



# Guide to Buying a Home

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**LAURA SMITH**

Co-owner | Designated Broker  
Windermere Real Estate Co.





# Meet Laura

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**Laura Smith** / Co-owner | Designated Broker  
laurasmith@windermere.com

Laura Smith has been an industry leader in Seattle real estate for over 24 years. Laura currently serves as the Designated Broker of Windermere Real Estate Co. in Seattle, WA. One of Laura's guiding principles in business is the Windermere "truth" that "people are more important than houses." Whether its clients, colleagues or agents she's mentoring or managing, the relationships she builds are paramount. Laura is a blogger, podcaster, leader and coach.



“

If you know you're going home, the journey is never too hard.”

ANGELA WOOD

Once I know  
what you love,  
I won't stop  
until you have it.



All in, for you.



# Guiding your purchase

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When we work together on your home-buying journey, my goal is for you to stay informed, be confident and have some fun along the way. I'll listen attentively to your wants and needs so I can help you find the home that not only matches your lifestyle and investment goals but also feels right. I want you to arrive at your new home feeling successful, hopeful, and happy.

Advising you before the transaction, I'll make sure you understand all the terms, processes and documents involved. I'll provide real-time market data and helpful information so you can make informed decisions. You can be confident you have a skilled negotiator working on your behalf and assured that all action items and communications are being handled thoughtfully and professionally.

## **DECIDING TO BUY A HOME IS A BIG STEP. HERE ARE SOME OF THE SERVICES I PROVIDE:**

Share actionable market intelligence

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Focus your home search

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Explain contracts and documents

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Refer you to a respected lender

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Provide resources for a bridge loan or making a cash offer

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Preview and tour homes

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Refer you to an inspector and attend inspections

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Write an intelligent offer that can win

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Negotiate purchase terms and timetables

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Coordinate the many moving parts of the transaction all the way through closing

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Answer all of your real estate questions

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# Getting to know you

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Before I can help you buy a home, I need to know a few things about you. We'll start with a consultation, during which you'll explain what you're looking for in your new home. We'll discuss different ways to get there, based on both your specific situation and the current state of the market.

This initial conversation is about more than learning which floor plans you prefer or what your budget might be—it's also a chance for us to get to know each other as people. My practice is built on relationships, so it's important for us to build a foundation of trust and transparency as we move forward.

As you start the active home search process, I'll help you refine your search criteria, narrowing in on neighborhoods, commute times and floor plans that match your specific needs. I'll also use my personal network and Windermere's resources to keep you informed of any new and promising listings that come on the market.

-  **A CONFERENCE CALL**
-  **A CUP OF COFFEE**
-  **AN OFFICE VISIT**





Whether it's about a new listing or an offer we've submitted, I'll tailor my communication to match the method and frequency you prefer.

**IF YOU'RE SEEKING YOUR FIRST HOME OR YOUR FIFTH,  
I CAN ADVISE YOU ON ANY REAL ESTATE PURCHASE.**



**First home**

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**Upsizing**

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**Downsizing**

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**Relocating in or out of the area**

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**Investment property**

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**Vacation home**

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# Figuring out financing

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## NECESSARY STEPS BEFORE YOUR HOME SEARCH

To make your home search process as smooth as possible, it's crucial that you have your finances and budget in order **before** you start seriously looking at homes. In a competitive region and real estate market such as ours, having financing pre-approval is key to your success (unless you plan to pay cash). To get pre-approved for a loan, you'll need to connect with a mortgage lender. Who you work with on the financial side is entirely your choice, but I'm always happy to recommend some trusted and knowledgeable lenders who have been integral to my clients' success. Some lenders even offer a certified buyer program, which serves as a type of performance guarantee to a seller who is considering multiple competing offers.

About 30% of successful buyers in our region are cash buyers. If you intend to purchase with all cash, it's important to know that there is likely to be competition from other cash buyers. As a result, it's crucial that your funds be available in liquid form—this could propel you ahead of a buyer who hasn't yet converted other holdings to cash.



## Financial benchmarks for buyers

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<b>PRE-QUALIFICATION:</b>	Determination of your probability of obtaining a loan.
<b>PRE-APPROVAL:</b>	Lender verification of your income and credit approval. Obtaining pre-approval early in the process can give you and the seller greater confidence in your ability to close on the purchase.
<b>PERFORMANCE GUARANTEE:</b>	Lender certification of your ability to be issued a loan based on a combination of your financial profile and the proposed purchase price of the subject property.
<b>CASH BUYER:</b>	Ability to purchase the home based on verified cash holdings rather than lender financing.



## Buying first and selling later?

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Since a bridge loan can give you a stronger negotiating position and ease the pressure of having to sell before you buy, speak with your lender about whether they have a bridge loan product. If they don't, Windermere's exclusive bridge loan program can be the perfect solution. The approval process takes only a few days and the fee is just one percent of the loan amount. No payments are necessary on the loan before your home closes unless you choose to make a payment. The principal and interest are due when the home closes, or six months following disbursement, whichever comes first.

### WINDERMERE **BRIDGE LOAN**

#### **THE WINDERMERE BRIDGE LOAN PROGRAM OFFERS YOU:**

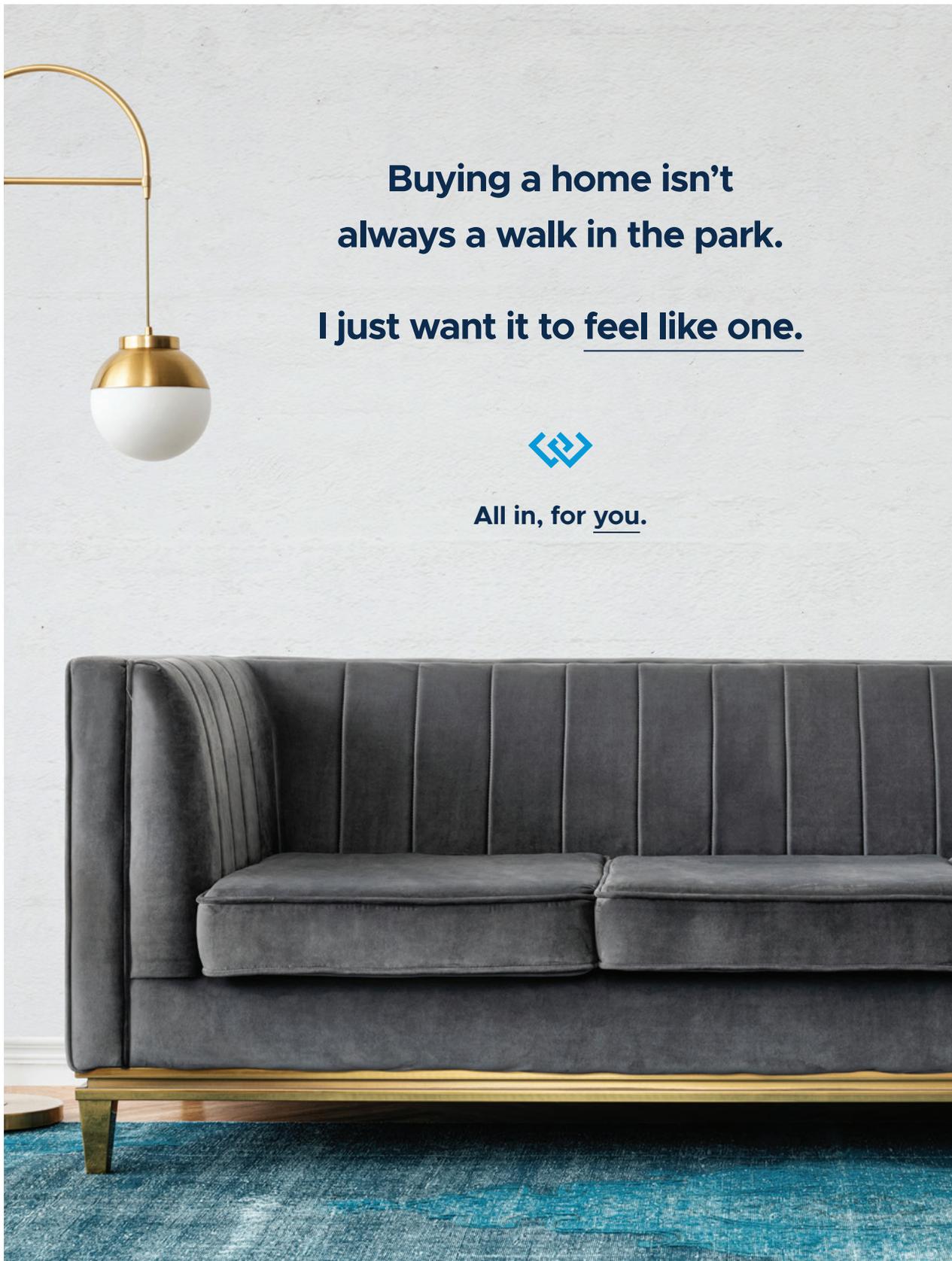
- A stronger negotiating position
- A simple application
- Fast processing
- No payments due before closing
- Competitive fees and interest rates

**Buying a home isn't  
always a walk in the park.**

**I just want it to feel like one.**



**All in, for you.**



# Determining your maximum price

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Understanding how much you can afford is crucial before you start searching for a home. You'll likely work with a lender or financial advisor to calculate your max budget, but before you do, consider taking these steps:

## **CHECK YOUR CREDIT REPORT**

It's best to check your credit report before your lender does so you can correct any mistakes you find before your lender sees them. It also gives you an opportunity to explain any blemishes that show up on your report.

## **KNOW YOUR CREDIT SCORE**

When you check your credit report, you can also check your credit score. (This is known as a "soft credit check" and will not affect your overall credit.) Your score can impact how much lenders are willing to loan you as well as the interest rate you qualify for.

## **DETERMINE YOUR DOWN PAYMENT**

The decision about how much of a down payment you're prepared to make is entirely up to you. The size of your down payment may impact the financing terms your lender gives you. Also, it's typical that a down payment of less than 20% will require you to purchase Private Mortgage Insurance (PMI).

## **WHAT NOT TO DO WHEN BORROWING MONEY**

- Change jobs, become self-employed or quit your job
- Buy a car, truck, motorcycle or van
- Use credit cards more than normal
- Stop paying bills
- Spend money you have saved for closing
- Omit debts or liabilities from your loan application
- Buy big-ticket items (such as furniture)
- Originate any inquiries into your credit or apply for new credit cards
- Make large cash deposits without checking with your loan officer
- Change bank accounts
- Co-sign a loan for anyone
- Change marital status



# Start touring

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## SETTING UP A SUCCESSFUL SEARCH

Once you've determined your budget and we have an idea of what you're looking for, we'll start touring listings. This process will help you get a sense of what you can expect from different types of homes, your price point and the vibe of various neighborhoods. It will also help me get a better sense of your wants and needs in order to continue refining our search.

While the market may be more competitive at certain times, I want you to feel comfortable with every decision you make. There is no right or wrong number of listings to view, nor is there a specific timeline you have to stick to during the search. To help you be confident in your selection, I'll lay out the pros and cons of each contending property. My advice will always be honest and backed up by relevant data.

## QUESTIONS TO ASK YOURSELF BEFORE YOU START LOOKING:

- How long do you see yourself living in your home?
- What features are most important to you in a home?
- What neighborhoods and home styles within your budget attract you the most?
- What is your commute tolerance?
- Do you have any specific lifestyle factors that your home must accommodate now?
- Considering any family or roommates, is your household likely to stay the same size?



If you haven't found it yet, keep looking. As with all matters of the heart, you'll know when you find it."

STEVE JOBS

# Due diligence

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**LET'S TAKE THE TIME TO MAKE SURE THIS REALLY IS THE BEST HOME FOR YOU.**



Work with your mortgage professional to be sure that you are comfortable with the price or monthly payment of the home.



Get your questions answered about the neighborhood (it can help to talk to neighbors).



Do a thorough inspection of the home (sewer lines, etc.).



Research schools, commute times, public transit options, etc.



Review comparative home values.

## **A home inspection**

benefits all parties involved by providing insight into the condition of the home, thereby making you an informed buyer.

## **WALKING YOU THROUGH INSPECTION**

Home inspections are a critical part of the home-buying process. They can take the mystery out of buying a home and make it easier for you to imagine yourself living there. Whether commissioned by you or the seller, the inspection will look beyond the home's cosmetics to make sure its general systems operate properly. The inspector will look for large repairs that are needed and present a detailed report on the condition of the home.

As your buyer's agent, I'll help you:

- Find a well-regarded inspector
- Review a seller-procured inspection report
- Review your buyer-procured inspection report
- Help you determine your risk tolerance for required repairs
- Negotiate fair and appropriate solutions if necessary



# Putting together your offer

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Before writing your first offer on a home, I'll guide you through its various components, including the Purchase and Sale Agreement, state-required forms, all contingencies, and what you'll need to prepare to back up an offer financially.

## PREPARING THE OFFER

When you're ready to make an offer on a specific property, I will:

- Perform a market analysis to show how the home compares in value to recent listings and sales
- Work with you to devise a comprehensive strategy for your offer
- Tailor your offer to your comfort level and to the unique circumstances of the listing

## PRESENTING YOUR OFFER TO THE SELLER

Once we've written up the Purchase and Sale Agreement and all associated forms, I will:

- Call the seller's agent to inform them that your offer is coming via email
- Tell them a little about you and briefly preview the offer
- Follow up to confirm they received your offer



## SECURING YOUR INTEREST WITH A DEPOSIT

Earnest money is a "good faith" deposit submitted with your offer that shows the seller you are serious about purchasing their home.

- The amount of earnest money and the terms surrounding it can make a difference in how attractive the seller finds your offer.
- In a traditional real estate market, it's rare for a buyer to lose the earnest money. If the buyer willfully decides, however, that they no longer want to buy the house and has no legal reason for rescinding their offer, then the seller has the right to retain the earnest money.
- In a very competitive market such as ours, earnest money can convey the seriousness of your commitment to purchasing the property. For example, you may authorize that your earnest money be converted into a non-refundable deposit. This signals to the seller that you are all in and willing to risk your deposit in order to secure the purchase.



## Winning offer strategies

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Our real estate market is a competitive one. To help you navigate the realities of this landscape when we put together your offer, I'll investigate recent sales data to anticipate the level of competition we may face. I'll also connect with the listing broker to gauge the market's reception of the particular home. Then I'll advise you on specific strategies to maximize the chances your offer will be accepted by the seller, which may include:

### **PRICE & ESCALATION**

In a multiple-offer situation, it may be prudent to offer a price-escalation provision—or escalator clause—to strengthen your offer against competing offers. To do this correctly and confidently, you'll need to know your uppermost price tolerance for the purchase. At that point we'll discuss how an escalator can help your offer stand out, as well as any tactics that might minimize the chances a bidding war will escalate to your maximum budget.

### **CONTINGENCIES**

When we submit an offer on a listing that is expected to receive competing offers, we'll discuss the pros and cons of waiving certain contingencies. These include the inspection, financing, appraisal and title contingencies. I'll counsel you about the impact of each contingency and the risks associated with waiving them.

### **EARNEST MONEY**

Any offer we make will require you to commit a certain dollar amount as a good-faith deposit. In a competitive situation, the more earnest money you can commit, the more your offer may stand out to the seller. Another tactic is authorizing escrow to convert earnest money into a nonrefundable deposit upon offer acceptance. Depending on the level of buyer interest in the listing, we may discuss the benefits of such a maneuver and your tolerance for making it.

### **TIMING**

In a competitive scenario, it may also help to offer a specific closing timeline if that's meaningful to the seller. A favorable rent-back provision may also appeal to the seller so they have more time to vacate the property. Either way, I'll work to ascertain the seller's preferences before we write the offer.

# Purchase and Sale Agreement

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Before you submit an offer on a home, I'll guide you through the Purchase and Sale Agreement, the contract in which you and the seller outline the details of the property transfer.

## THE PURCHASE AND SALE AGREEMENT USUALLY CONSISTS OF THE FOLLOWING:

Earnest money declaration

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Financing addendum

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Inspection addendum

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Optional Clauses addendum (Form 22D)

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Addendum outlining special conditions (WRE41)

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Lead-based paint notification, when appropriate

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FIRPTA (Form 22E)

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Title review

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## THE FOLLOWING FORMS WILL USUALLY BE INCLUDED WITH YOUR OFFER:

Agency disclosure form

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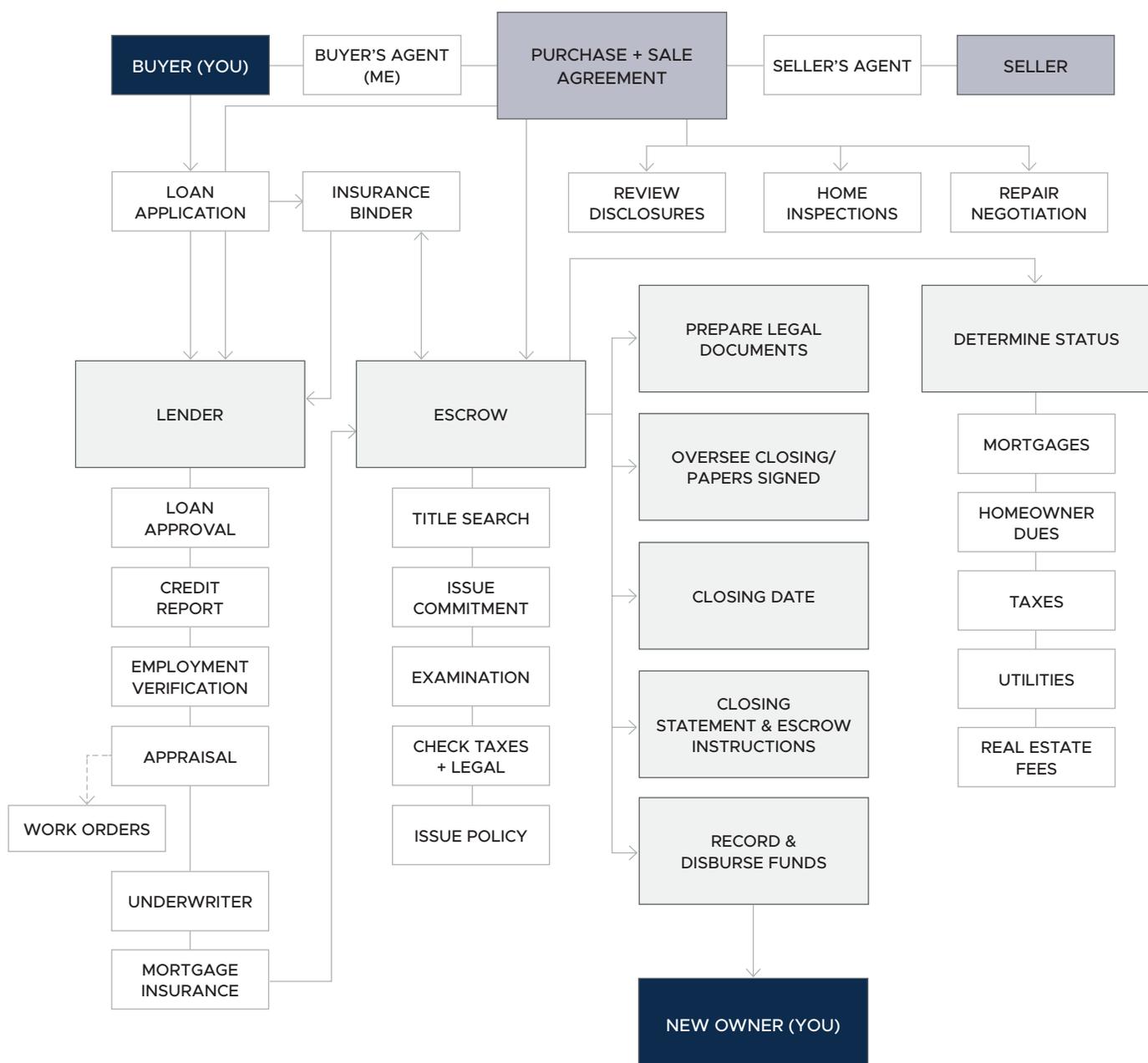
Seller disclosure statement (Form 17)

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# The path to closing

Once your offer is accepted by the seller, you'll formally begin the process of closing. This period typically takes several weeks, and entails the process of opening escrow for the sale, performing inspections and transferring the title and deed of the house to you. It's a complicated process with many moving parts, but I will make sure you understand everything that's happening so you're never out of the loop.



# Settlement & closing

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Before mutual acceptance, a closing date is agreed upon by you and the seller. “Closing” is when you each sign all the paperwork and pay your share of the settlement fees, and the documents are recorded. Settlement obligations vary widely due to specific contract language, local laws and customs. Prior to the closing date, the escrow officer will complete a settlement statement detailing all the expenses associated with the purchase of your new home.

## THE BUYER PAYS FOR:

Down payment on the home

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Buyer’s escrow fee (according to the contract)

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Lender’s extended title insurance premium (ALTA)

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Document preparation (if applicable)

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Prorated property taxes (from date of acquisition)

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Prorated Homeowners Association dues  
(from date of acquisition) if applicable

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Recording fees for all documents in buyer’s name

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Notary fees, if applicable

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Homeowner’s hazard insurance premium for first year

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Inspection fees (according to contract)

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Loan fees as agreed with lender

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Interim interest on new loan, prorated from date  
of funding to first payment date

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## THE SELLER PAYS FOR:

Seller’s escrow fee (according to contract)

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Owner’s title insurance premium

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Real estate service fees (according to contract)

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Payoff of all encumbrances (loans) in seller’s name

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Prorated property taxes (prior to date of sale)

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Any judgments, tax liens, assessments or  
encumbrances placed against property title

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Any unpaid Homeowners Association dues

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Recording charges to clear all documents of record  
against the seller

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Excise tax, if applicable, determined by county  
and based on sale price

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## Sample buyer closing costs

± \$30

CREDIT REPORT

± \$1,300

1/2 ESCROW FEE  
(ON A \$900K HOME)\*

± \$1,000

APPRAISAL

± \$250

SEWER INSPECTION

± \$500

PROPERTY INSPECTION

20%

ESTIMATED DOWN PAYMENT

The only out-of-pocket costs (not financed in your loan) are typically home inspections, appraisal, and your down payment. A good rule of thumb is to budget around 2.5% of your loan amount (not including your down payment) to cover these costs.

*\*Fees determined by sale price and/or loan amount.*

### TAKING POSSESSION

You will sign your closing documents a couple days prior to closing. On the day of closing, typically the documents are recorded at the county in the late afternoon and you will have access to your new home in the early evening.

I will keep in touch to find out how things are going, and I'm always happy to answer any questions you might have. I can also provide referrals (plumbers, electricians, etc.) and give you updates on the value of your home going forward.

If you are happy with my service, I would love to help your friends and family. I always have time for your referrals!



# Glossary

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**ADJUSTABLE-RATE MORTGAGE (ARM)** interest rates on this type of mortgage are periodically adjusted up or down depending on a specified financial index

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**AMORTIZATION** a method of equalizing the monthly mortgage payments over the life of the loan, even though the proportion of principal to interest changes over time. In the early part of the loan, the principal repayment is low, while the interest payment is high. At the end of the loan, the relationship is reversed.

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**ANNUAL PERCENTAGE RATE (APR)** the actual finance charge for a loan, including points and fees, in addition to the stated interest rate

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**APPRAISAL** an expert opinion of the value or worth of a property

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**ASSESSED VALUE** the value placed on a property by a municipality for purposes of levying taxes. It may differ widely from appraised or market value.

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**CERTIFICATE OF TITLE** a document, signed by a title examiner, stating that a seller has an insurable title to the property

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**CLOSING** the deed to a property is legally transferred from seller to buyer, and documents are recorded

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**CLOSING COSTS** charges paid to various entities during the real estate transaction, including escrow fees, document prep fees and lender fees

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**COMMISSION** a fee (usually a percentage of the total sold price) paid to an agent or broker for services performed

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**COMPARATIVE MARKET ANALYSIS (CMA)** a survey of the attributes and selling prices of comparable homes—on the market or recently sold—used to help determine current value for a specific property

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**CONTINGENCY** a condition in a contract that must be met for the contract to be binding

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**CONTRACT** a binding legal agreement between two or more parties that outlines the conditions for the exchange of value (for example: money exchanged for title to property)

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**DEED** a legal document that formally conveys ownership of a property from seller to buyer

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**DOWN PAYMENT** a percentage of the purchase price that the buyer must pay in cash and may not borrow from the lender

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**EQUITY** the value of the property actually owned by the homeowner: purchase price, plus appreciation, plus improvements, less mortgages and liens

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**ESCROW** a fund or account held by a third-party custodian until conditions of a contract are met

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**FIXED-RATE MORTGAGE** interest rates on this type of mortgage remain the same over the life of the loan, unlike an “adjustable-rate” mortgage

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**FIXTURE** a recognizable entity (such as a kitchen cabinet or light fixture) that is permanently attached to a property and belongs to the property when it is sold

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**HAZARD INSURANCE** compensates for property damage from specified hazards such as fire and wind

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**INTEREST** the cost of borrowing money, usually expressed as a percentage rate

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**LIEN** a security claim on a property that may only be released once a legal issue or a debt is cleared up

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**MARKET VALUE** the price range of a property that is established by present economic conditions, location and other general trends

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**MORTGAGE** security claim by a lender against a property until the debt is paid

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**MULTIPLE LISTING SERVICE (MLS)** a system that provides detailed information about listed properties to its members and their clients

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**ORIGINATION FEE** application fee(s) for processing a proposed mortgage loan

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**PITI** principal, interest, taxes and insurance, forming the basis for monthly mortgage payments

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**PMI (PRIMARY MORTGAGE INSURANCE)** insurance for the lender to cover potential losses if the borrower defaults on the loan

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**POINT** one percent of the loan principal, charged in addition to interest and fees

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**PRINCIPAL** (1) one of the parties to a contract; or (2) the amount of money being borrowed, on which interest is charged

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**PURCHASE AND SALE AGREEMENT** a contract between buyer and seller that outlines the details of the property transfer (refer to "Purchase and Sale Agreement" on page 16)

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**SETTLEMENT** all financial transactions required to make the contract final

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**TITLE** a document that indicates ownership of a specific property

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**TITLE INSURANCE** a one-time premium that a buyer pays in order to secure protection against loss or damage in the event of an incorrect search of public records or misinterpretation of title. The title insurance policy also shows what the property is subject to in terms of liens, taxes, encumbrances, deed restrictions and easements.

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**TITLE SEARCH** detailed examination of the entire document history of a property title to make sure there are no legal encumbrances

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\$18B

WINDERMERE'S ANNUAL PROPERTY SALES IN KING COUNTY\*

# Why Windermere

Windermere's extensive network allows me to collaborate with the region's largest cohort of listing brokers so you never miss out on new inventory.

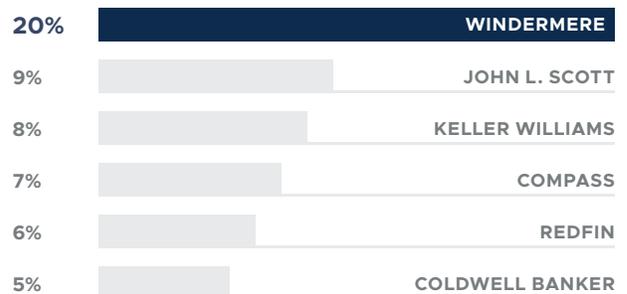
- Windermere typically has the most listings in the market at any given time. This is meaningful because with inventory so tight in our region, my network access to the most resale and new construction listings is a big advantage.
- My relationships with Windermere listing brokers serve to ease the communication, flow and vibe of transactions that otherwise could be taxing.

## IN A COMPETITIVE MARKET, WINDERMERE GIVES BUYERS THE EDGE

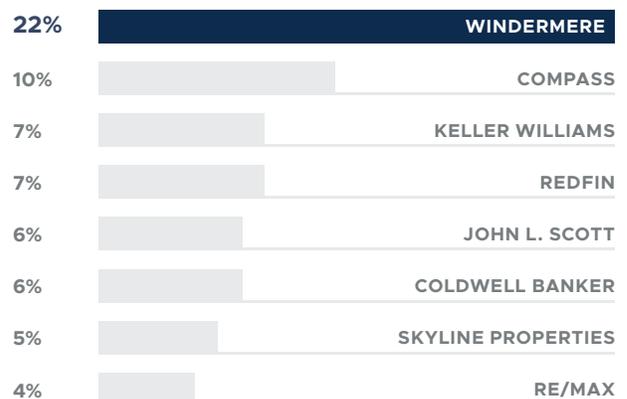
Buyers choosing Windermere increase their odds of succeeding in a competitive market because:

- Windermere brokers receive extensive training on how to (a) craft the most competitive offer for their buyer, and (b) position it to have the greatest appeal to the seller.
- Windermere brokers adjust their negotiating techniques based on real-time market conditions.
- A market-wide survey of Northwest MLS agents indicated that they are more confident about completing transactions with Windermere brokers than with brokers from any other firm.

## WINDERMERE SELLS MORE KING COUNTY HOMES AND CONDOS\*



## SHARE OF WINNING BUYERS WHEN COMPETING AGAINST MULTIPLE OFFERS\*\*

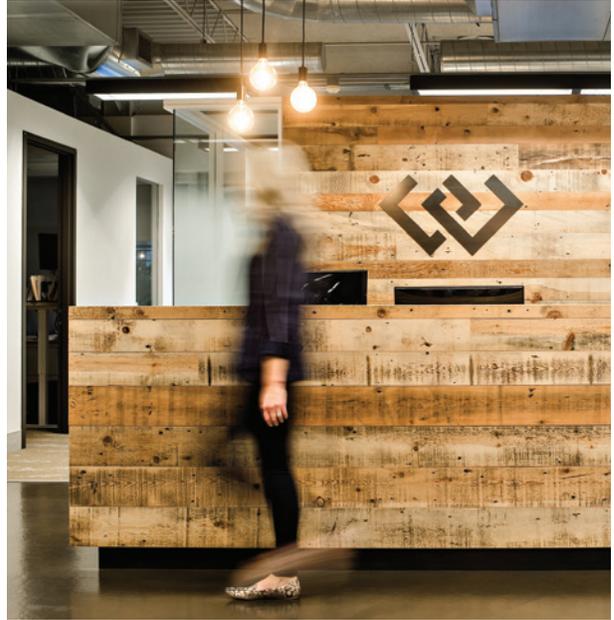


\*Source: Trendgraphix. Data reflects dollar volume of King County homes and condos sold over a recent 12-month period.

\*\*Multiple offers are factored based on home sales that close above list price. Market share data reflects sales of Seattle and Eastside single family homes over a recent 12-month period. Information gathered from but not verified by NWMLS.

# Giving back, together

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## **YOUR HOME PURCHASE WILL FURTHER THE IMPORTANT WORK OF THE WINDERMERE FOUNDATION**

When your purchase transaction closes, I'll donate a portion of my commission to the Windermere Foundation, which is committed to making our communities a better place to live for our most disadvantaged neighbors. Housing is our business, so helping homeless and low-income families—with an emphasis on helping children—has been our way of giving back. Over the years we've donated tens of millions of dollars to cover families' housing costs, help stave off evictions, and fund backpacks full of food so school kids don't go hungry on weekends.

For 50 years, Windermere has been our region's most recognized real estate brand and a respected philanthropic leader. We remain deeply rooted in our local neighborhoods and committed to keeping Seattle a place where everyone can have a home.



\$46M+

DONATED TO NONPROFITS

500+

ORGANIZATIONS SUPPORTED

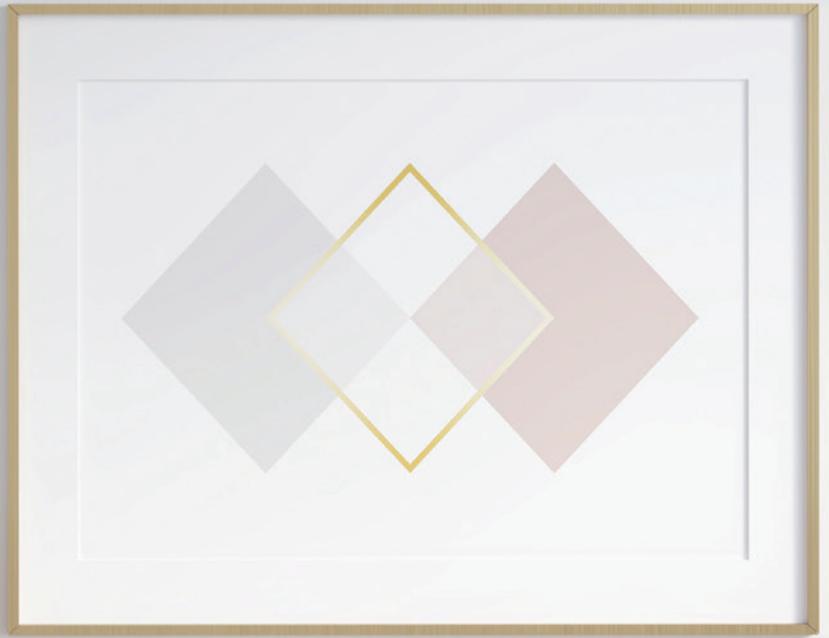
1,000s

OF LIVES CHANGED

“

To achieve great things that the world will never forget, start out by accomplishing small things that the world will never see.”

THE GO GIVER





# Our value lies in our values

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Windermere and I share some deeply held values. First, we prize people over transactions—client relationships are our number one priority. Listening for ways we can be helpful, regardless of whether someone is in the market to list or buy a home, is how we're able to provide memorable service and meaningful value.

Second, we freely give away our knowledge and share our expertise in order to help people move confidently into their next chapter. We're passionate dispensers of market insights, creative strategies and winning angles in order to boost our clients' readiness and success.

And third, we work hard to keep our region strong and communities vibrant. Through our actions and contributions, we strive to create economic and lifestyle opportunities for both the households and neighborhoods we serve.

## #1

WINDERMERE'S LOCAL RANKING  
IN CLOSED UNITS, TOTAL DOLLAR  
VOLUME AND, MOST IMPORTANTLY,  
CLIENT SUCCESS

## 50+

YEARS THAT WINDERMERE  
HAS BEEN A RESPECTED CIVIC  
AND CORPORATE LEADER IN  
WESTERN WASHINGTON

## 100%

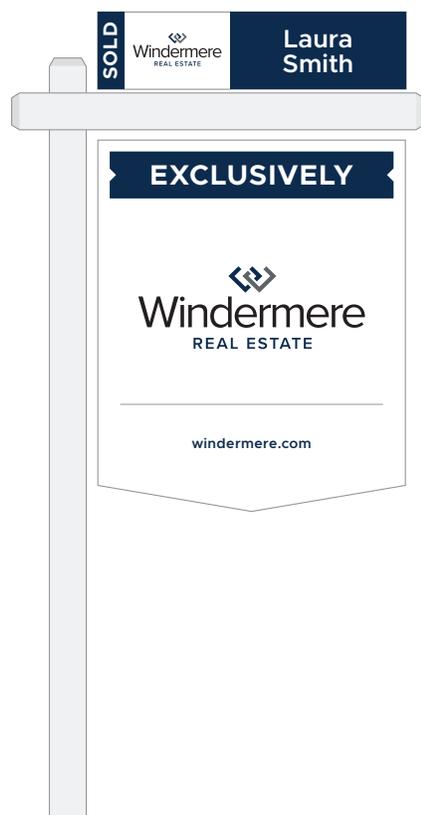
OF OUR BROKERS DONATE  
TIME AND/OR MONEY TO THE  
WINDERMERE FOUNDATION

# I look forward to working with you

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**THROUGHOUT YOUR TRANSACTION, MY ROLE IS TO BE YOUR ADVOCATE,  
AND MY GOAL IS TO GIVE YOU AN OUTSTANDING CLIENT EXPERIENCE.**

I'll work tirelessly to educate and advise you about how the current real estate market impacts your decision regarding whether and when to buy a home. When you're ready, I'll help you find the property that's a perfect fit and I'll guide you through the process of submitting an offer. Once your offer has been accepted, I'll negotiate the critical and contractual details right up until you have keys in hand. Thereafter I'll be a steady resource for you along the path of your homeownership, sharing information about how to maximize your investment from both financial and lifestyle perspectives.



**Buying a home can be an  
emotional journey.**

**I want you to arrive happy.**



**All in, for you.**



**LAURA SMITH** / CO-OWNER | DESIGNATED BROKER  
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