



BUYER'S GUIDE

CONTRACT RATIFICATION

The ratification date occurs when a written contract (and any related documents) have been agreed upon and signed by all parties, and then delivered to all parties involved. This is the date from which all contract dates are based.

LINE UP HOME INSPECTIONS

With a limited timeline to get all of our due diligence and inspections completed, it's important to line up inspections shortly after we have ratified the contract to ensure we can meet our deadlines. Especially during the spring and summer, many of the top home inspectors and inspection companies are booked out a week or two in advance, sometimes longer.

We strongly encourage you to be present for these inspections whenever feasible. Inspections can include radon, roof, HVAC, structural and environmental reviews.

EARNEST MONEY DEPOSIT

Per the terms of the contract, you are required to submit your earnest money deposit to the escrow agent named in the contract, usually either Nest Realty or your settlement agent. It is important that this check is turned in within the timeline specified in the contract.

LOAN APPLICATION AND APPRAISAL

In order to abide by the terms of the financing contingency, you must make formal loan application with your lender within the specified timeline. Prior to this deadline, you may 'shop' and interview a variety of lenders and mortgage brokers. Making loan application means that you are committing to a lender and that you are moving forward through the loan process with them.

No matter which lender you choose, there are federal rules and regulations that guide the lending process. You will be required to provide your lender with very detailed information and documentation. This includes a breakdown of financial details including debts, employment information, savings, investments, etc. It will be important that you pull these pieces together as soon as you can in order to move through the application and approval more quickly.

In many cases, there are loan fees that must be paid prior to closing. For example, most lenders require you pre-pay for appraisal costs. Along those lines, you will be communicating with your lender as to when they will officially order your appraisal. This process can take 2-3 weeks to complete. After the appraisal has been completed and delivered, the loan processor will compile all of the information and submit it to a loan underwriter for final review.

Please be sure to notify me of your lender choice so that I can get them a copy of the ratified contract. Also, this helps me establish a line of communication with them regarding your home purchase.

Common Question:

Q: Do I need to provide a copy of the appraisal for the seller?

A: *Since you paid for the appraisal, you do not have to provide a copy to the seller. However, there are exceptions. If there is an appraisal contingency in the contract and the property does not appraise at or above the purchase price, then you may need to provide the seller with a copy of the appraisal.*





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LINE UP YOUR SETTLEMENT AGENT

If you haven't already done so, you will need to choose an attorney or settlement agent to handle the closing within a few days of your contract ratification. Let me know once you have chosen someone and I will relay the necessary paperwork to them. Your attorney, your lender, and I will be communicating on a regular basis throughout the process. In many cases, your settlement agent will send you an engagement contract to outline your working relationship with them.

HOME INSPECTION DEADLINE

After all of your due diligence inspections are complete, we will review the reports and decide whether we are going to request any repairs or credits. If we do request a credit or work to be done by the sellers, we will be required to provide them with copies of any applicable reports.

Please remember that the inspection deadline is when we need to request credits or repairs and not the deadline to schedule inspections.

TIP: The home inspection may likely be the last time that you are in the house prior to the final walk through. If you need to take any room measurements, bring your tape measure with you to the inspection.

LOAN COMMITMENT

The loan commitment letter is the lender's promise to provide you with a loan at your agreed upon interest rate and terms. You will need to provide the seller with this document on or before the loan commitment date to satisfy your financing contingency. Be cognizant that every loan commitment letter is unique. There are many different levels of assurance in different bank commitments. Be sure to read through the conditions of your letter.

After you have received your loan commitment and you feel comfortable with the terms offered, I will deliver a copy to the listing agent to remove the financing contingency (typically not until the closing date).

TIP: Though you may have scheduled movers for the day of closing, stay on top of timelines and be sure to engage a mover with flexibility should you have to push out delivery.

SCHEDULE MOVERS

It is not uncommon for moving companies to fill up their schedules quickly during busy times, especially in the spring and summer. You'll want to contact and schedule movers up to 45 days before closing.

REVIEW HOA PACKET

If you are purchasing a home within an HOA or association, the seller is required to provide you a complete copy of all HOA documents, financials, and associated fees. Once we have received these documents, you will have three days to review these documents. Please read carefully for rules, regulations, financials, and associated fees.

TIP: HOA documents can sometimes be daunting because of their size. However, this is a large investment you are making, so we recommend reading and understanding everything. Please pay particular attention to the association's financial status, as well as the most recent meeting minutes.

CONTACT HOMEOWNER'S INSURANCE COMPANY

It is best to finalize your homeowner's insurance several weeks in advance of closing. In some cases, your insurance agent will need to do an exterior property inspection.

TIP: In many cases, you may be able to get discounted homeowner's insurance rates if you have your auto and home insurance with the same company. That being said, it is always good to speak with a few different insurance companies.





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PEST, WELL, AND SEPTIC INSPECTION

Per the contract, the seller is required to provide a pest inspection (including termites and other wood-boring insects), as well as a basic well and septic inspection (if applicable). These must be completed within 30 days of closing. If there are no major issues, test results will be sent directly to your settlement agent for review at closing. If major problems are found, you will be notified in advance. If treatable issues arise, like carpenter bees, these issue may be treated on the spot and you will be notified at closing.

If you wish to pursue more extensive inspections, there are several more complete examinations you and your Nest Agent can discuss.

WELL AND WATER QUALITY

The seller will provide a water quality report of the well's water, but you can also inspect the pump age and capacity, as well as attempt to empty your well to determine the flow rate, storage capacity and more. In a separate inspection, you may choose to send a water sample to a lab for explorations of mineral content, radon existence, hardness, alkalinity and more. These inspections must be completed and results received before the end of your initial inspection period.

SEPTIC (ONLY HOMES NOT ON PUBLIC SEWER)

While the Seller is required to warrant that the septic system is functioning, this is a very basic inspection that looks only at soil saturation. At the time of contract, you may require that the seller perform a more intrusive inspection that checks the full septic system, including the lines, distribution box and overall functionality. In addition, this test requires that the septic system be pumped. This inspection could take a few hours to complete, and a good amount of time to get on a schedule.

DEPOSIT FUNDS INTO ACCOUNT

About 10-14 days before closing, get in touch with your lender to get an estimate of how much money you will need to bring to closing. Make sure you deposit (or transfer) this money to your checking account so it has time to clear. This money will need to be accessible in your checking account because you will need to wire this money to your attorney/settlement agent.

UTILITY TRANSFER

Once all contingencies have been met (i.e. home inspections, financing, etc) and a firm closing date has been established, please contact all utility companies to have utilities turned on in your name effective the day of closing.

Please remember that if there is a propane, gas, or oil tank, you will be responsible for 'purchasing' any propane or gas that is in the tank at closing. The seller and the propane/gas company will provide the settlement agents with a value of the contents and this amount will be shown as a charge to you on your closing statement.

TIP: When you call to set up your utilities, the utility company may tell you that they have no record of the utilities being turned off by the seller. Even in that instance, it is best to give them the information and set up the account in your name as of the closing date. As soon as seller cancels their service, the accounts will default to you.





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SCHEDULE CLOSING

A few days before your target closing date, you will need to arrange a specific time with your attorney/settlement agent for signing papers. As closing day approaches, your settlement agent will receive the final loan packet and will then be able to determine your closing costs. They will notify you of the amount and, most likely, give you wiring instructions at this point. Some of the final closing and financial information may not be ready until the day before or even the morning of your closing as there are a lot of moving parts and details related to your loan and closing.

TIP: Don't forget to bring your driver's license with you to closing.

FINAL WALK THROUGH

Just prior to the actual closing, we will do a final walk through on your home to ensure that the home is in the same condition as when the contract was ratified and that the seller completed any required repairs per the home inspection.

The seller will need to provide you with receipts and/or written proof of any completed repairs. If you would like, you can re-hire your inspector to check on any larger items that were part of the requested repairs.

Ideally, the final walk through is done after the seller has vacated the home. Occasionally, this is often not the case. I will be in touch with the listing agent to see when we can schedule a walkthrough.

Common Question:

Q: What condition does the property need to be in for closing?

A: *Legally, the Central Virginia Regional Purchase Agreement states that the seller must provide the home in 'broom clean' condition at closing. What does this mean? This basically means that the home is vacant and there is no furniture, clutter, belongings, or trash in the home. It is wise to assume that you will need to do some cleaning prior to moving your furniture and belongings into the home.*

CLOSING

Federal law changes implemented in 2015 have introduced a Closing Disclosure into the home purchase process. Three days prior to your scheduled closing, you will receive a 'Closing Disclosure' from your lender. The CD outlines and itemizes all costs associated with your home purchase. You will need to review the CD closely, and then sign and return it to your lender. Closings in and around Richmond are driven by local custom, which makes them different as compared to closings in most other places.

TIP: If you are unable to attend your closing, please notify your settlement agent and your lender several weeks in advance so they can make arrangements for a Power of Attorney. Lending rules have tightened over the past 10 years making rules for buyers more complicated.

You, your settlement agent and I (and possibly your lender) will be at the closing. In this part of Virginia, the buyer and seller do not sit together at the same closing table. After you sign all of your paperwork, your settlement agent and the seller's closing agent will record the transaction at the court house. Once the home is recorded, the home is officially and legally yours.





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ADDITIONAL DETAILS

MOVE IN

In most cases (new construction excepted), you will receive keys and have access to your new home at closing. Depending upon the time of day you sign your papers and when the wire comes in from your lender, recordation may happen late in the day or the following morning. This is technically when the purchase is legal.

I strongly suggest that you do not schedule movers, contractors, or have any plans to be in your new home on the scheduled closing day for this reason. It is best to wait a day or two after closing to leave a buffer in case anything is delayed.

CLOSING PACKET FROM THE SETTLEMENT AGENT

Your settlement agent will gather all of the paperwork together from the purchase and provide it at closing. Please keep these documents for tax purposes .

Included in this packet will be your first several payment coupons. Unless you have already set up an auto-payment schedule with your bank, you will use these coupons for your initial mortgage payments.

NOTIFY THE POST OFFICE

With so many details involved in purchasing a home, this is one step that you may overlook. In order to ensure that you are receiving your mail, please complete a change of address form with the post office. This can be done in advance of closing.

CHANGE LOCKS

You never know who has keys to the locks of the home that you are purchasing. Many homeowners give keys to neighbors, babysitters, in-laws, and contractors. We highly recommend having your locks changed shortly after closing. This way, you can ensure that you know exactly who has keys to your new home.

