

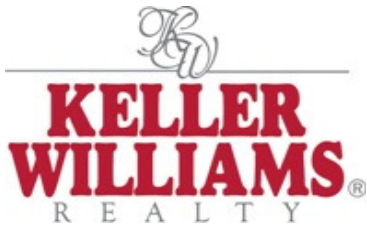


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**KELLER WILLIAMS**<sup>®</sup>  
R E A L T Y

*Your Home Buyer  
Handbook*

*Steve Mun, e-PRO & QSC  
Steve Mun Group  
Keller Williams Cupertino  
Your Silicon Valley Realtor  
Providing Quality Service You Deserve*



## Your Home Buyer Handbook

*Dear Home Buyer,*

*You are about to embark on an exciting journey with Steve Mun Group of Keller Williams Cupertino, seeking and securing the home of your dreams. Our job in this journey is not only to see that you find that home at the best possible terms, but also to aid you in the entire process from beginning to end.*

*Here is a package we have prepared for you to explain the particulars of buying a home. You will find it useful to familiarize yourself with the various documents and procedures you will be experiencing during the home buying process.*

*Read the material over and feel free to contact us if you have any questions or require further information that you feel is pertinent to your specific situation.*

*Sincerely,*

A handwritten signature in blue ink that reads 'Steve Mun'. The signature is written in a cursive, flowing style.

*Steve Mun, e-PRO  
Quality Service Certified® (Gold)  
Steve Mun Group  
408-802-5641 Cell  
steve@stevemun.com*

# Home Buying Step-by-Step Guide

## 1. **Select a Realtor/establish a relationship**

I am a full time, professional REALTOR with extensive market knowledge and credentials. We will work closely together to find the right home for you.

## 2. **Initial consultation with your Realtor to evaluate your needs and resources**

Once we establish your needs, I will provide guidance to financial institutions where you can obtain information in order to get the best financing available. We will meet to discuss your needs and analyze your resources. After an initial consultation with a Loan Officer from a financial institution I will do a computer search, based on the criteria we establish, of all the homes available in the areas you select, whether they are Keller Williams' listings or other real estate company's listings.

## 3. **Identify property to buy**

The more precise and direct you are with me, the more successful our search will be.

## 4. **Determine Sellers motivation**

Once you have found the home you wish to purchase, I will do all necessary research to help you structure an effective offer.

## 5. **Write offer to purchase**

I will draft the Purchase Contract for you, advising you on protective contingencies, customary practices, and local regulations. At this time you will need to provide an "earnest money" deposit, usually 3% of the purchase price. (This deposit is not cashed until your offer has been accepted by the Seller.)

## 6. **Presentation of the offer**

I will present your offer to the Seller and the Sellers agent. The Seller has three options: they can accept your offer, counter your offer, or reject your offer. My personal knowledge of your needs and qualifications will enable me to represent you in the best way possible.

## 7. **Sellers response**

I will review the Sellers response with you. My negotiating skills and knowledge will benefit you in reaching a final agreement.

## 8. **Open escrow**

When the Purchase Contract is accepted and signed by all parties your earnest money will be deposited. The escrow and title company will receive and hold your deposit and disburse all funds associated with your transaction.

# Home Buying Step-by-Step (continued)

## 9. Contingency period

This is the time allowed per your Purchase Contract to obtain financing, perform inspections, and satisfy any other contingencies to which your purchase is subject. Typical contingencies include:

- ◆ Approval of the Sellers Transfer *Disclosure* Statement
- ◆ Approval of the Preliminary *Title Report*
- ◆ *Loan approval*, including an appraisal of the property
- ◆ Physical *inspections* of the property
- ◆ Pest inspection and section 1 clearance *certification*

## 10. Homeowner's insurance

You will contact your insurance agent as soon as we are in contract to verify that you can obtain Fire Insurance coverage per lender requirements. I will coordinate between your Insurance Agent and the Title Officer to make sure your policy is in effect at close of escrow. Without insurance coverage, the loan may not fund.

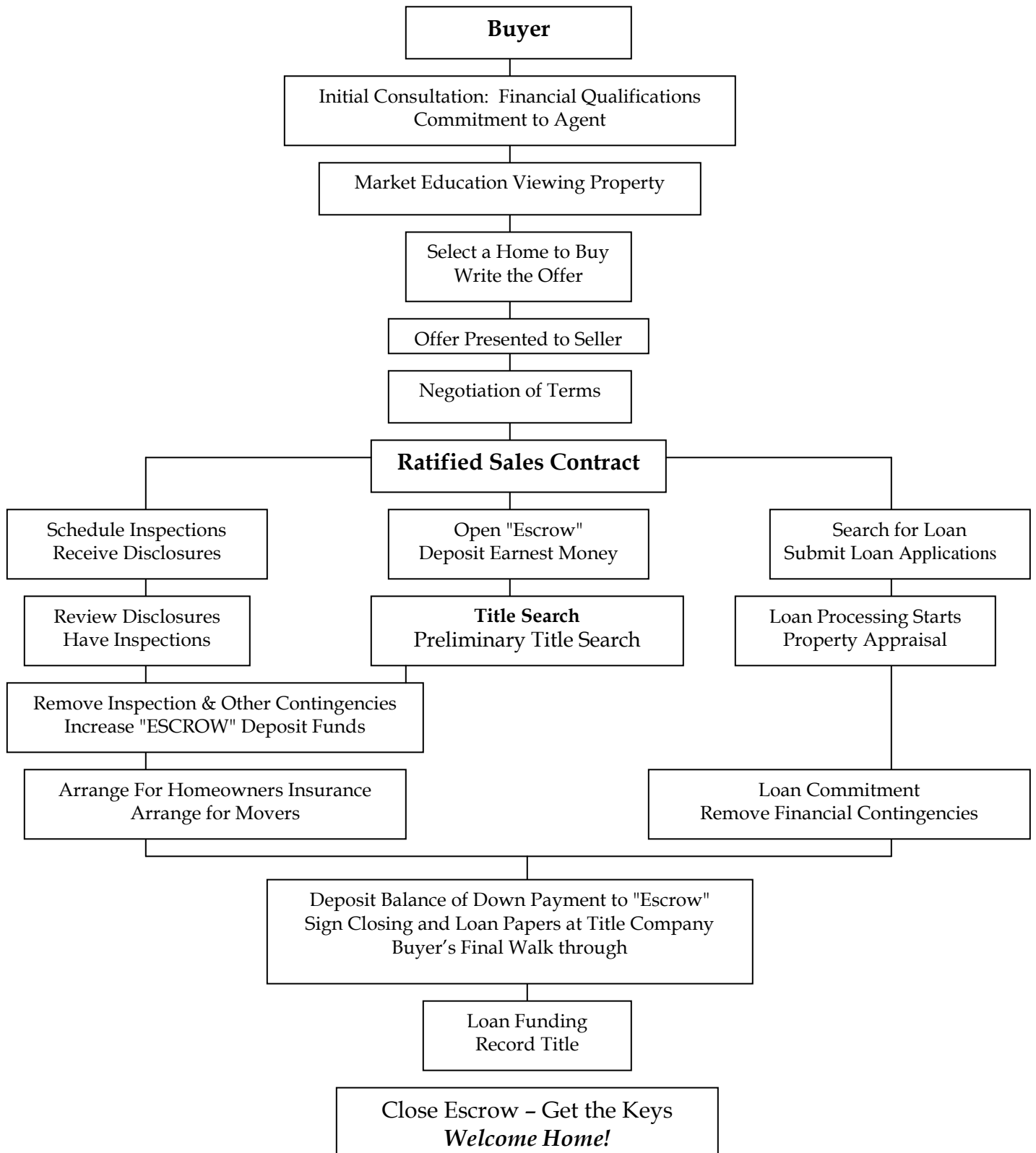
## 11. Down payment funds

You will need a Cashier's Check or wire transfer several days prior to the closing date of escrow.

## 12. Close escrow

When all of the conditions of the Purchase Contract have been met, you will sign your loan documents and closing papers approximately a week prior to close of escrow. You will deposit the balance of your down payment and closing costs to escrow and your lender will deposit the balance of the purchase price. The Deed will then be recorded at the County Recorder's Office and you will take ownership of your home.

# Time and Action Flow Chart



# **Our Professional Relationship**

## **Putting me to Work for You**

If you see any home that interests you, ask me about it. Whether it is advertised by sign, in the newspaper, listed with another Realtor, or even seen at an Open House, or not even on the market – I am able to best represent you in the pursuit of that property.

If you have any questions about how I work, please ask. Our professional relationship is critical to the successful purchase of your home.

## **Skilled Service**

A large part of my work is performed "behind the scenes;" previewing homes, researching comparable sales, talking to listing agents to learn the history of the property, gaining market knowledge, evaluating changing legislation, and maintaining my professional credentials through continual education requirements. For every hour spent showing you homes, I have spent up to ten hours preparing. I am constantly acquiring information that will help me to better serve you.

## **How I am Compensated**

I am not paid a substantial salary: I work on commission and I am compensated only when all of your needs have been satisfied and you take ownership of your new home. As the buyer's agent, my commission will be paid by the seller at close of escrow.

## **Your Commitment to Me**

I will invest substantial time and effort in locating your home, and will represent you with unequalled integrity throughout the purchase of that home. In return, I request your loyalty – a commitment that you will work with me, exclusively, in selecting and purchasing your home.

## **My Commitment to You**

I am a full time professional Realtor, I am educated in the legal aspects of real estate practice and licensed by the State of California to provide real estate services. As a member of the California and National Associations of Realtor as well as the Silicon Valley Association of Realtors; I abide by a strict Code of Ethics to provide you with the highest level of service. As an associate with Keller Williams, I am part of one of strongest, largest and elite networks of real estate professionals in the Bay Area and Nationwide. I earn my living by serving the needs of homebuyers and sellers with integrity and impeccable quality service.

# The Inspection Process

When you make an offer on a home, your Purchase Contract will likely contain provisions allowing you various inspections of the property. The purpose of these inspections is to educate you as to the physical condition of the property you are purchasing and to provide valuable information to you as a Buyer. It is important to remember that your Purchase Contract may provide for withdrawal from the contract if these reports are unsatisfactory to you, but inspections should not be considered an open door to renegotiate the purchase price.

## **Structural, Pest Control Inspection:**

Often referred to as a "Termite Report," the Structural Pest Control Inspection is conducted by a licensed inspector. In addition to actual damage, the Pest Report will indicate any type of wood destroying organisms that may be present, including Fungi (sometimes called "dry rot"), which generally results from excessive moisture.

### **Section I Conditions:**

Most Pest Reports classify conditions as Section I or Section II items. Section I conditions are those which are "active," currently causing damage to the property. Generally, Section I items need to be corrected before a lender will make a loan on a home.

### **Section II Conditions:**

Those that are not currently causing damage, but are likely to, if left unattended. A typical Section II item is a plumbing leak where the moisture has not yet caused fungus decay.

### **Who pays?**

Your Purchase Contract will specify who is responsible for the cost of the inspection and making these corrections. This is a negotiable item and should be considered carefully. I will advise you as to what is customary and prudent.

## **Physical Inspection**

The Physical Inspection clause in your Purchase Contract, when initialed by both parties, allows you the right to have property thoroughly inspected. This is usually done through a General Home Inspection. While Home Inspectors are not currently required to have a license, most are, or have been, General Contractors. The inspection and the resulting report provide an overall assessment of the present condition of the property.

# The Inspection Process (Continued)

## What gets Inspected?

The Home Inspection covers items such as exterior siding, paint, flooring, appliances, water heater, furnace, electrical service, plumbing, and other visible features of the property. This is a general inspection and will often call for additional inspections by specific trades, such as roof and furnace inspections.

## Further Inspections

If conditions warrant, the home inspector may recommend a Structural Engineer's Report. Such a report would identify structural failures and detail recommended corrections.

## Who Pays?

Typically, the buyer pays this inspection.

## Geological Inspection

You may also elect to have a Geological Inspection to educate yourselves as to the soil conditions at the home you are purchasing. This inspection is performed by a Geotechnical Engineer and involves not only physically inspecting the property, but also researching past geological activity in the area. The primary purpose of Geological Inspection is to determine the stability of the ground under and around the home.

## Who Pays?

Typically the Buyer pays, but as with other inspections, this is negotiable according to contract.

## Home Warranty

Home Protection Plans are available for purchase by both Buyers and Sellers. Such plans may provide additional protection of certain systems and appliances in your new home. I will provide you with brochures detailing companies and options.



# Ways To Hold Title

TO REAL PROPERTY

	<i>Tenancy in Common</i>	<i>Joint Tenancy</i>	<i>Community Property</i>	<i>Community Property with Right of Survivorship*</i> <small>(Effective 7/1/2001)</small>
<b>PARTIES</b>	Any number of persons (can be husband and wife or registered domestic partners).	Any number of persons (can be husband and wife or registered domestic partners).	Only husband and wife. Registered domestic partners have community property rights.	Only husband and wife. Registered domestic partners have community property rights.
<b>DIVISION</b>	Ownership can be divided into any number of interests, equal or unequal.	Owner interests must be equal.	Ownership and managerial interests are equal.	Ownership and managerial interests are equal.
<b>TITLE</b>	Each co-owner has a separate legal title to his or her undivided interest.	There must be unity of title and time (created in one document).	Title is in the "community." Each interest is separate but management is unified.	Title is in the "community." Each interest is separate but management is unified. Title must expressly state community property with right to survivorship.
<b>POSSESSION</b>	Equal rights of possession.	Equal rights of possession.	Both co-owners have equal management and control.	Both co-owners have equal management and control.
<b>CONVEYANCE</b>	Each co-owner's interest may be conveyed separately by its individual owner.	Conveyance by one co-owner without the others will sever (terminate) that individual's joint tenancy.	Real property requires written consent of other spouse or registered domestic partner, and separate interest cannot be conveyed except upon death.	Real property requires written consent of other spouse or registered domestic partner, and separate interest cannot be conveyed except upon death.
<b>PURCHASER'S STATUS</b>	Purchaser will become a tenant in common with the other property co-owners.	Purchaser will become a tenant in common with the other property co-owners.	Purchaser can acquire title from the community with written consent or joinder of both spouses or registered domestic partners.	Purchaser can acquire title from the community with written consent or joinder of both spouses or registered domestic partners.
<b>DEATH</b>	On co-owner's death, his or her interest passes by will to that person's devisees or heirs. No survivorship right.	On co-owner's death, his or her interest ends and cannot be disposed of by will. Survivor(s) own(s) the property. An affidavit of death of joint tenant establishes death.	Upon death of one spouse or registered domestic partner, 50% belongs to surviving spouse or registered domestic partner, 50% goes by will to descendant's devisees or by succession to surviving spouse or registered domestic partner.	Upon death of one spouse or registered domestic partner, his or her interest ends and cannot be disposed of by will. Survivor owns the property 100%. An affidavit of death (community property with right of survivorship) establishes death of a spouse or registered domestic partner.
<b>SUCCESSOR'S STATUS</b>	Devisees or heirs become tenants in common.	Last survivor owns property 100%.	If passing by will, tenancy in common between devisees and survivor results.	Purchaser can only acquire whole title of community; cannot acquire a part of it.
<b>CREDITOR'S RIGHTS</b>	Co-owner's interest may be sold on execution sale to satisfy his or her creditor. The creditor becomes a tenant in common.	Co-owner's interest may be sold on execution sale to satisfy creditor. Joint tenancy is broken; creditor becomes tenant in common.	Property of community is liable for contracts of either spouse or registered domestic partners which were made after marriage and prior to or after January 1, 1975. Co-owner's interest cannot be sold separately; whole property may be sold on execution to satisfy creditor.	Property of community is liable for contracts of either spouse or registered domestic partners which were made after marriage and prior to or after January 1, 1975. Co-owner's interest cannot be sold separately; whole property may be sold on execution to satisfy creditor.
<b>PRESUMPTION</b>	Favored in doubtful cases except husband and wife or registered domestic partners case.	Must be expressly stated. Not favored.	The legal presumption is that property which has been acquired during the course of the marriage or registered domestic partnership is community property or community property rights apply.	After July 1, 2001, there is no presumption. The code reads that deeds must state "community property with the right of survivorship."

\*This manner of vesting took effect July 1, 2001, pursuant to California Civil Code 682.1. Portions of this chart are reprinted with permission from California Land Title Association

# Who Pays What (Santa Clara County)



## The Seller can generally be Expected to pay for:

- ✓ Escrow fee (ask Title Co for quote)
- ✓ Owner's Insurance Premiums CLTA (ask Title Co for quote)
- ✓ Real estate commission
- ✓ Document preparation fee for deed (ask Title Co for quote)
- ✓ Notary fees
- ✓ Termite Inspection (according to contract)
- ✓ Termite work (according to contract).
- ✓ Home warranty (according to contract)
- ✓ Any judgments, tax liens, etc. against the seller
- ✓ Any unpaid homeowner's dues
- ✓ Any bonds or assessments (according to contract)
- ✓ Any and all delinquent taxes
- ✓ Documentary Transfer tax (\$1.10 per \$1,000 of sales price)
- ✓ Any loan fees required by buyer's lender
- ✓ 50% if city transfer/conveyance tax (according to contract)
- ✓ Recording charges to clear all documents of record against seller (ask Title Co. if any apply)
- ✓ Tax proration of property taxes unpaid at the time of close
- ✓ Payoff of all loans in seller's name (or existing loan balance being assumed by buyer)
- ✓ Interest accrued to lender being paid off, statement fees, reconveyance fees and any prepayment penalties
- ✓ Lender's Title Policy Premiums ALTA (ask Title Co for quote)
- ✓ Document Preparation (ask Title Co for quote)
- ✓ Notary Fees
- ✓ Homeowner's Transfer Fee (if any)



## The Buyer Can generally be expected to pay for:

- ✓ Tax proration (from date of acquisition)
- ✓ Recording Charges for all documents in Buyer's names
- ✓ Fire Insurance Premium for first year
- ✓ Home Warranty (according to contract)
- ✓ Inspection Fees roofing, property inspection & geological
- ✓ 50% of City Transfer/Conveyance Tax (according to contract)
- ✓ Beneficiary statement fee for assumption of existing loan
- ✓ Assumption/change of records fees for takeover of existing loan
- ✓ All new loan changes (except those required by lender for seller to pay)
- ✓ Interest on new loan from date of funding to 30 days prior to first payment date
- ✓ Transactional coordinator / Administration fee (if applicable)

