

# BUYER *timeline*

**YOU WANT TO BUY REAL ESTATE**

*We meet in person. I learn about you and your goals and you learn about me.*

## You choose me as your REALTOR

### IF FINANCING

- » I refer you to 3 vetted lenders
- » You choose a lender / get pre-qualified for a home loan
- » Inquire about different loan products, compare pros/cons
- » Discuss monthly payments / establish comfortable price range

### IF PAYING CASH

- » Provide a current "proof of funds" letter on financial institution's letterhead

### PROPERTY SEARCH

- » I email you available properties that fit your price range and personal criteria
- » You choose the homes you would like to see, I show them to you, the adventure begins

### MAKE AN OFFER / OFFER ACCEPTED

#### TITLE COMPANY

- Contract Receipted
- Escrow Department Opens Order
- Title Department receives order
- Escrow Team Coordinates transactions
- Examiner Reviews Property
- Commitment for Title Insurance Issued

#### MORTGAGE COMPANY

- Loan Application
- Credit History Verification
- Loan Submitted For Approval
- Loan approval

#### REALTOR® / BUYER

- Choose Home Inspector
- Schedule Inspection
- Review Inspection Report
- Order repair estimates from trades when necessary
- Choose home warranty company
- Negotiate Repair Arrangement when necessary

### ALL AGREE TO CLOSE

- Receives Instructions from Mortgage Company
- Preparations of Documents

- Order Appraisal
- Appraisal Delivered

- Choose / schedule: Homeowner Insurance Policy
- Moving Company
- Utilities start dates

### FINISH CLOSING & FUNDING

## Recommended Lenders

**Kelly Ollendorff**  
Guild Mortgage Company  
Cell: 512-825-5698  
kollendorff@guildmortgage.net

**Mark Hairston**  
Caliber Home Loans  
Cell: 512-789-6967  
mark.hairston@caliberhomeloans.com

**Denise Hosek**  
Highlands Mortgage  
Cell: 512-577-5665  
Office: 512-900-2715

**Recommended Insurance Agents**

**Greg Hart**  
Farmers Insurance  
Office: 512-797-5996

**Steve Vinklarek**  
State Farm Insurance  
Office: 512-452-0214

## Recommended Inspectors

**Gary Hart**  
512-848-3523  
gary@austinpropertyinspections.com

**Will Wilder**  
713-632-5049  
will@austinpropertyinspections.com

**Samuel Lucas**  
512-592-9082  
samuel@austinpropertyinspections.com

### Pool Inspectors

**Art Pool Leak Detectives**  
Brent Bailey  
512-431-6268

### Well Inspectors

**Bea Cave Drilling**  
McC 512-894-4221

### Septic Inspectors

**Necessary Inc-**  
Janet Dunkelberg 512-445-2250

Updated 5/09/19

## The Mortgage Loan Process

- Pre-approval – It is critical for buyers to get pre-approved for a mortgage so they'll know in advance how much house they can afford.
- Loan Search – Although buyers often use a lender recommended by their Real Estate agent, some prefer to do their own comparisons.
- Loan Application – It's important to supply the lender with as much information as possible, as accurately as possible. All outstanding debts as well as assets and income should be included.
- Documentation – Paperwork supporting the application must also be submitted. Information commonly sought includes pay stubs, two years' tax returns, and account statements verifying the source of the down payment, funds to close and reserves.
- The Hunt – The buyer begins shopping for a house. When the right one is found, the terms of the sale are negotiated, including the sales price and often the type and conditions of the loan being sought.
- Appraisal – Lenders require an appraisal on all home sales. This step could jeopardize a deal if a big discrepancy were to exist between the home's sales price and appraised value.
- Title Search – This is the time when any liens against the property are discovered. A lien may have been placed on a property to ensure payment of outstanding debts by the owner. All liens must be cleared before a transaction can be completed.
- Termite Inspection – Most purchase loans require an inspection for termites and water damage. Some problems may need to be repaired before finalizing the sale.
- Processor's Review – The lender's loan processor packages all pertinent information to be sent to the lending underwriter, including any explanations that may be needed, such as reasons for derogatory credit.
- Underwriter's Review – Based on the information put together by both the loan executive and the processor, the underwriter makes the final decision on whether a loan is approved.
- Mortgage Insurance – Many lenders require private mortgage insurance when borrowers put down less than 20 percent on a loan. Even if a loan meets the standards of a lender, a mortgage insurance company could choose to deny coverage.
- Approval, denial or counter offer – In order to approve a loan, the lender may ask the borrowers to put more money down to improve the debt-to-income ratio. The borrower may also need a bigger down payment if the property appraises for less than the purchase price.
- Insurance – Lenders require fire and hazard insurance on the replacement value of the structure. Flood insurance will also be required if the property is located in a flood zone. In California, some lenders require earthquake insurance on condominiums.
- Signing – Final loan and escrow documents are signed.
- Funding – The lender sends a wire or check for the amount of the loan to the title company.
- Close of Escrow – Documents transferring title are recorded with the County Recorder.
- Confirmation of Recording – The title company then authorizes the escrow company to draft a check to the seller.
- Buyer begins making mortgage payments.

## A Home Inspection is Well Worth the Cost

When buying a home, how do you know what you're getting? Most people probably only think of one or two questions to ask a home inspector, "How much is your fee?" and "When can you be there?" But these only scratch the surface.

Here's a list of suggested questions you might ask:

- What types of licenses do you have?
- What kind of training do you have?
- Do you belong to a professional inspectors' association?
- How long have you been licensed in Texas?
- Are you a full-time home inspector?
- How much do you charge?
- Do you also perform repairs? (If the answer is yes, that may indicate a conflict of interest.)
- What will the inspection include? (Get specifics. It should include the electrical, heating, and central air-conditioning systems; interior plumbing; visible insulation; roof; walls; ceilings; floors; windows; doors; foundation; basement; and the visible structure of the house.)
- Do you inspect gas lines, swimming pools, spas, septic systems, and wells? (You can identify other atypical systems or items.) Do you charge extra for these?
- Do you charge extra based on the size of the home? Multiple AC units? Other items?
- How much would you charge if I ask for a reinspection after repairs are completed?
- Will you supply a written report? (The inspector should.)
- Can I attend the inspection? (The home inspection is an opportunity for you to learn about your new home and ask questions. If the inspector says no, find another inspector.)
- Do you go up on the roof to inspect it?
- How long will the inspection typically take? (Anything less than two hours is not long enough for a thorough inspection.)
- Can I call you with questions that come up later?
- Can you give me names and phone numbers of three people for whom you've inspected homes recently?

The inspector may not inspect swimming pools, wells, septic tanks, and other systems and items, and many inspectors will not conduct environmental tests or wood-destroying insect inspections. You will likely need to arrange for these inspections separately. You can find a blank copy of the standard inspector report form at [www.trec.state.tx.us](http://www.trec.state.tx.us) to give you an idea of what may or may not be covered in the inspection.

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## GENERAL INFORMATION AND NOTICE TO BUYERS AND SELLERS

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**Be an informed seller or buyer. The following information may assist you during your real estate transaction.**

**ANNEXATION.** If a property is outside the limits of a municipality, the buyer should be aware that the property may later be annexed by a nearby municipality. The buyer may find information on the boundaries of nearby municipalities by contacting the municipalities directly.

**APPRAISAL.** An appraisal is a valuation of the property. An appraiser renders an estimate of value as of a certain date under assumptions and conditions stated in the appraisal report. Typically, a buyer's lender requires an appraisal to verify that the loan is secured by property that is worth a certain amount. An appraisal is not the same as an inspection.

**BROKERS.** A real estate broker represents a party (buyer or seller) in a real estate transaction or may act as an intermediary between the parties. A party may work with the broker or with one of the broker's agents. Both a buyer and seller may be provided a form titled "Information About Brokerage Services" (TXR 2501) which defines agency relationships. An agent may help a seller market the property or help a buyer locate a property. The agent is obligated to negotiate the transaction and may assist in gathering information and may coordinate many details in the transaction. **Brokers and agents are not inspectors.** They do not possess the expertise to conduct inspections and therefore do not make any representations, warranties, or guarantees about a property's condition. Agents are not attorneys. Parties are encouraged to seek the assistance of an attorney to help in understanding any of the legal consequences and provisions of the contract or transaction.

**ENVIRONMENTAL CONCERNS.**  
*General.* Over the years the market has identified environmental conditions that buyers should know may exist. Environmental hazards include, but are not limited to, conditions such as: asbestos, lead-based paint, mold, pesticides, radon gas, toxic waste, underground storage tanks, urea-formaldehyde insulation, and other pollutants. Wetlands or endangered species on the property may restrict the use of the property.  
*Environmental Inspections.* If the buyer is concerned that environmental hazards, wetlands, or endangered species may be present on the property, the buyer should hire a qualified expert to inspect the property for such items. The parties may include a promulgated addendum (TXR 1917) in the contract that may address such matters.  
*Lead-Based Paint.* If a property was built before 1978, federal law requires that the seller provide the buyer with: (1) the pamphlet titled "Protect Your Family from Lead in Your Home" (TXR 2511); (2) the records and reports the seller has concerning lead-based paint or hazards; and (3) an opportunity to have the property inspected for lead-based paint or hazards.  
*Mold.* It is not uncommon to find mold spores in a property. The concern about mold increases when there is a large amount of mold found in a property. The Texas Department of Insurance publishes a document titled "Protect Your Home from Mold" (TXR 2507) which discusses mold in more detail.  
*Oak Wilt and Diseased Trees.* There are diseases such as oak wilt and other conditions that may affect trees and other plants. Oak wilt is a fungus that affects certain oak trees. If the buyer is concerned about such matters, the buyer may have the trees and other plants inspected by a professional.  
*Noise.* Surrounding properties are used for a variety of purposes. Some of the uses cause noise (for example, airports, railways, highways, restaurants, bars, schools, arenas and construction). The buyer is encouraged to visit and review the area around the property at various times and days.

**EXPANDED SOILS.** Soil conditions vary greatly throughout Texas. Many soils will move, some more than others. This movement will, many times, affect the foundation of homes and buildings and may cause cracks to appear in walls or other parts of the building. Additionally, if a property is newly constructed, the concrete curing process may also cause the foundation of the building to move. Seasonal changes in the moisture in (TXR-1506) 02-01-18

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the soil may also cause foundations to move. The buyer should check with an inspector and other experts on preventive methods to minimize the risk of such movement.

**FIRPTA.** The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) may require the buyers in certain transactions involving a seller who qualifies as a "foreign person" to withhold up to 15% of the amount realized by the seller (usually the sales price) for federal taxes. A "foreign person" is defined as a: (1) nonresident alien individual; (2) foreign corporation that has not made an election under section 897(b) of the Internal Revenue Code to be treated as a domestic corporation; or (3) foreign partnership, trust, or estate. The definition does not include a resident alien individual. A seller should notify the buyer whether the seller is a "foreign person" as defined by federal law. If the seller is unsure whether he or she qualifies as a "foreign person", the seller should consult a tax professional or an attorney.

**FLOOD HAZARD, FLOODWAYS, AND FLOOD INSURANCE.** Many properties are in flood hazard areas. Lenders who make loans on properties located in special flood hazard areas typically require the owner to maintain flood insurance. Additionally, some properties may lie in the floodway. Texas REALTORS® publishes a form titled, "Information about Special Flood Hazard Areas" (TXR 1414), which discusses flood hazard areas and floodways in more detail. The buyer is encouraged to buy flood insurance regardless of whether the property is in a high, moderate, or low risk flood area.

**HISTORIC OR CONSERVATION DISTRICTS.** Properties located in historic or conservation districts may have restrictions on use and architecture of the properties. Local governments may create historic or conservation districts for the preservation of certain architectural features. A property owner may or may not be aware if the property is located in such a district. If the buyer is concerned whether the property is located in such a district, contact the local government for specific information.

**INSPECTION, REPAIRS, & WALK-THROUGH.**  
*Inspections.* The buyer is encouraged to have the property inspected by licensed inspectors. The buyer should have the inspections completed during any option period. The buyer should accompany the inspectors during the inspections and ask the inspectors any questions. **Brokers and agents do not possess any special skills, knowledge or expertise concerning inspections or repairs.** If the buyer requests names of inspectors or repair professionals from an agent, the buyer should note that the agent is not making any representation or warranty as to the ability or workmanship of the inspector, or repair professionals.  
*Repairs.* The buyer and the seller should resolve, in writing, any obligation and any timing of the obligation to complete repairs the buyer may request before the option period expires.  
*Walk-Through.* Before the close of the sale, the buyer should walk through the property and verify that any repairs are complete. If the condition of the property does not satisfy the contractual provisions, the buyer should notify the buyer's agent before closing.

**MANDATORY OWNERS' ASSOCIATIONS.** An owners' association may require a property owner to be a member. The buyer may obtain subdivision information (the restrictions applying to the subdivision, the bylaws and rules of the owners' association, and a resale certificate). The buyer may be required to pay for the subdivision information unless otherwise negotiated in the contract. If membership in an owners' association is required, the buyer will probably be obligated to pay periodic dues or assessments. Failure to pay such dues could result in a lien on and foreclosure of the property.

**MINERAL INTERESTS.** Determining who owns the mineral interests under a property (for example, rights to oil and gas interests) normally requires an expert to review the chain of title to the property. Many times the mineral interests may have been severed from the property and may be owned by persons other than the seller. Contract forms commonly used in Texas provide that the seller's interest, if any, in the mineral interests convey to the buyer as part of the property. However, a seller may wish to retain all or part of the mineral interests. Texas REALTORS® publishes a form titled "Information about Mineral Clauses in Contract Forms" (TXR 2505) which discusses this issue in more detail.

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more information. The buyer should also determine if the county requires any registration or other action to begin using the septic system or on-site sewer facility.

**SEX OFFENDERS AND CRIMINAL ACTIVITY.** Neither a seller nor a seller's agent of a residential property has a duty to disclose any information about registered sex offenders. If the buyer is concerned about sex offenders who may reside in the area, access [www.txdps.state.tx.us](http://www.txdps.state.tx.us). Contact the local police department to obtain information about any criminal activity in the area.

**SQUARE FOOTAGE.** If the purchase price is based on the size of the property's building and structures, the buyer should have the information the buyer receives about the square footage independently verified. Square footage information comes from other sources such as appraisal districts, appraisers, and builders. Such information is only an estimate. The actual square footage may vary.

**STATUTORY TAX DEDUCTIONS.** The property may be located in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services (for example a Municipal Utility District, Water Improvement District, or a Public Improvement District). The buyer is likely to receive a prescribed notice when buying property in such a district.

**SURVEILLANCE.** Be aware that when viewing a property, a seller might photograph or otherwise electronically monitor a buyer without the buyer's knowledge or consent, and a buyer might photograph or otherwise record the property without the seller's knowledge or consent. The parties should consult an attorney before recording or photographing another person's property.

**SURVEY.** A survey identifies the location of boundaries, major improvements, fence lines, drives, encroachments, easements, and other items on the property. The buyer should obtain a survey early enough in the transaction to help the buyer identify any encroachments, encumbrances to title, or restrictions. The contract will typically contain a provision which identifies who is responsible for providing a survey and the right to object to encumbrances to title disclosed in the survey.

**SYNTHETIC STUCCO.** Synthetic stucco (sometimes known as EIFS) is an exterior siding product that was placed on some properties in the recent past. If the product was not properly installed, it has been known to cause damage to the structure (such as wood rot and moisture). If the property has synthetic stucco, the buyer should ask an inspector to carefully inspect the siding and answer any questions.

**TAX PRORATIONS.** Typically, a buyer and seller agree to prorate a property's taxes through the closing date. Property taxes are due and payable at the end of each calendar year. The escrow agent will estimate, at closing, the taxes for the current year. If the seller is qualified for tax exemptions (for example, homestead, agricultural, or over-65 exemption), such exemptions may or may not apply after closing. After closing the taxes may increase because the exemptions may no longer apply. When buying new construction, the taxes at closing may be prorated based on the land value only and will later increase when the appraisal district includes the value of the new improvements. The actual taxes due, therefore, at the end of the year and in subsequent years may be different from the estimates used at closing.

**TERMINATION OPTION.** Most contract forms contain an option clause which provides the buyer with an unrestricted right to terminate the contract. Most buyers choose to buy the termination option. The buyer will be required to pay for the termination option in advance. The option fee is negotiable. Most buyers will refund many of their reviews, inspections, and other due diligence during the option period. The buyer must strictly comply with the time period under the option. The option period is not suspended or extended if the buyer and the seller negotiate repairs or an amendment. If the buyer wants to extend the option period, the buyer must negotiate an extension separately, obtain the extension in writing, and pay an additional fee for the extension. The buyer should not rely on any oral extensions.

**TIDE WATERS.** If the property adjoins any of the state's tidal waters, the seller will provide the buyer with a prescribed notice titled, "Addendum for Coastal Area Notice" (TXR 1915). Boundaries of properties along such waters may change and building restrictions will apply. If the property is located seaward of the Gulf (TXR-1506) 02-01-18

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Intracoastal Waterway, the seller will provide the buyer with a prescribed notice titled, "Addendum for Property Labeled Seaward of the Gulf Intracoastal Waterway" (TXR 1916).

**TITLE INSURANCE OR ABSTRACT OF TITLE.** The buyer should obtain a title insurance policy or have an abstract of title covering the property examined by an attorney. If the buyer obtains a title insurance policy, the buyer should have the commitment of title insurance reviewed by an attorney not later than the time required under the contract.

**UTILITIES.** The buyer should evaluate what utilities the buyer will require and check to be sure that the utilities available in the area suit the buyer's needs. Some structures may or may not have utilities and electrical facilities to support many modern appliances or equipment.

**WATER LEVEL FLUCTUATIONS.** State law requires the seller to notify a buyer of a property that adjoins a lake, reservoir, or other impoundment of water with a storage capacity of at least 5,000 acre-feet at its normal operating level or the water level may fluctuate. The buyer and seller can find a list of lakes and reservoirs with at least 5,000 acre-feet storage capacity by accessing <http://texasalmanac.com/topics/environment/lakes-and-reservoirs>.

**WATER WELLS.** If the property has a water well, the buyer should have, and the lender may require, the equipment inspected and water tested. The buyer should also determine if the county requires any registration or other action to begin using the water well.

**WIRE FRAUD.** Criminals are targeting real estate transactions by gaining access to electronic communications or sending emails that appear to be from a real estate agent, a title company, lender, or another trusted source. Refrain from transmitting personal information, such as bank account numbers or other financial information, via unsecured email or other electronic communication. If the buyer receives any electronic communication regarding wiring instructions, even if the communication appears to come from a legitimate source, the buyer should verify its authenticity prior to the transfer of funds in person or via phone call using a recognized phone number that is not found in the communication.

### OTHER.

This form was provided by: \_\_\_\_\_ By signing below I acknowledge that I received, read, and understand this information and notice.

Broker's Printed Name \_\_\_\_\_ Buyer/Seller \_\_\_\_\_ Date \_\_\_\_\_  
By \_\_\_\_\_  
Broker's Associate's Signature \_\_\_\_\_ Date \_\_\_\_\_ Buyer/Seller \_\_\_\_\_ Date \_\_\_\_\_

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## WHY YOU SHOULDN'T TRUST ONLINE REAL ESTATE PRICE ESTIMATES

It's fun to enter an address on a website and instantly receive an estimate of what that property is worth. But the data that powers many of these automated valuation models is inaccurate and unreliable.

Who says? The websites themselves. Look below to see how popular sites that offer online price estimates describe limitations with their own data.

**zillow.com**  
"The Zestimate is not an appraisal and you won't be able to use it in place of an appraisal, though you can certainly share it with real estate professionals. It is a computer-generated estimate of the worth of a house today, given the available data. Zillow does not offer the Zestimate as the basis of any specific real-estate-related financial transaction. Our data sources may be incomplete or incorrect also, we have not physically inspected a specific home. Remember, the Zestimate is a starting point and does not consider all the market intricacies that can determine the actual price a house will sell for."  
[tla.zillow.com/appraisal/](http://tla.zillow.com/appraisal/) at [zillow.com/zestimate](http://zillow.com/zestimate)

**trulia.com**  
"If you're looking for a precise value for your home, or if you're thinking of selling your home, we recommend you talk to a real estate professional. After all, our algorithms are smart, but we can't know everything about your home's features and location. Connect with real estate experts in your area."  
[trulia.com/trulia\\_experts](http://trulia.com/trulia_experts)

**homes.com**  
"We're not suggesting that you use our home value estimate in lieu of an appraisal from a trained professional when selling, purchasing, or refinancing. And it's the professional's job when you just need a rough, ballpark estimate and you don't want to wait."  
[homes.com/home-prices](http://homes.com/home-prices)

**chase.com**  
"The data and valuations are provided as is without warranty or guarantee of any kind, either express or implied, including without limitation, any warranties of merchantability or fitness for a particular purpose. The existence of the subject property and the accuracy of the valuations are estimated based on available data and do not constitute an appraisal of the subject property and should not be relied upon in lieu of underwriting or an appraisal."  
[chase.com/mortgage/mortgage-resources/home-value-estimator](http://chase.com/mortgage/mortgage-resources/home-value-estimator)

**housevalues.com**  
"For a professional valuation of your home that includes all the information about your property (plus overall condition, style of house, and other features) please contact a real estate expert."  
[housevalues.com/report](http://housevalues.com/report)

Use a REALTOR®  
For help with price, negotiations, and other parts of your real estate transaction, a Texas REALTOR® is your best resource. Now that's a smart move. *Disclosures accurate as of June 20, 2016*