

Buying a New Home

A beginners guide for purchasing a home!



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Table of Contents

3. Intro

4. Overview

5. Transaction Details

6. Terminology

7. Buyer Representation

8. Ideal Home Features

9. Listing Statuses

10. Showing Guideline

11. Submitting an Offer

14. Accepted Offer

15. Closing!





Hello!

My name is Krystal Christenson (Karppinen) and I am a Realtor® with Adolphson Real Estate, Inc. I have been working in real estate since 2020. I started my real estate journey as an admin assistant for a Realtor® in Fargo, ND after I graduated from NDSU. I then decided to move back home to Cloquet during COVID and got my real estate license in the fall of 2020.

I love working with buyers and sellers in Cloquet, Duluth, and surrounding areas to help them reach their real estate goals! It is always fun meeting new people and helping them buy or sell their home. Getting to know my clients ultimate goals helps me provide quality service to each and every client.

Outside of work, I love spending time with my family. Whether it is playing volleyball with my husband, going for walks with my son and dogs, or visiting family and friends, I enjoy staying active and busy!

Overview of Buying a Home

MEET WITH A REAL ESTATE
AGENT



GET PRE-APPROVED



START YOUR HOME SEARCH



SUBMIT AN OFFER



NEGOTIATIONS &
CONTRACT ACCEPTANCE



ESCROW



FINAL WALKTHROUGH



CLOSING



How a Transaction Works



As a buyer, you will have the option to use a buyer's agent to represent you during the home buying process. An agent has expertise in the local market to help guide you through the process of buying a home, while representing and advocating for you and your best interests. They will help with negotiations while also having strong knowledge of legal contracts and documents to help you have a smooth and successful closing.

Agent Compensation

- A listing agent sets their commission with their client, the sellers.
- A buyer's agent sets their commission with their client, the buyers.
- The buyer agent commission can be negotiated into the purchase agreement to ask the sellers to cover all, or a portion of the buyer agent fee.

Getting Pre-approved

- Your agent can send you a list of lender referrals, or you can shop around to any preferred lender [
- Lenders typically need: 2 years of W2s, 2 months of bank statements and paystubs
- They will also look at your debt-to-income ratio, credit score, along with any other financial information needed to get approved for a mortgage

Terms to Know

Purchase Agreement (PA)

legally binding contract to submit an offer on a property. Enforceable with all parties signatures and delivery

Earnest Money - deposit paid within 2 business days of an accepted offer to show good faith in your offer. It is applied to your closing costs on closing day

Appraisal - report for buyer/lender from a qualified 3rd party to give an opinion of value to ensure property is worth the agreed upon purchase price. This is NOT a home inspection.

Home Inspection - qualified third party inspects the property and creates a detailed report of the properties condition

Title work - title company reviews the history of the properties title to look for any discrepancies in the title

Dual agency - when one brokerage/agent represents both buyer and seller in a single transaction. Agent(s) cannot advise or say anything to help or hurt either party.

Closing Disclosure (CD) - an itemized document explaining your closing costs for title, lender, and realtor service fees to close on your property

Closing costs - amount due at closing to cover the fees from title and lender to close, typically around 3-4%

Contingencies - a condition of an offer that allows one or both parties to back out of contract if it is not met.

Commissions - compensation paid to a realtor for successfully assisting their client to close on their home.

Property Disclosures - document stating what the seller knows about the properties condition to the best of their knowledge.

MLS - Multiple Listing Service; a website exclusively for agents to post listings & view other agents listings/property info.

Mortgage Point - a fee paid to your lender to reduce interest rate

Buyer Representation Contract

A buyer representation contract is a legal agreement stating you are willing to work with your agent, and your agent is willing to work with and represent you during the process of finding you a home.

Having agent representation is important because we are working in your best interest and can provide you with information and options through out the home buying process

*Fiduciary duties
owed to clients:*

Loyalty

Obedience

Reasonable Care

Confidentiality

Disclosure

Accounting





Listing Statuses

Coming Soon

Property will be available for showings no later than 21 days of going on the MLS

Active

Property is available for showings/offers

Contingent

Property has an offer accepted with contingencies that have to be satisfied before going Pending

Foreclosure

Property is bank owned

Pending

Property has an offer accepted with no contingencies other than financing

Sold

Property has successfully closed and transferred ownership

Cancelled/Withdrawn

Sellers pulled their property from the market and are no longer selling



Ideal Home Features

What are your must haves/ deal breakers?

What is your ideal time-frame to be moved into a new home?

What size property works for you and your lifestyle?

Ideal bed/bath count, garage size, yard size, Main level bedroom etc.

Move in ready, fixer upper, somewhere in between ?

What areas/school districts do you prefer?

Once you know your ideal home features and price range, your agent will keep you updated on new listings that match your search criteria.

Showing Guideline

When you see a property you are interested in touring, you will talk with your agent to set up a showing. Once the sellers confirm the request, then you and your agent are able to view the home within your scheduled time.

Please remember:

The sellers are opening up their home to you, please be respectful of their privacy and of their home. Make sure to remove shoes and be mindful of what you do and say! Some properties have video doorbells or baby cameras etc. that can also pick up audio. Be respectful and don't talk of confidential information (offer price, financing etc.)

Take note of the following:

Roof lines/age & gutters

Type of siding

Landscaping/proper draining

Age/type of windows

Foundation condition

Condition of street - potential future assessments to redo the street?

Adequate ceiling height, hallway width, stair cases

Plaster or sheetrock walls

Flooring type/condition

Adequate storage/closets throughout

Faucets work, no water leaks under sinks

Lighting/ outlets/ switches work
Sump pump present

Appliances and mechanicals:
type/ age

Type of heat - vents/ac in all rooms



Before Submitting An Offer

Drive by the property at different times of the day. Do a trial run of your daily commutes to and from the house.

Imagine your day to day life with the homes features.

Think back to what your wants/needs/deal breakers when you first started your home search. Does this property check a lot of boxes for you?

Review your finances, visit with your lender to crunch the numbers and ensure your monthly payment works with your finances.

Negotiable Terms of an Offer

Purchase Price

Closing Date

Financing/Earnest
Money

Seller Paid Closing
Costs

Inspection Items

Personal Property

After submitting an offer, the seller has three options:

Acceptance



Fully executed purchase agreement is signed and delivered back to the buyers agent.

Counter offer



Sellers liked all the terms of your original offer, minus the terms in the counter offer. Buyers options now are to either accept/counter/deny

Deny



Sellers decline the offer. You have the option to resubmit a new offer, or walk away

A Closer Look

Your agent will get an address specific pre approval letter from your lender to submit with your offer. This ensures that the sellers know you are qualified to purchase their house.

Purchase Price:

Consider if there are other offers, how long it has been on the market, how much you want the house, what you can afford, etc

Financing and Earnest Money:

Earnest money is a deposit, typically around 1% of the purchase price, due to the listing broker's trust account within 2 business days of an accepted offer. It is applied as a credit to your closing costs on closing day.

Inspection Contingencies:

Home, well, septic, and radon inspections are just a few inspections you can make the offer contingent on. Who covers the cost, buyer or seller, can be negotiated in the purchase agreement

Closing Date:

Lenders typically need a minimum of 30-45 days to close, depending on the property.

Seller Contribution to Buyer's Closing Costs:

Buyer's closing costs are approx. 3-4% of the purchase price in addition to a down payment. It can be negotiated to have the seller cover some, all, or none of a buyer's closing costs.

Personal Property

Appliances are considered personal property. Personal property is not included in the sale of the house unless negotiated into the purchase agreement





*Your offer was accepted,
now what?*

1. Final Acceptance
 2. Send in Earnest Money (2 business days)
 3. Conduct inspection(s) and negotiate repairs within inspection period as stated in purchase agreement (approx. 7-10 days)
 4. Title and lender prep for closing
 5. Appraisal report completed (2-4 weeks)
 6. Title Work is reviewed
 7. Schedule Closing (2 weeks prior to closing)
 8. Review Closing Disclosure from Title Co.
 9. Final Walk-through (day of closing, or as close to closing as possible)
 10. CLOSING DAY!
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Closing Time!!

Now that your transaction has satisfied all the previous requirements, it is time to get ready for closing!

TRANSFER UTILITIES

Your agent will send your new utility contact info for you to transfer utilities into your name

TITLE COMMITMENT & CLOSING DISCLOSURE (CD)

Review the Title Commitment and the Closing Disclosure. The CD will show you the final dollar amount needed for closing day

WIRE FUNDS/CASHIERS CHECK

Funds can either be wired or in the form of a cashiers check

FINAL WALKTHROUGH

view the property again to ensure it is in the condition you expect it to be, and that proper items have been left/taken with

CLOSING

Bring your photo ID(s), along with the cashiers check. Your agent will be there with you to provide assistance and answers for any questions.

After all parties have signed you will get the keys to your new home!!





And that is a wrap on buying a home in a nutshell!

I hope this beginners guide for buying a home helps you get a better idea of how the process works and where to get started!

If you have any additional questions, please feel free to reach out! I am happy to help with any of your real estate needs!

Fun Facts

The avg. net worth of a home owner is almost \$400,000

You do not need 20% down to buy a house

The median age for a first time home buyer is 38



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