure to obtain a release of deed when the loan has been fully satisfied.

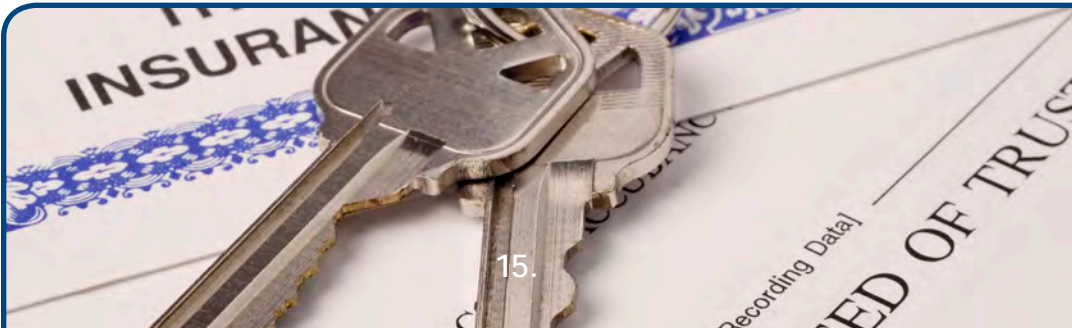
Mortgage loan documents must be calculated using the actual date of closing, so it’s typical for some paperwork to come together at the last minute. A homebuyer has the right to choose the closing attorney or settlement agent.



When you select your attorney or settlement agent, consider the reputation of the person or firm, and their experience in real estate and mortgage closings. To serve as a closing agent, the individual must be registered with the Virginia State Bar as a settlement agent. Your real estate professional can provide a list of qualified attorneys or settlement agents who are reputable and provide quality service. Fees vary, so inquire about all of the fees up front. Sometimes a low closing fee is offered, but may be offset by the charging of unnecessary fees

or higher than normal fees for routine processing. Be aware of what you’re paying for. A closing agent ensures that all aspects of the transaction are finalized; verifies that the property is in the promised condition by inspecting the title evidence, the seller’s deed, documentation about seller’s liens; and prepares the paperwork for the closing itself.

Closings customarily take place at the office of the buyer’s attorney or settlement agent. Typically, only the buyers and the attorney or settlement agent will attend the closing, and if requested, the real estate agent will accompany the buyers. The process takes about an hour to complete. After closing, the attorney or settlement agent will record the deed at the clerk’s office for the municipality where the home is located. After recordation, final papers will be mailed to all parties, usually within a month. RESPA (the Real Estate Settlement Procedures Act) requires that a final closing statement be provided to both the buyer and seller, giving the final accounting and detailing what each can expect to pay or receive.



If you're selling a home

Few decisions are as important as the decision to sell your home. Many questions may come to mind. What makes a house sell? When is the best time to sell? What are the current market conditions and how will they affect my success? Changes occur at a breakneck pace in the laws effecting real estate contracts and disclosures, so if this is not the first home you've sold, chances are the process will be different than the last.

Today's savvy buyers are armed with vast amounts of information on which they base offers or request concessions. Determining the best approach to ensure a successful closing at the optimum price, terms and conditions can be a scary process.

What can a real estate professional do for you?

The agent you choose will prepare a comparative market analysis (CMA) to help you determine a fair asking price for your home. He or she should provide an objective look at your home and make suggestions for repairs and improvements to help you obtain the maximum price. An agent can also suggest techniques for staging your home to showcase its most appealing features to buyers. Look for your agent to prepare a detailed marketing plan for selling the home.



Nationally over 80 percent of all sales are cooperative sales where one agent represents the seller and another agent brings the buyer. Don't overlook negotiating skills when selecting your agent. The process of negotiating contracts involves understanding market conditions and the competing sales inventory (other homes for sale), the evaluation of the buyer's qualifications and such issues as appraisals, inspections and financing. An experienced agent can guide you through the process to help you avoid mistakes that could result in the loss of hundreds or thousands of dollars.

When a contract is in place on your house, your agent will coordinate various activities such as circulation of paperwork to the appropriate parties, whole house and termite inspections, survey, appraisal and buyer's final walk-through. If repairs are requested, your agent will guide you in determining which repairs are necessary to comply with your agreement and those that may fall outside the scope of your agreement.

...Over 80 percent of all sales are cooperative sales where one agent represents the seller and another agent represents the buyer.

Why use a real estate professional to help you sell your home?

There are many, many activities that have to happen before a home can be sold, and many “for sale by owners” are eventually turned over to a professional once the seller learns what’s involved. Some of the hazards you can encounter:

- **Personal Security:** Do you really want strangers coming into your house who have not been pre-qualified and accompanied by a professional?
- **Information vs. Knowledge:** If you price your home for sale too low, you lose out. Too high, and no one is interested. Comparing to a nearby home to establish a selling price is a tricky business—that home may have been sold six months ago. The real estate market can change rapidly in six months, and valuations can go up—or down.
- **Legal Issues:** Are you ready to deal with the many legal disclosures now required by law when you put your house on the market? What would you do if you accepted a contract on your house and the buyers backed out? It’s a complicated process, and not for those unwilling to take on potential legal risks.
- **Your Time:** How many open houses do you want to host—how many weekends are you able to give out of your busy life? A professional puts in many, many hours into marketing and selling your home for you. How much is your time worth?

How do you get the best price for your home?

When you get ready to sell your home, make sure it looks attractive both inside and out. First impressions really do matter and buyers will respond first to your curb appeal, which can be the single most critical element for generating traffic. Here are some tips for the exterior appearance:

- **Outside:** Spruce up the landscaping. This can yield a big return on investment. Make sure there are lots of seasonal flowers, no weeds, and plenty of dark mulch. Well-trimmed hedges and lawns look crisp and fresh to buyers. Replace rotted wood; inspect the roof for missing shingles or failed flashing.

Make the approach attractive. Buyers are particularly impressed by a newly sealed driveway, freshly painted trim, squeaky-clean windows and cleared gutters. Power wash the home’s exterior and walkways if needed. Polish brass door handles and lampposts. By paying attention to these details you send the message to buyers that your home has been well cared for.



When you get ready to sell your home, make sure it looks attractive both inside and out.

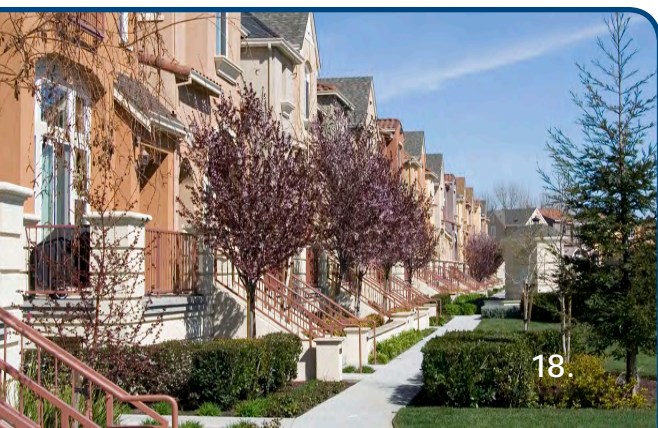


→ **Inside:** Cleanliness counts! Scrub bathrooms, kitchens and all woodwork and trim. Touch up paint where necessary. Clean the carpeting. Tidy the pantry. Scrub and polish the floors. Check the water heater for rust or corrosion. Replace dingy tub and tile caulking, fix leaky faucets and pipes. Make sure doors open and close smoothly. Replace old toilet seats and corroded stovetop burner pans.

Above all, remove clutter. What may be prized possessions to you can look messy to buyers, and distracts them from imagining their own furniture in the rooms. Kitchen counter tops should be cleared of small appliances, spice bottles and prescriptions. Make closets appear larger by storing off-season clothing elsewhere. Lots of family photos on the walls? It might be a good time to clear away some of these and repair nail holes.

→ **Garage, attic or storage area:** Hang tools on garage walls and put as much as you can on shelves. Organize the attic for easy access. If there's just too much stuff, get rid of it or send it all to a temporary storage facility. These are not expensive, and can make your home sell faster and your moving job will be easier too.

If you do all these things, you will have the comfort of knowing, when your house sells, that you did everything possible to sell it for the best price.



Cleanliness counts!

Figuring your net proceeds

When you receive an offer, you can accept it exactly as it is, refuse it, or make a counteroffer to the buyers with the changes you want. In evaluating a purchase offer, you should estimate the amount of cash you'll have when the transaction is complete. For example, when you're presented with two offers at once, you may discover you're better off accepting the one with the lower sale price if the other asks you to pay some of the closing fees or needs a later closing date. Once you have a specific proposal before you, calculating net proceeds becomes simple. From the proposed purchase price you can subtract:

- Payoff amount on present mortgage (check ahead of time; you may have a pre-payment penalty with your current mortgage company)
- Any other liens (equity loan, judgments)
- Broker's commission
- Legal costs of selling (attorney, escrow agent)
- Unpaid property taxes and all utilities
- If required by the contract: cost of survey, termite inspection, buyer's closing costs, repairs, etc.

Your present mortgage lender may maintain an escrow account into which you deposit money to be used for property tax bills and homeowner's insurance premiums. In that case, remember that you will receive a refund of money left in that account, which will add to your proceeds. (Refer to the section "The closing process" on pg. 15 for more information.)

Fair housing, what you need to know

Fair housing laws have been around since 1866, and apply to the sale of real estate, to rental property, and to the mortgage and homeowners' insurance process. When fair housing laws were originally passed, an immediate goal was to eliminate housing discrimination against African-Americans. Today the reach of fair housing laws is much broader. Not only is it illegal to discriminate on the basis of race, but it's also illegal to discriminate on the basis of sex, color, religion, handicap, familial status, national origin and elderliness. Elderliness is defined as individual who has attained his or her fifty-fifth birthday.

REALTORS® have their own article in the Code of Ethics that addresses fair housing issues. (See section on "What is a REALTOR®?")

The fair housing laws are there to protect you, if not today, then some day soon. The reality is that under these laws you have enforceable rights if you are treated differently in the housing market because of your race, sex, color, religion, handicap, familial status, national origin and elderliness.

For more information, contact the Virginia Fair Housing Office at (804) 367-8530; toll free: (888) 551-3247; TDD: (804) 367-9753, or by e-mail: fairhousing@dpwr.state.va.us.

REALTOR® Associations

REALTORS® are those real estate professionals who subscribe to the REALTOR® organization's strict Code of Ethics, and who are members of the national, state and local REALTOR® organization. There are 28 local REALTOR® associations in Virginia, as well as the state association, which can also provide information to home buyers and sellers. If you are seeking a REALTOR®, please refer to the Virginia Association of REALTORS® website at www.VARealtor.com. You can search there for a REALTOR® by geographic area, specialty, and even by foreign language capabilities! If you wish to contact a local Association about a particular REALTOR® in your area, or to obtain more information, they are listed below:

Blue Ridge Association of REALTORS®

181 Garber Lane
Winchester, VA 22602
Phone: (540) 667-2606
Fax: (540) 662-5986

Bristol Virginia/Tennessee Association of REALTORS®

900 Anderson Street
Bristol, TN 37620
Phone: (423) 968-1192
Fax: (423) 968-1192

Charlottesville Area Association of REALTORS®

550 Hillsdale Drive
Charlottesville, VA 22911
Phone: (804) 817-2227
Fax: (804) 817-2836

Chesapeake Bay & Rivers Association of REALTORS®, Inc.

Hartfield Village
HC 01, Box 195G
Hartfield, VA 23071
Phone: (804) 776-0568
Fax: (804) 776-0270

Dan River Region Association of REALTORS®

2321 Riverside Drive
Danville, VA 24540
Phone: (804) 792-2851
Fax: (804) 792-3855

Dulles Area Association of REALTORS®

803 Sycolin Road, Suite 222
Leesburg, VA 20175
Phone: (703) 777-2468
Fax: (703) 771-9787

Eastern Shore Association of REALTORS®

P.O. Box 567
Painter, VA 23420
Phone: (757) 665-5918
Fax: (757) 665-6527

Fredericksburg Area Association of REALTORS®

7101 Carl D. Silver Parkway
Fredericksburg, VA 22401
Phone: (540) 373-7711
Fax: (540) 373-0560

**Greater Hampton Roads
Association of REALTORS®**

2500 Gum Tree Court
Chesapeake, VA 23321
Phone: (757) 465-0884
Fax: (757) 465-3997

**Greater Piedmont Association
of REALTORS®**

47 Garrett Street
Warrenton, VA 22186
Phone: (540) 347-4866
Fax: (540) 347-2459

**Harrisonburg/Rockingham
Association of REALTORS®**

2050 Pro Pointe Lane
Harrisonburg, VA 22801
Phone: (540) 433-8855
Fax: (540) 433-2881

**Lexington/Buena Vista/
Rockbridge Association
of REALTORS®**

30 East Preston Street
Lexington, VA 24450
Phone: (540) 464-4700
Fax: (540) 464-4600

**Lynchburg Association
of REALTORS®**

3639 Old Forest Road
Lynchburg, VA 24501
Phone: (804) 385-8760
Fax: (804) 385-4459

**Martinsville-Henry County
Association of REALTORS®**

603 East Church Street
Martinsville, VA 24112
Phone: (540) 666-9005
Fax: (540) 666-9444

**Massanutten Board
of REALTORS®**

129-C S. Main Street
Woodstock, VA 22664-1422
Phone: (540) 459-2937
Fax: (540) 459-4267

**New River Valley Association
of REALTORS®**

811 Triangle Street
Blacksburg, VA 24060
Phone: (540) 953-0040
Fax: (540) 951-1606

**Northern Neck Association
of REALTORS®**

Bamboo Lane / P.O. Box 100
Sharps, VA 22548
Phone: (804) 394-2902
Fax: (804) 394-3208

**Northern Virginia Association
of REALTORS®**

8411 Arlington Boulevard
Fairfax, VA 22031
Phone: (703) 207-3200
Fax: (703) 560-8239

**Prince William Association
of REALTORS®**

9213 Center Street
Manassas, VA 22110
Phone: (703) 368-8177
Fax: (703) 368-8977

**Richmond Association
of REALTORS®**

8975 Three Chopt Road
Richmond, VA 23229
Phone: (804) 422-5000
Fax: (804) 353-2700

Roanoke Valley Association of REALTORS®

3130 Chaparral Drive, Suite 202
Roanoke, VA 24018
Phone: (540) 772-0526
Fax: (540) 772-8058

South Central Association of REALTORS®

16 N. Main Street
Farmville, VA 23901
Phone: (804) 392-9995
Fax: (804) 392-9995

Southside Association of REALTORS®

114 Maple Grove Avenue
Colonial Heights, VA 23834
Phone: (804) 520-4496
Fax: (804) 520-4625

Southwest Virginia Association of REALTORS®

108 Reedy Creek
Abingdon, VA 24210
Phone: (540) 623-1252
Fax: (540) 623-1252 *51

Staunton/Augusta Association of REALTORS®

1023 North Augusta Street
Staunton, VA 24401
Phone: (540) 885-5538
Fax: (540) 885-0048

Virginia Peninsula Association of REALTORS®

764 McGuire Place
Newport News, VA 23601
Phone: (757) 599-5222
Fax: (757) 596-3911

Williamsburg Area Association of REALTORS®

5000 New Point Road, Suite 1101
Williamsburg, VA 23188-9418
Phone: (757) 253-0028
Fax: (757) 253-1559

Virginia Association of REALTORS®

10231 Telegraph Road
Glen Allen, VA 23059-4158
Fax: (804) 262-0497
Members@VAREaltor.com

All real estate licensees are registered with the Virginia Department of Professional Occupation Real Estate Board. You may contact them at:

Department of Professional and Occupational Regulation

Virginia Real Estate Board
3600 West Broad Street
Richmond, VA 23230-4917

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