



*Home Buying Guide*

# A GUIDE TO THE HOME BUYING PROCESS

*Most buyers who begin the process of looking for a home begin the journey filled with excitement and a bit of trepidation.*

This is understandable when you consider that purchasing a home is one of the biggest financial decisions you will make during your lifetime.

Not only do we understand this, we believe that home ownership is something you can be proud of. We believe, it's an honor and privilege to ensure that the home buying process is the most pleasurable experience possible. Whether this is your first home or your tenth, this guide is intended to help you navigate the home buying process.

Let's get started on the journey of getting you the home you want!

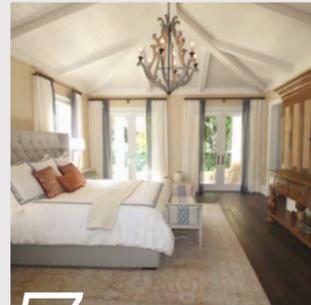
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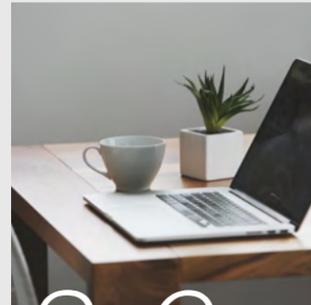
Home ownership is part of a better quality of life for most buyers.



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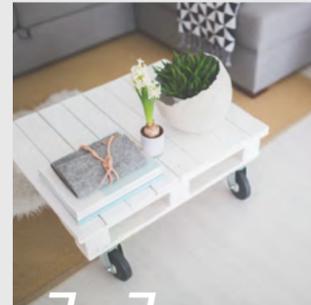
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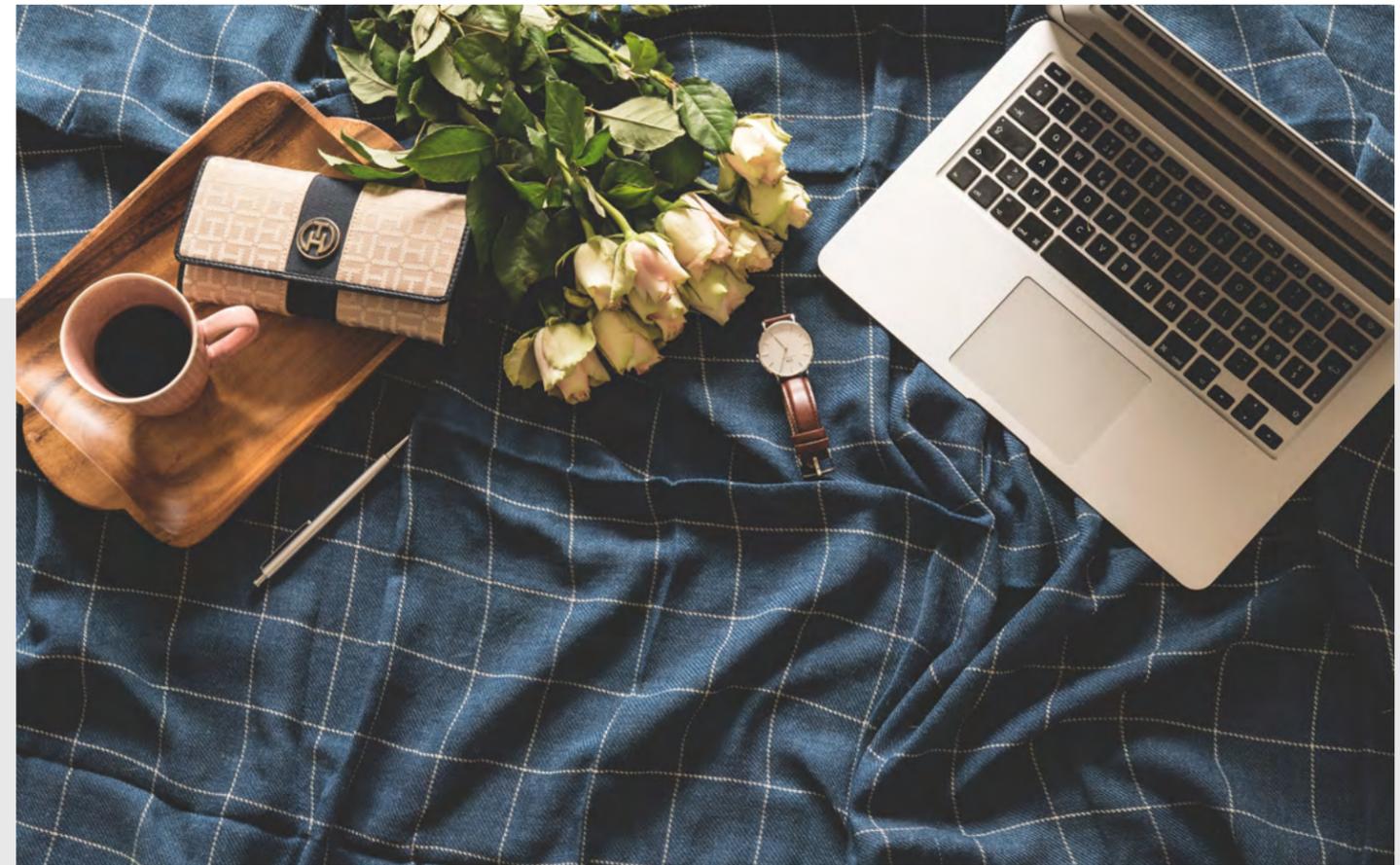
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### About Lark Realty Group

*Our philosophy is simple: clients come first.*

# Top 10 REASONS TO BUY A HOME

- 01 QUALITY OF LIFE** - Home ownership is part of a better quality of life for most buyers. The quality of our living situation directly impacts how we feel.
- 02 AVOID THE TAX MAN | TAX DEDUCTIONS** - Buying a home helps you avoid the tax man with tax deductions for both mortgage interest and property taxes. Property taxes and qualified interest are deductible on an individual's federal income tax return.
- 03 SPEND MONEY TO MAKE MONEY** - With the right real estate consultant, home ownership and the potential for appreciation means that ultimately you have the opportunity to get a return on your investment.
- 04 DEFERRED GAIN AND CAPITAL GAIN TREATMENT** - A homeowner can exclude up to \$500,000 of capital gain tax if married and filing jointly or up to \$250,000 if single or filing separately when you sell your home. The home must have been the taxpayer's principal resident for the previous two years.
- 05 PRINCIPAL ACCUMULATION** - As a homeowner, a portion of each amortized mortgage payment typically goes to principal, which in the long run is an investment.
- 06 IT'S THE AMERICAN DREAM** - Owning a home is THE American Dream. We work with many first time home-buyers; and it truly is a dream come true for them.
- 07 INDEPENDENCE** - For many homeowners, one of the greatest freedoms is acquired through home ownership. They can get rid of their landlord and are no longer surrounded by neighbors in an apartment with thin walls. The freedom to do whatever they wish with their homes is a big incentive for many new homeowners.
- 08 LEVERAGE** - At the current interest rates, you can put your money to work somewhere else. These days you can still purchase a home for as little as 3.5% down.
- 09 WHY RENT WHEN YOU CAN OWN?** The real cost of renting at \$700 per month with 6% rental increase per year means you will pay \$110,719 over 10 years. Just think, you could almost pay off a home for that amount!
- 10 BECAUSE YOU GET TO WORK WITH US!**





## 4 Buying Tips WHEN PURCHASING A HOME

*These 4 buying tips will save you time, money, and headaches.*



**1 GET PRE-APPROVED** – before you can seriously consider purchasing a home, it's important to know exactly how much you can afford. This can be the scariest part of the buying process for some. It's perfectly natural to be nervous, but we can put you in touch with someone you can trust to help get you pre-approved.

*Pre-Qualified* means that a lender has evaluated your creditworthiness and has decided that you probably will be eligible for a loan up to a certain amount. Most often, the pre-qualification letter is an approximation—not a promise—based solely on the information you give the lender and its evaluation of your financial prospects.

*Pre-Approved* means that you qualify for a specific mortgage amount based on an underwriter's review of all of your financial information: credit report, pay stubs, bank statement, salary, assets, and obligations. Pre-approval should mean your loan is contingent only on the appraisal of the home you choose, providing that nothing changes in your financial picture before closing.

**2 ALWAYS THINK RESALE** – In the US, due to the mobility of our economy, the length of ownership is about 5 to 7 years. This is important to keep in mind when looking for your next home. For instance, homes backing up to a busy street or railroad sell for less, and take longer to sell than other homes in the neighborhood.



**3 AESTHETICS CAN BE CHANGED** – flooring, light fixtures, plumbing, paint colors and wallpaper can all be changed. Don't let the lime green wallpaper turn you off of your potential dream home. Think of how much fun it will be to make a home yours!

**4 DON'T WAIT!** – too often, we have seen home buyers fall in love with a property, wait a few days to make a decision because they are nervous, and the home that they fell in love with SOLD! If you love the home, don't wait for someone else to live in YOUR home – be prepared to write an offer!



## YOUR LOAN OPTIONS

*You Have Choices: Big Banks, Credit Unions, Local Lenders*

There is a continued misconception about the financial requirements in purchasing a home. Most people are led to believe that they are required to have 20% down with a near perfect credit score to qualify for a mortgage. This scenario is simply not true. With a variety of loan options available, home ownership can be a possibility with 0% down. And standard FHA and Conventional loan down payments are between 3.5% to 5% down, a significant difference from 20%.

One of the many advantages of working with a local real estate professional is that many have relationships with lenders who will be able to help you with this process. Once you have selected a lender, you will need to fill out their loan application and provide them with important information regarding “your credit, debt, work history, down payment and residential history.”

Freddie Mac describes the 4 Cs that help determine the amount you will be qualified to borrow:

- **Capacity:** Your current and future ability to make your payments
- **Capital or cash reserves:** The money, savings, and investments you have that can be sold quickly for cash
- **Collateral:** The home, or type of home, that you would like to purchase
- **Credit:** Your history of paying bills and other debts on time

Getting pre-approved is one of many steps that will show home sellers that you are serious about buying and it often helps speed up the process once your offer has been accepted.

### BOTTOM LINE

You can discuss the different loan options with a lender to see what works for you. Most bank lenders will accept credit scores down to 640; however, you can find many local lenders who can work with credit scores down to 580 for FHA loans.

Many potential home buyers overestimate the down payment and credit scores needed to qualify for a mortgage today. If you are ready and willing to buy, you may be pleasantly surprised at your ability to do so as well.

### CLOSING COSTS

Freddie Mac defines closing costs as follows:

“Closing costs, also called settlement fees, will need to be paid when you obtain a mortgage. These are fees charged by people representing your purchase, including your lender, real estate agent, and other third parties involved in the transaction. *Closing costs are typically between 2 and 5% of your purchase price.*”

We’ve recently heard from many first-time homebuyers that they wished that someone had let them know that closing costs could be so high. If you think about it, with a low down payment program, your closing costs could equal the amount that you saved for your down payment.

Here is a list of just some of the fees/costs that may be included in your closing costs, depending on where the home you wish to purchase is located:

- Government recording costs
- Appraisal fees
- Credit report fees
- Lender origination fees
- Title services (insurance, search fees)
- Tax service fees
- Survey fees
- Attorney fees
- Underwriting fees

### IS THERE ANY WAY TO AVOID PAYING CLOSING COSTS?

Work with your lender and real estate agent to see if there are any ways to decrease or defer your closing costs. There are no-closing mortgages available, but they end up costing you more in the end with a higher interest rate, or by wrapping the closing costs into the total cost of the mortgage (meaning you’ll end up paying interest on your closing costs).

Home buyers can also negotiate with the seller over who pays these fees. Sometimes the seller will agree to assume the buyer’s closing fees in order to get the deal finalized.

### BOTTOM LINE

Speak with your lender and agent early and often to determine how much you’ll be responsible for at closing. Finding out you’ll need to come up with thousands of dollars right before closing is not a surprise anyone is ever looking forward to.



# Loan Application CHECKLIST

*Most lenders will have you go online to apply in order to gain pre-approval.*

Following is the information you need to provide during the loan application process (these documents are usually uploaded to the lending specialist through a secured link):

**GENERAL**

- Non-expired Government ID and Social Security Number
- Name and complete address for past 2 years of residence

**INCOME**

- Employment history, including names, addresses, phone numbers for the past 2 years
- Copies of your most recent pay stubs and W-2 forms (past 2 years)
- Verification of other income (social security, child support, retirement)
- Copies of signed tax returns including all schedules (past 2 years)
- Social Security & Pension Award letters
- If you have rental property income: Copies of all signed lease agreements

**ASSETS**

- Copies of all bank statements from checking/savings accounts (past 2 months)
- CD certificates and statements for retirement accounts (most recent 2 months or quarterly statement)
- Gift funds will need gift letter of proof of gift

**CREDITORS**

- Credit cards (current balances and monthly payments)
- Installment loans (car, student, etc.)
- Mortgage loans (property address, lender with address, account numbers, monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale for properties sold
- Childcare expense/support (name, address, phone number), [VA loans only]

**OTHER**

- Bankruptcy – bring discharge and schedule of creditors
- Adverse credit – bring letters of explanation
- Divorce – bring your Divorce Decrees, property settlements, quitclaim deeds, modifications, etc.
- VA only – bring Form DD214 and Certificate of Eligibility
- Retirees – bring retirement and/or Social Security Award Letter

## STEPS TO BUYING A HOME

**01** GET PRE-APPROVED WITH A LENDING SPECIALIST



**02** SHOP FOR YOUR DREAM HOME WITH AN ACCOMPLISHED REAL ESTATE PROFESSIONAL

**03** CHOOSE A TOP 2 LIST

**04** PLACE AN OFFER ON #1

**05** BE PREPARED FOR A COUNTER OFFER



**06** SIGN AND DATE THE EFFECTIVE CONTRACT

**07** TAKE NOTE OF THE DATES AND DEADLINES

**08** ORDER INSPECTIONS AND NEGOTIATE REPAIRS

**09** TERMINATE OR PROCEED WITH THE CONTRACT

**10** AFTER FINAL APPROVAL, GO TO CLOSING TO SIGN AND OWN YOUR NEW HOME

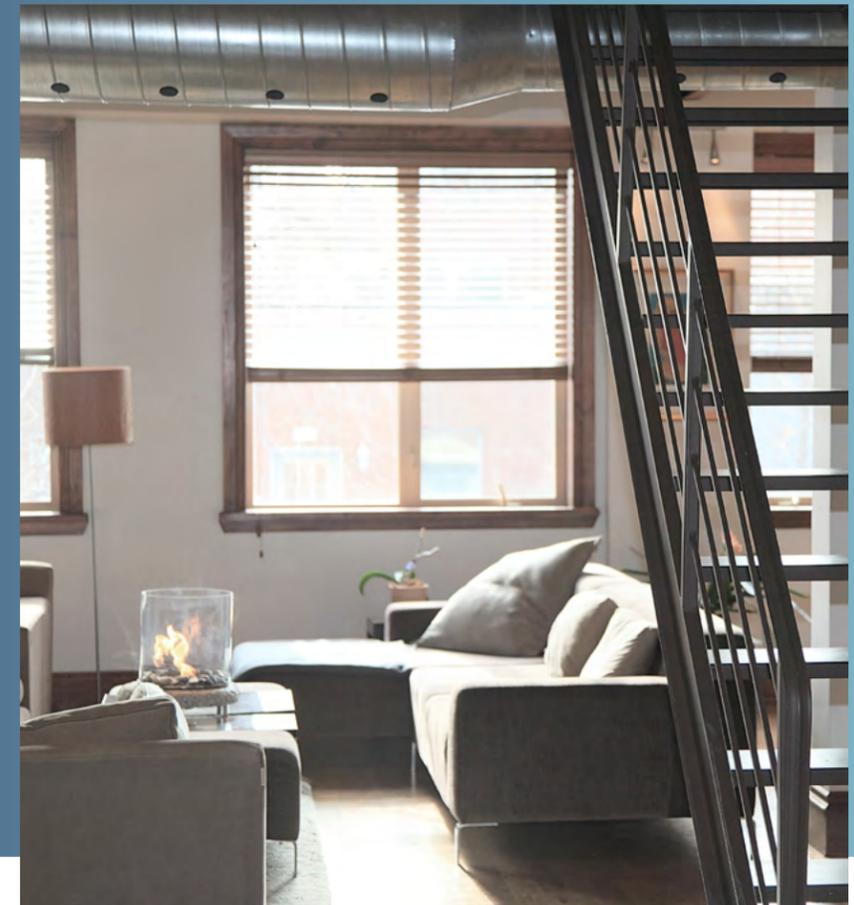
In addition to the 10 steps to buying a home you will need to consider the following up-front costs in order to determine if you have the appropriate cash reserves to get started:

- Earnest money – typically 1%-3% of sales price - the amount of earnest money is negotiable and varies with the value of the property
- Inspection fee - \$400 - \$900, depending on selections (radon, mold, etc)
- Appraisal Cost - \$400-700
- Credit report - \$75

# 10 Rules to Follow WHEN APPLYING FOR A REAL ESTATE LOAN

*These are important rules to follow to ensure a smooth loan process.*

- 01 DO NOT CHANGE JOBS, BECOME SELF-EMPLOYED OR QUIT YOUR JOB.
- 02 DO NOT BUY A CAR, TRUCK OR VAN (OR YOU MAY BE LIVING IN IT)!
- 03 DO NOT USE CHARGE CARDS EXCESSIVELY OR LET YOUR ACCOUNTS FALL BEHIND.
- 04 DO NOT SPEND MONEY YOU HAVE SET ASIDE FOR CLOSING.
- 05 DO NOT OMIT DEBTS OR LIABILITIES FROM YOUR LOAN APPLICATION.
- 06 DO NOT BUY FURNITURE.
- 07 DO NOT ORIGINATE ANY INQUIRIES INTO YOUR CREDIT.
- 08 DO NOT MAKE LARGE DEPOSITS WITHOUT FIRST CHECKING WITH YOUR LOAN OFFICER.
- 09 DO NOT CHANGE BANK ACCOUNTS.
- 10 DO NOT CO-SIGN A LOAN FOR ANYONE.





## Ready To Make An Offer?

### 4 TIPS FOR SUCCESS

*So you've been searching for that perfect house to call a 'home' and your financing is all in order! Finally you found the perfect one! The price is right, and in such a competitive market you want to make sure you make a good offer so that you can guarantee your dream of making this house yours come true!*

Freddie Mac covered "4 Tips for Making an Offer" in their latest Executive Perspective. Here are the 4 tips they covered along with some additional information for your consideration:

#### 1 UNDERSTAND HOW MUCH YOU CAN AFFORD

"While it's not nearly as fun as house hunting, fully understanding your finances is critical in making an offer."

This 'tip' or 'step' really should take place before you start your home search process.

Getting pre-approved is one of many steps that will show home sellers that you are serious about buying, and will allow you to make your offer with the confidence of knowing that you have already been approved for a mortgage for that amount. You will also need to know if you are prepared to make any repairs that may need to be made to the house (ex: new roof, new furnace).

#### 2 ACT FAST

"Even though there are fewer investors, the inventory of homes for sale is also low and competition for housing continues to heat up in many parts of the country."

The inventory of homes listed for sale has remained well below the 6-month supply that is needed for a 'normal' market. Buyer demand has continued to outpace the supply of homes for sale, causing buyers to compete with each other for their dream home.

Make sure that as soon as you decide that you want to make an offer, you work with your agent to present it as soon as possible.

#### 3 MAKE A SOLID OFFER

Freddie Mac offers this advice to help make your offer the strongest it can be:

*"Your strongest offer will be comparable with other sales and listings in the neighborhood. A licensed real estate agent active in the neighborhoods you are considering will be instrumental in helping you put in a solid offer based on their experience and other key considerations such as recent sales of similar homes, the condition of the house and what you can afford."*

Talk with your agent to find out if there are any ways that you can make your offer stand out in this competitive market!

#### 4 BE PREPARED TO NEGOTIATE

"It's likely that you'll get at least one counteroffer from the sellers so be prepared. The two things most likely to be negotiated are the selling price and closing date. Given that, you'll be glad you did your homework first to understand how much you can afford.

Your agent will also be key in the negotiation process, giving you guidance on the counteroffer and making sure that the agreed-to contract terms are met."

If your offer is approved, Freddie Mac urges you to "always get an independent home inspection, so you know the true condition of the home." If the inspection uncovers undisclosed problems or issues, you can discuss any repairs that may need to be made, with the seller, or cancel the contract.





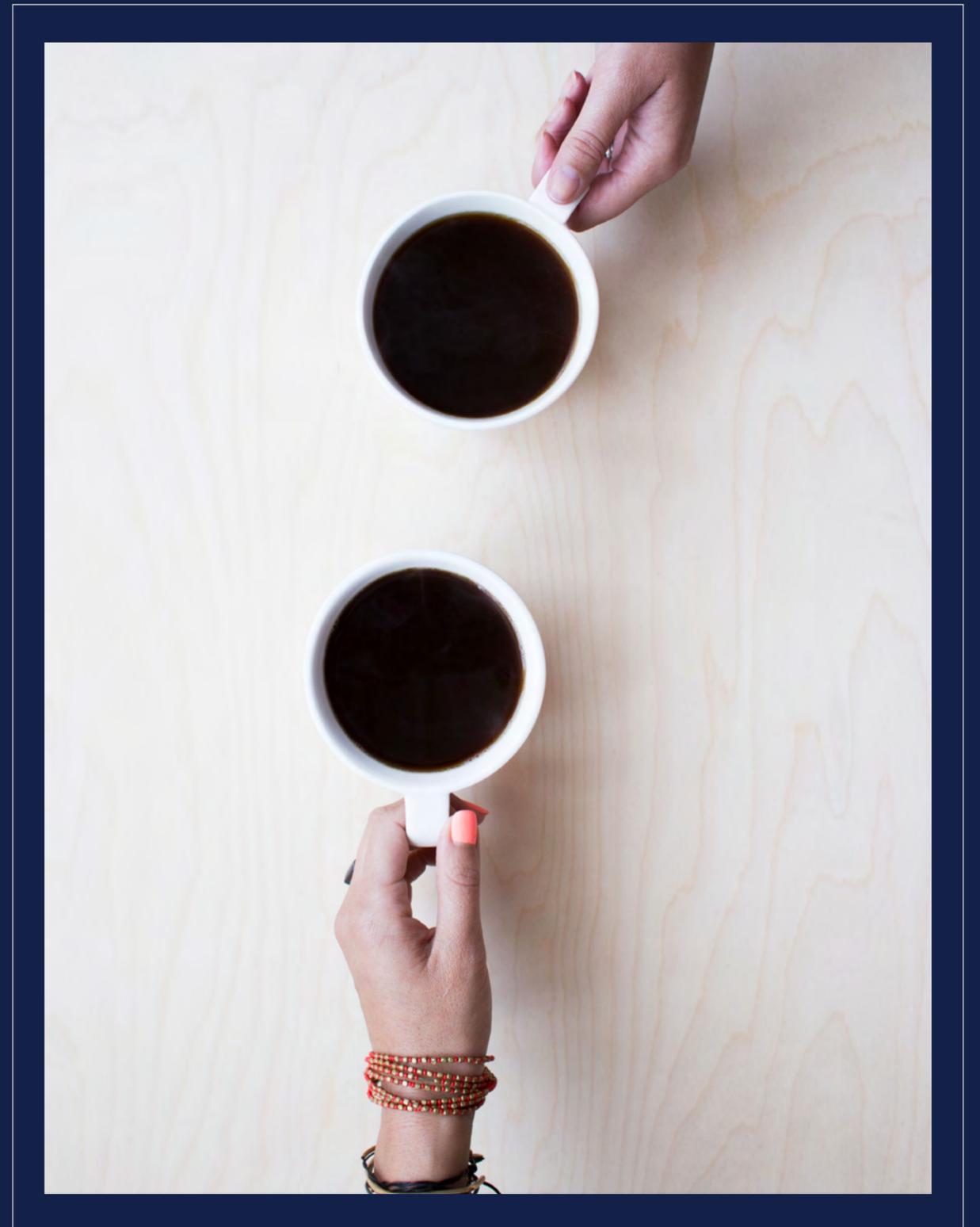
## *Why Use a Real Estate Agent?* THE BENEFITS

Whether buying your first home or your fifth, having a local real estate professional who is an expert in their market on your side is your best bet to make sure the process goes smoothly.

For most people, buying a home is generally the most expensive transaction they will make in their lifetime. Today's real estate consumers have more access than ever to up to date listings and advanced search tools. Still, buyers choose to hire a real estate professional to represent them. Why? Buying a home is a complicated process, full of financial and legal obligations that no layperson can be expected to keep track of.

You also get to have access to view more homes, and have a clearer view on how the market is in your area. Sites like Zillow, Trulia, and others have outdated listings and misrepresent property values. Your agent will be able to send you a list of active properties for sale, help you view them, as well as negotiate for you to get a great deal. Real estate agents also have a network of professionals to assist with lending, home inspection, repair as well as networking groups for coming soon properties. Find an agent that will work hard to help you find your dream home and avoid the pitfalls of buying a home by doing it on your own.

The best part? In most circumstances this is a free service to you, buyers rarely pay the agent to work on their behalf!





## 10 Critical Questions TO ASK AN AGENT BEFORE YOU CHOOSE

Now that you have a background regarding the Reasons to Buy a Home and 4 Buying Tips, the question is how will you be able to make sure that you not only find your dream home but that you ensure that the real estate agent you choose to represent you has the knowledge and expertise to help you with the biggest financial decision you will make in the next 5 years?

Unfortunately, many people choose a real estate professional based on the idea that all real estate agents are basically the same. They sign with the first agent to come along, only to realize too late that they should have “shopped around.”

The following questions are designed to help you avoid that mistake by equipping you with what to look for when selecting an agent to represent you.

First, start by asking friends, acquaintances and/or family for the names of real estate agents they know. A personal referral is the absolute BEST manner in which to select your professional real estate agent. Once you have compiled a list of names referred to you based upon a great experience, use this guide to help you determine which agent is the best for YOU. We recommend interviewing at least 2-3 real estate agents.

*Here are the questions you should ask each agent:*

### **CAN YOU SEND ME SOME INFORMATION ABOUT YOURSELF?**

Look for professionalism and consistency. What are their professional accomplishments?

### **HOW DO YOU APPROACH YOUR WORK?**

Look for a businessperson that has a strategy and a team to work with.

### **WHAT IS THE DOLLAR VOLUME OF HOMES YOU HAVE SOLD IN THE LAST YEAR?**

Beware of agents who use their company status vs. their own.

### **HOW LONG HAVE YOU BEEN IN BUSINESS?**

Longevity in the industry does not always mean success. However, look for an agent that has been in the business for a minimum of three years. The fall-out ratio for agents in the business less than 3 years is over 80%. While experience is important, accomplishments are more important. How many homes have they sold in the area you are looking?

### **DO YOU HAVE A PERSONAL ASSISTANT OR OTHER SUPPORT STAFF WORKING FOR YOU?**

Most top agents employ (out of their own pocket) an assistant or staff. It is imperative that the agent has support in order to take care of the details of the transaction. How can your agent be actively showing homes to clients and working on the details of your closing at the same time? Things will fall through the cracks and that could cause critical problems for you.

### **WHAT WILL YOU DO KEEP ME INFORMED?**

Do you want daily or weekly reports from your agent? Will the agent be able to meet these

expectations? Determine how much communication you want, and then find an agent who will give you the attention and time you want and deserve.

### **CAN YOU PROVIDE ME WITH FURTHER RESOURCES I MAY NEED?**

The best agents have built strong relationships with their “Teams” and can often get expedient service or be able to “cash in a favor” for you should a crunch or problem arise.

### **CAN YOU GIVE ME SOME REFERENCES FROM OTHER CLIENTS YOU HAVE WORKED WITH?**

Don't be afraid to ask for references. An agent who provides raving fan service and is proud of their work will be happy to provide references. Look at their ratings and reviews on sites like Google, Zillow and Yelp.

### **WHAT IS THE BEST WAY FOR ME TO GET IN TOUCH WITH YOU?**

You should know exactly how to get through to your agent or assistant.

### **ARE YOU A FIDUCIARY? AND HOW WILL YOU REPRESENT MY BEST INTERESTS?**

Absolutely do not hire someone that you don't believe will represent YOUR best interests at all times. Have your agent give you examples of how they represent their client. Remember that finding the home is the easy part, true representation begins when you sign a contract and continues through negotiation and closing. Ask around for horror stories and you will find that they don't involve the home search BUT after the contract was signed!

*Are you ready to start your home search?  
Get in touch and let's get started!*



## About LARK REALTY GROUP

### OUR MISSION STATEMENT

*Our philosophy is simple:  
clients come first.*

We pledge to be in constant communication with our clients, keeping them fully informed throughout the entire buying or selling process. We believe that if you're not left with an amazing experience, we haven't done our job. We don't measure success through achievements or awards, but through the satisfaction of our clients. We strive to achieve a FIVE STAR client experience with every transaction.

### WE UNDERSTAND THAT BUYING OR SELLING A HOME IS MORE THAN JUST A TRANSACTION: IT'S A LIFE-CHANGING EXPERIENCE.

That's why our team is dedicated to providing exceptional, personalized service for all of our clients. We take great pride in the relationships we build and always work relentlessly on the client's behalf to help them achieve their real estate goals.

Today's buyers and sellers need a trusted resource that can guide them through the complex world of real estate. With our extensive knowledge and commitment to providing only the best and most timely information to our clients, we are your go-to source for real estate industry insight and advice.



### LESLIE MACROSSIE

*Broker and Owner*

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Growing up in Dallas, TX my exposure to real estate started early. My father was a commercial developer of hotels, apartments and office buildings and my talents of making photocopies and delivering coffee to employees started when I was 8 years old! Although I had a path into commercial real estate I chose a different route. After graduating from high school I moved to Redondo Beach, CA where I went to college on the path of a business degree.

Midway through I moved to Palo Alto, CA and started a job in medical sales. My path to becoming a college graduate was a bit lengthy because I put myself through school, while working full-time. I ended up in the medical device industry for nearly two decades where I gained experience in sales, marketing, contract negotiation and small business ownership. After 2012, I could see that the medical industry was changing. Switching careers and reinventing myself in residential real estate felt like a natural path because I've always had a desire to help, be a resource, and to build relationships.

My success in real estate has come from helping first time homebuyers, downsizers, and being an advocate for my Wash Park neighborhood. I've been a Denverite for 20 years and lived in Littleton, Morrison, and Roxborough Park, but settled in the Wash Park neighborhood in 2007 because we were attracted to its active lifestyle, sense of community, unique homes and proximity to small businesses. I've always possessed an entrepreneurial spirit and supporting local business is a passion of mine and it would only make sense that as soon as I had enough experience, I opened my own brokerage, Lark Realty Group.

I'm married, have a teenage son, two step children, two crazy dogs, a gecko and a ball python (well, Sparta belongs to my husband, but it sounds cool!). I love the mountains in the summer, hiking, yoga, wine, beaches and an occasional quick getaway to The Broadmoor.



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