



MAJESTIC PROPERTIES
- THE REAL ESTATE COMPANY -

Las Vegas Homebuyer's Frequently Asked Questions

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What are the steps to buying a home?

- 1) Contact a loan officer to be pre-qualified for a loan. They will run your credit, determine your debt to income ratio, and figure out which loan program works best for you. They will issue a prequalification letter, which is needed so we can start showing you homes. For an online prequalification with Monica Vozza, a JFK Financial loan banker that many of our clients use, go to <http://www.jfkfinancialinc.com>, click Get Approved in the upper left hand corner, select Monica Vozza from the banker drop-down list, and fill out the application.
- 2) Discuss your price range, payment needs, and specifics for your home with us. What are your priorities - the most important features that must be there? What are like-to-haves that may be more flexible? We will set you up with your private homefinder website and search the entire MLS for homes closest to your criteria. You can save the homes you would like to see and we will set up a tour at your convenience.
- 3) We will write an offer with you and explain each step of the transaction. A copy of an earnest money check and your prequalification letter are required with the offer. The offer will contain the specifics of what you are asking for: price, closing costs you want the seller to contribute for you, estimated date for close of escrow (it is usually 45 to 60 days for an FHA loan). Usually it takes at least a week to get a response on bank-owned properties and 2-3 days to hear back on other properties.
- 4) Once your offer is accepted, your earnest money check that is made out to the escrow company is cashed into the escrow account and held until closing. Escrow is the neutral third party who will coordinate the transaction between all parties.
- 5) The 10 day due diligence period starts either when your offer is verbally accepted and you sign the bank's acceptance OR when the bank signs the documents and sends them back, the listing agent will let us know which one. As soon as the 10 day period starts we will order your home inspection. An inspection is about \$250 to \$350 depending on the size of the home - you pay the inspector at the time of service. You will then get an inspection report to review. If the home is bank-owned or a short sale, usually the seller will not make repairs; this report is for your knowledge only. If you were to cancel due to the inspection, you would do so within the 10 days to get your earnest money back.
- 6) The loan officer will order an appraisal to determine the value of the property. This is approximately \$350-450, depending on the lender - you pay this at the time of service. If the appraisal comes in low we will re-negotiate the price with the seller because your loan will not go through with a low appraisal.
- 7) If there is a homeowner's association, the CC&Rs (rules and regulations) will be provided to you. You will have 5 days to review the package and cancel the purchase if there is a rule you don't like. If you cancel within 5 days for this reason you will get your earnest money back.

8) The rest of the escrow period is for the loan to be processed. Loan documents will be sent to escrow about a week before the closing date. At that time escrow will calculate exactly how much you will need to bring in at closing. Here is an example using a \$200,000 purchase price on an FHA loan: If you have already put \$2,000 in as earnest money, the rest of the 3.5% downpayment due would be \$5,000, which is what you would wire to escrow after signing. There may be a couple of hundred dollars of extra closing costs that you will also need to pay - the escrow officer will inform us of the exact amount due at closing when they receive your loan documents.

The loan documents are then sent back to the lender to get the funds ready. At this point the seller finishes clearing off the liens and approves the figures. If there is an HOA lien, this can take up to 21 days for the seller to clear off, although escrow tries to time it right to get the latest HOA lien information in time. Your loan funds are then sent to escrow and the deed is sent to the Clark County Recorder's Office to record in your name. At that time we will get you the keys!

What can I expect to pay?

Most first-time homebuyers get an FHA loan which has a 3.5% downpayment. Example: If you write an offer at \$200,000, with an FHA loan the downpayment would be 3.5%, so \$7,000. When you open escrow with your Earnest Money Deposit (approximately \$1,000 to \$2,000 for most first-time homebuyers) in this scenario there would be \$5,000 to \$6,000 left of your downpayment due at closing

In the offer we would ask the seller to contribute approximately 3.5% to cover your closing costs. These costs include lender fees, escrow fees, and paying the seller back for taxes and sewer they have already paid in advance.

It is important to have an accessible loan officer because when you are at a property and want to write an offer, we need to contact the loan officer for a Good Faith Estimate where they closely estimate what your closing costs and payment would be for that particular property. The closing costs they calculate will be what we will ask the seller to contribute in your offer. Otherwise a rough estimate of 3 to 3.5% closing costs contribution will be used in your offer.

There may be additional closing costs left over for you to pay at closing, which escrow will calculate.

Here is a worksheet for you to plan out your costs when you are ready to write an offer with us:

Your offer price: _____

3.5% downpayment: _____

1) Earnest money cashed into escrow account:

2) Inspection fee:

3) Appraisal fee:

4) Rest of your downpayment and any other closing costs:

What is this market like for buyers?

Competitive and fast-moving. Since we are at or near the bottom of the real estate market in Las Vegas, the first-time homebuyer credit will expire by June 30, and loan rates and prices are low, there are thousands of first-time homebuyers in the market setting records for the number of home sales per month. Once you have discussed your home criteria with us and chosen homes to tour, you can expect to compete with multiple offers on the best valued homes, the price will most likely be above list price in most cases, and within 1 to 3 days of listing the property they may have so many offers that the property is taken off the market to process them all. Don't worry though, we will find you the home of your dreams!

Still have questions?

Just call us at 702-321-2370 or email GoldTeamLasVegas@gmail.com and we'll explain the entire process. We're experienced with helping first-time homebuyers achieve the dream of homeownership and look forward to helping you find your dream home!

Best Wishes,

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