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# **TIPS FOR BUYERS**

## **Step #1 - Start the Search**

Are you interested in finding a nice property in the Columbia County area? Probably the first two questions that come to your mind is "How do I start?" and "Where can I go to find out what properties are currently being offered for sale?"

We understand that it may be difficult for you to know exactly what you are looking for at this early stage of your search. We also know that your "wants and desires" may change, sometimes several times during the search process, but this is a normal part of looking for a house or property. We have found, however, that if Buyers give us as much information as they can early in the search process, it helps us to be more accurate in identifying those properties that fit their needs, thereby eliminating quite a few properties that they definitely will not be interested in seeing because of the style, location, number of bedrooms and baths, etc.

Please Email us and let us know what you are looking for and we will start doing some research for you. We will then mail out an informational package to you containing the listing sheets for all available properties meeting your requirements (including those from the Multiple Listing Service), along with the current mortgage rates, a real estate magazine, maps, etc.

## **Step #2 - Who Does the Real Estate Agent Represent?**

Usually, the listing real estate agent represents the Seller, as does the real estate agent who is showing a customer the property as a sub-agent for the other real estate office. There are options open to both Buyers and Sellers and the real estate agents must clearly (and in writing) disclose who they are representing. Please take the time to read the Real Estate Report containing the Agency Disclosure Law.

The Gray Rider Real Estate Company believes that it is the best and most honest approach for everyone involved in the buying/selling process to know exactly who we represent. As Buyer(s), you must also clearly (and in writing) acknowledge that you are aware that we are either acting as a sub-agent of the

seller, or acting as your (Buyer's) agent. At first, as is the normal practice, we will be representing the sellers. If, at some later point in your property search, you decide that you want us to represent you as a buyer's agent, we will discuss the pros and cons with you. In any case, the disclosure acknowledgement should be signed before we start to look at properties. If you have any questions about the Disclosure Law excerpts, please do not hesitate to ask us.

***NOTE: In most situations, the Listing Broker will pay the Buyer's Broker commission, BUT there are instances when the Listing Broker refuses to pay the commission and therefore the Buyer is responsible for paying their Buyer Broker's commission.***

### **Step #3 - Negotiating the Price**

The negotiation process really begins before you start looking. It is important to know that a strong negotiating position is enhanced by the Buyer getting pre-qualified for a mortgage. Better yet, making the effort to become pre-approved will maximize your ability to strike a deal most favorable to you. Visit our websites to obtain the current mortgage rates and to find out how the Gray Rider Real Estate Company can help you obtain mortgage financing.

When we find the right home or property for you, the Gray Rider Real Estate Company will assist you in making a decision about how much to offer the Seller. We do this by:

- endeavoring to discover prices of similar homes sold in the last 6 months
- helping you compare it to any other homes you've looked at
- evaluating its condition and access the amount of work it needs
- informing you about how long it's been on the market, why the Seller is selling, and if the price has been reduced
- helping you develop a strategy using time, price, and financing terms.

Whether it's starting with your best offer, saving room to maneuver, compromising, or making concessions to the seller's counter, we will present you with the objectivity to help you make a wise decision.

### **Step #4 - Submitting Your Offer**

Before the written offer to purchase is created, it is very important that you have been at least pre-qualified or better yet pre-approved by a lender. This is one of the best negotiating tools a buyer can have. It shows the seller that you are financially able to purchase the home. After you have found the right home, it is time to prepare the offer. In Columbia County, the offer to purchase is a one page form designed and approved by the Columbia County Board of Realtors entitled 'Standard Purchase Offer and Deposit Receipt.' It covers all facets of the purchase process, such as:

- purchase price
- amount and type of earnest money
- contingencies (financing, inspection, etc.)
- personal items you wish the seller to include (washer/dryer, etc.)
- formal contract date and closing date

- time limit for conducting inspection, obtaining financing, etc.
- responsibilities of both buyer and seller
- approval by both buyers and sellers attorneys

Once you make the written offer, we present it to the Seller's Agent. The Seller may accept it, prepare a counter offer, or reject the offer all together. Once the offer is accepted, it is a legally binding contract, subject to approval by the Sellers and Buyers attorneys within a specified period of time.

## **Step #5 - Contingencies**

What is a Contingency: *It is the dependence upon a stated event which must occur before a contract is binding.*

The Gray Rider Real Estate Company counsels their clients to carefully consider all aspects of the situation before any contingency is approved as a part of the transaction. Communication and understanding is the key.

The following are some common contingencies:

- Buyer obtaining mortgage approval
- Insurable Title and Attorneys Approval
- Drinking Water free of bacteria
- Satisfactory engineer's structural inspection
- Satisfactory Pest/Termite inspection
- Satisfactory Radon test
- Sale of Buyer's home

In the event the structure fails one of the above inspections/tests, or the buyer is unable to obtain financing to purchase the property, the buyer is usually entitled to a return of the deposit in full.

## **Step #6 - The Home Inspection**

The Gray Rider Real Estate Company strongly recommends an inspection for every transaction involving a structure. Indeed, it will be required to obtain a mortgage loan.

The home inspection checks the condition of the major systems of the house including the structure's exterior, windows, foundation, roof, garage, electrical, plumbing, heating/air conditioner, attic and basement or crawlspace. A pest and dry rot inspection is usually available at an additional charge.

If any major problems with the structure or systems of the house are uncovered, you will then have the right to void the sales agreement or to renegotiate the terms of the purchase.

It is recommended that the buyer attend the home inspection. It usually lasts between 2 and 2 1/2 hours. This will allow you to ask questions about repairs and maintenance of the home. Usually within 48 hours you will receive a written report.

A home inspection usually costs between \$300 and \$400 and is the best money you will ever spend.

The Gray Rider Real Estate Company has the experience with the inspection community to recommend a list of accredited inspectors.

## **Step #7 - The Appraisal of the Property**

Your lender will order an appraisal of your home and coordinate with your agent to schedule a time for the appraiser to see the home. The appraisal determines the fair market value of the home and insures the home is worth the price you are paying in order to secure the loan. The appraisal also helps insure the house meets certain standards regarding its condition. The average costs for an appraisal in this area is \$250-\$350 for an owner-occupied home.

## **Step #8 - The Closing Process**

### ***What is Closing of Title ?***

The Closing of Title means that the property will change hands to the new owner and that the deal is considered closed or finished. It usually occurs at a meeting between the buyer and seller, their attorneys, a Title Company representative, and the real estate brokers. It is where the deposit of documents and funds are given to a neutral third party (the Title Company) with specific instructions as to how they should be disbursed.

The Title Company acts as the clearing house for the exchange and distribution of those documents and funds in connection with transfer or financing of real property.

We will attend the escrow settlement with you to verify the transaction closes as agreed.

The escrow officer, an employee of the title insurance company will, acting as a neutral 3rd party, explain the documents and have you sign them. The officer will then assure completion of transaction by delivering to the lender for verification and document recheck and deliver to county for recordation of your deed.

Escrow, or the services of a qualified escrow agent, assures all interested parties that the rules and regulations governing real property transfers will be strictly observed by a neutral third party with an objective interest in completing the transaction.

An escrow agent represents neither the seller nor the buyer. The escrow agent can act only on each party's behalf according to their written instructions.

### ***What escrow services does the title company provide?***

The basic definition of an escrow agent's responsibility is to accept and hold a deed from the seller in exchange for funds from the buyer. The escrow agent will concurrently, when all mutually agreed terms have been satisfied, release the funds to the seller and deed to the new buyer.

In most sale transactions, this “simple” process requires the escrow agent to perform the following:

- Order a title report on the subject property and obtain all the necessary information to clear all title defects and satisfy existing liens and encumbrances against the property or the principals involved in the sale;
- Work with the buyer's lender to insure instructions from the seller, buyer and lender are coordinated;
- Prepare many of the documents necessary for the transaction and review all others to make certain they conform to the parties' demands;
- Figure tax and interest prorates and prepare closing instructions and statements for both buyer and seller;
- Arrange closing appointments for all parties to sign the necessary documents;
- After taking final signatures, the escrow agent has responsibility to complete the transaction by checking all documents for completeness, compliance and accuracy;
- Return copies of all loan documents to the lender for approval to record;
- Record all necessary documents in the county where the property is located. This is when the transaction is closed;
- Disburse all funds out of the escrow account according to the signed, written instructions. (These funds could include the seller's net proceeds, the Broker's real estate commission, and other payments required for loan approval or to satisfy other terms of the agreement.)
- Prepare and distribute final closing statements to all interested parties. You will now be the new owner of the property.

**If you have any questions concerning the material presented on the previous pages, please contact:**

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