

Montague
Miller & Co.
REALTORS® 

Home Buyers
Resource Guide



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HOME BUYERS GUIDE Steps to Buying a Home

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Your Place. Our Purpose.



Welcome to Montague Miller & Co., Realtors

We're glad you're here!

Helping future homeowners move forward with your real estate dreams is what we do best. Whether you are new to the home-buying process or a seasoned homeowner selling your home, you will likely be faced with a flurry of details and big decisions, making the process seem overwhelming. **And we're here to help!**

At Montague, Miller & Co., we take pride in our ability to educate and guide our clients to successful outcomes through professionalism and honest counsel. We are a three-generation family company, proudly serving Charlottesville and surrounding communities for over 76 years.

Our REALTORS® have a breadth of experience navigating competitive markets to help you find your perfect home, or sell your home for the best price, while ensuring the process is as seamless and enjoyable as possible. After all, your place is our purpose.



DECIDING TO BUY

Purchasing a property may be the biggest financial decision you will make. Whether this is your first purchase or you are an experienced buyer, this decision must be made carefully.

Why Do You Want To Buy?

This is a big step and having a clear sense of your reasons for buying will help you choose the right property. Your WHY will help you move forward in the right direction.

Have you decided it's time to stop paying rent year after year? Do you want to shorten your commute? Would you rather live in a different area? Would you like a larger yard? Have you outgrown your current home? Plans to start a family?

Has Your Income Grown?

Property ownership is an excellent investment; whether you are looking for your dream home, a rental property, or to expand your investment portfolio. Owning real estate is one of the least risky ways to build equity or to obtain a greater return on your initial investment.

Know Your Budget

A key step in the home buying process is determining how much home you can afford. To ensure that you have the funds available, create a budget!

Determining A Basic Budget

When trying to understand how much home you can afford, what you are really determining is the maximum monthly mortgage payment you think you can comfortably pay. There are several pieces of data that need to be factored in to calculate how much home you can afford.

The very basic information includes your yearly income, monthly debts owed, and the down payment you expect to put on the house. Based on these three numbers, you can come up with a rough estimate of the maximum home price you can afford within your current budget.

A More Accurate Picture

To get a more accurate and precise number, you will need to take into account detailed information about the new home you are looking to purchase and the mortgage loan that would finance that property.

Here Are The Things You May Need to Consider

- The down payment amount you will need
- The premium amount on the homeowner's insurance for the property (premium will be determined by many factors about you, the property itself, and coverage levels chosen)
- The premium amount on flood insurance for the property, should flood insurance coverage be required by the mortgage lender
- The real estate taxes for the area into which you are moving
- Homeowner's association dues (if applicable)

First Step: CHOOSE A REALTOR®... an expert in their field

It is essential to work with a licensed professional you trust and who will expertly guide you through the complicated home buying process. Your relationship with your real estate agent is the foundation of the home-buying process. He or she is the first expert you'll meet on your journey and the one you'll rely on most. That's why it's important to interview agents and find the agent who's right for your specific needs.

Your REALTOR®'s job is to ensure the process is done correctly, advocate on your behalf, and help you get the most out of one of the biggest investments in your life.

In addition to the hundreds of classroom hours and continuing education required to hold a real estate license, REALTORS® stay up to date on industry trends and developments to ensure your home purchase process goes smoothly.

How to choose a great Real Estate Agent

Look for a full-time REALTOR® – one who has experience completing transactions similar to yours and familiar with the area in which you are interested. Ask about their credentials and education, and if they are available to work with your schedule. Make sure you communicate your preferences and expectations on how you want them to communicate with you. Ask what is their strategy for helping you buy the perfect home? Interview several... We just want to be one of them!

Most importantly, choose a Buyer's Agent who listens attentively to your needs and concerns, and with whom you feel comfortable.

It's Time to Commit to a Buyer's Agent!

1. Talk with your Agent about the process of buying a home, the services offered and fees charged by your Buyer's Agent.
2. **Review and sign a Buyer Broker agreement.**
3. Move forward with your Buyer's Agent by candidly discussing Financial qualifying and compiling helpful information about your journey. Be clear and share your desired wants and needs.



If you haven't already, your Agent will advise you go through the **Pre-Approval process**. Obtaining a mortgage Pre-Approval early will give you a valuable competitive edge. With your purchasing power known, home-hunting tours can be focused on homes in your price range and Sellers will know you are a serious buyer.

Your agent will show you exactly what you need to gather for your "Green Folder" to take to a Lender and can recommend several Lenders for you to choose from.

Not all Realtors are the same...
REALTORS® are professional members
of the
National Association of REALTORS®
and subscribe to it's Code of Ethics.





PREPARING TO BUY

Determine how much you can afford and get Pre-Approved.

Before you start shopping for your property, set yourself up for success by making some preparations.

Build Your Green File.

Gather all your important financial documents you will need to secure financing for your property. Typically this green file should contain:

- Financial statements
- Bank accounts
- Investments
- Credit cards
- Auto loans
- Recent pay stubs
- Tax returns for two years
- Copies of leases for investment properties
- 401K statements, life insurance, stocks, bonds, and mutual account information.

Pre-Qualified vs. Pre-Approval

If you're doing research about buying a home, you'll see the terms "pre-approval" and "pre-qualification" seemingly everywhere. Although they sound similar, these are actually two different things! Here's how you can tell which is which.

Pre-Qualified

- A quick "snapshot" that helps you know how much mortgage money you might qualify for.
- May require a credit check, depending on your state.
- Does not require documentation of your financial situation.
- Provided by a lender as a ballpark estimate.
- No cost involved and no commitment on either side.
- A good way to start figuring out how much home you can afford.
- Does not work as a signal that you are ready to purchase a home.

Pre-Approved

- Always requires a credit check.
- Verified financial history, including documentation.
- Should you choose to, you can get a mortgage for the amount and terms for which you are pre-approved.
- No commitment to receive a mortgage from the pre-approving company.
- A sign that you are very serious and ready to purchase a home.

Check Your Credit Rating for Pre-Approval.

Your credit score will have a huge impact on what type of property you can buy, and at what price. We recommend you check your credit rating with an **experienced lending institution** so that we can help you determine what you can afford. The lender will research your credit ratings from the three credit reporting agencies Equifax, Experian, and Trans Union.

We can recommend experienced, knowledgeable lenders in the residential and construction real estate field as well as in commercial and investment fields.

TIP! Be Careful With Your Finances.

Now is **not** a good time to make sudden career changes or large purchases. You want to approach your property purchase from a position of financial stability.

IT'S TIME TO START HOUSE SHOPPING

Once those preparations are out of the way, it is time to find the right property for you.

Take a Drive to get an idea where you'd like to live.

Get to know the neighborhoods, complexes, or subdivisions, which interest you. Drive around and get a feel for what it would be like to own a property in the area. Start getting a sense of the properties available in those areas.

Narrow Your Search.

Your Agent will share Home visit and Open House etiquette tips so you know what to expect.

We will help you determine which properties best meet your needs and wants.

We can provide background information on these properties and arrange and accompany you to showings.

Visiting properties is more than just opening the door.

Your Agent will discuss Pro's and Con's of each property, taking emotion out of the process, and help you determine whether it's a property worth pursuing.

Your Agent can provide information on the potential long term resale value of properties you are seriously considering.

TIP! Be prepared for this step to take more time and more home tours than you expected!

When It's Time to Buy...

You're going to be so happy you're in good hands!

Once you've decided on the right home for you, it's time to make an offer! Your real estate agent will walk you through this process in detail, including any applicable laws in your area.

Once you have picked out the property you want to purchase, we will help you present a favorable offer with attractive terms.

How do you get your offer accepted in this competitive environment? It's not all about the price.

Your agent will investigate the potential costs and expenses associated with the new property, discuss comparable sales, covenants and restrictions, current market conditions, and much more! Terms and conditions matter.





Making an Offer... Contract Presentation & Negotiation

It's not done until everything is signed, sealed and delivered! There's a lot of moving parts and things to consider in this step. Is it a multiple offer situation? What components may get your offer accepted over others?

Your Agent will review, counsel, and advise on contract terms and may recommend you consult with an Attorney or Accountant if needed.

TIP! Familiarize and Understand these important terms...

Offers & Contracts

A "verbal offer" is not binding and doesn't create an enforceable obligation on the part of the seller to sell or on the part of the buyer to buy. Until you've put all material terms of your offer in writing and all parties have signed it, the offer is not binding.

However, once the offer is signed, it becomes a binding contract according to its terms, subject to any and all contingencies in the offer.

Make sure you discuss this process with your agent in detail – and never sign anything you don't understand.

Negotiating the Offer

In days past, "offer low and get a counteroffer" was very common. However, sellers in today's market are adopting sophisticated selling strategies. While you may be able to offer less than the asking price, a dramatically low offer may not even be considered.

Today's transactions can also move quickly! There may not be time to make multiple offers – so make the most of yours.

When it comes to competing offers, a seller isn't obligated to offer you a "right of first refusal" or a chance to improve your offer. This might happen as part of negotiations, but it isn't required.

Understanding the Offer

Always read an offer and make sure you know what's in it. This includes making sure any appliances or other such inclusions are listed in the contract. Just because it's in the MLS listing or marketing materials doesn't necessarily mean it is legally part of the offer, so make sure you know what you're getting by including it in the contract.

If you don't understand the terms of the offer, ask your real estate agent to clarify. If you need legal, tax, or other advice, consult with a professional in that field.

You are getting closer to picking out wall colors and deciding where your furniture will go...





ESCROW, INSPECTIONS & APPRAISALS

This step looks complicated but your REALTOR® will guide you through **The Process, Step-by-Step**

The Initial Agreement and Deposit.

An effective agreement is a legal arrangement between a potential purchaser and a seller.

Here are some important tips to keep in mind to streamline the process:

1. Keep written records of everything. For the sake of clarity, it will be extremely useful to transcribe all verbal agreements including counter offers and addendums and to convert them into written agreements to be signed by both parties. **We will assist you in drafting all the paperwork for your purchase and make sure that you have copies of everything.**
2. Stick to the schedule. Now that your offer has been accepted, you and the seller will be given a timeline to mark every stage in the process of closing the real estate contract. Meeting the requirements on time ensures a smoother flow of negotiations so that each party involved is not in breach of their agreements. **During the process we will keep you constantly updated, so you will always be prepared for the next step.**

The Closing Agent.

Either a title company or an attorney will be selected as a closing agent. The closing agent will research the complete recorded history of the property to ensure that the title is free and clear of encumbrances by the date of closing and that all new encumbrances are properly added to the title.

Some properties are subject to restrictions which limit various activities such as building or parking restrictions. There may be recorded easements and encroachments, which limit the rights to use your property.

How to Hold Title.

You may wish to consult an attorney or tax advisor on the best way to hold title. Different methods of holding title have different legal, estate and tax implications, especially when selling or upon death of the title holder.

Inspections.

If agreed upon in the contract, you will need to have a licensed property inspector inspect the property within the time frame in the contract to purchase.

You may elect to have different inspectors inspect the property, if you wish to obtain professional opinions from inspectors who specialize in a specific area.

The Areas & Systems That Are Usually Inspected (provided there is access) include:

- Inside: attic, basement, ceilings, doors, floors, interior water penetration, structure, ventilation, walls, windows, appliances
- Outside: crawlspaces, driveway, exterior and siding, foundation, garage, grading, roof, sidewalk

Your Agent is well-connected and can recommend several different inspectors from a long list of professionals.

Depending on the outcome of these inspections, one of two things may happen:

1. Either each milestone is successfully closed and the contingencies will be removed, bringing you one step closer to the close date, *or*
2. The buyer, after reviewing the property and the papers, requests a renegotiation of the terms of contract.

Appraisal and Lending.

It is imperative that you keep in close communication with your lender, who will let you know when additional documents are needed to approve your loan application and fund your loan.

If the agreement is conditional upon financing, then the property will be appraised by a licensed appraiser to determine the value for the lending institution, via a third party. This is done so that the lending institution can confirm their investment in your property is accurate.

Appraisers are specialists in determining the value of properties, based on a combination of square footage measurements, building costs, recent sales of comparable properties, operating income, etc.

When you are within two weeks of closing, double check with your lender to be sure the loan will go through smoothly and on time.





Association Approval.

If the property that you are purchasing is conditional upon an association approval, request the rules, regulations, and other important documents from the seller as soon as you have a ratified agreement to purchase. Make sure that the application documents and processing fees are submitted to the appropriate person by the required time. Fill out all of the information completely and legibly so there is no delay in processing the application. If you are required to meet with the association for your approval, make an appointment as soon as possible for the interview. Most associations require a certificate of approval before move-in.

Your closing agent will request that the original copy of this approval letter be brought to the closing, so that it can be recorded with the deed in the county public records.

Property Insurance.

If you are obtaining a loan, you will be required by your lender to purchase a certain amount of insurance on the property. The value will depend on the lending institution and the purchase price of the property. You may be able to save hundreds of dollars a year on homeowners insurance by shopping around for insurance. You may save money with these tips.

- Consider a higher deductible. Increasing your deductible by just a few hundred dollars can make a big difference in your premium.
- Ask your insurance agent about discounts. You may be able to get a lower premium if your home has safety features such as dead-bolt locks, smoke detectors, an alarm system, storm shutters or fire-retardant roofing materials. Persons over 55 years of age or long-term customers may also be offered discounts.
- Insure your house NOT the land under it. After a disaster, the land is still there. If you do not subtract the value of the land when deciding how much home owner's insurance to buy, you will pay more than you should.

We will be happy to recommend experienced knowledgeable insurance agents for every property type.

CLOSING DAY

and moving in

If you have come this far, then this means that it is almost time for a congratulations, but not yet! There are a few loose ends that need to be tied up:

Final Walk-Through Inspection.

More of a formality than anything else, the final inspection takes place a day before, or the day of the closing. You will visit the property to verify that all is in working order, everything is the same as when you last viewed the property, that there are no extra items left behind, and that everything included in your purchase is still at the property. If possible, make sure the utilities will still be on to verify that everything works properly.

Home Services and Utilities.

Your Agent will provide a list of useful numbers for the activation of home services and utilities after the closing occurs.

Be Prepared.

We are ready to assist you should any unforeseen glitch pop up, even at this last stage. Something at the property breaks down, or some other minor detail – no need to worry. We have encountered these problems before so we know how to handle them efficiently and in a stress-free manor.

Closing.

The closing agent will furnish all parties involved with a settlement statement, which summarizes and details the financial transactions enacted in the process. You and the seller(s) will sign this statement, as well as the closing agent, certifying its accuracy.

If you are obtaining financing, you will have to sign all pertinent documentation required by the lending institution. If you are unable to attend the scheduled closing, arrangements can be made depending on the circumstances and the notice that we receive. If you are bringing funds to the transaction, you can elect to either have the funds wired electronically into the closing agent's escrow account, or bring a certified bank check to the closing in the amount specified on the settlement statement.

The seller should arrange to have all property keys and any other important information for you at the closing.

Congratulations!
Your Home Buying Journey is complete!



Your Realtor for Life

We are your
property resource for life.
No matter what you might
need during your ownership
of the property
we are here to help.

Let's keep in touch!

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