



How to Find and Buy

The House of Your Dreams

**Without Hassles,
Headaches or Surprises**

Reynolds
LAW OFFICES

So you want to buy a home

Buying a home is probably the most emotionally charged, financially significant investment you will ever make. It should also be one of the most exciting times in your life. Unfortunately, a lot can go wrong when you buy a home. If unprepared, you may face disappointments, hassles, headaches and unpleasant surprises. With all you have at stake, do you really want to leave the outcome to chance?

Be prepared. Talk to an experienced real estate attorney before you begin; this will ensure that your home buying process goes smoothly.



At Reynolds Law Offices we specialize in helping our clients buy and sell real estate.

That's all we do.

We work closely with our clients to ensure that they understand each step along the way, are aware of the obstacles they may face, and are prepared throughout the process. In many cases, just knowing what to expect can help make the journey to homeownership easier and more pleasant. And if problems arise, you will want an experienced attorney, like those at Reynolds Law Offices, on your side to make sure your interests are represented.

Put your team together and find your new home

A pre-approval from a Local Lender will give you credibility

In today's competitive market, it is absolutely critical that you get a pre-approval letter from a local mortgage lender before you make an offer to buy a home. While a pre-approval is not the same as an actual loan commitment, it shows that the lender believes you will qualify for a loan based on a preliminary review of your finances. The pre-approval letter gives you credibility with the seller – even more so if it is issued by a local lender that the seller is familiar with.

It is tempting to base your choice of lender on rates and fees alone. However, you will find that there are a number of lenders who offer similarly attractive packages. The more distinguishing factor is likely to be service – does the loan officer return your calls promptly, do they take the time to understand your circumstances and to explain the various options available to you, and can they process the loan in a timely manner. This is where some lenders fall short. A local lender is more likely to provide the level of service that you are looking for. Their business is dependent on maintaining a strong reputation within the local real estate community so they will work hard to ensure the transaction goes smoothly. Additionally, a local lender will use a local appraiser and a local closing attorney who are familiar with local properties. Your Buyer's Agent and your Attorney will be knowledgeable about local lenders and can help you make a wise choice.



A Buyer's Agent will help you find the home of your dreams

It used to be that all real estate agents worked exclusively for the seller. Even an agent that worked only with the buyer, and never even met the seller, was obligated to negotiate the best deal for the seller. Things have changed. Most buyers now work with a Buyer's Agent. A Buyer's Agent is officially on your side and will work as your advocate to help you negotiate your best deal. There is usually no additional cost to you; your Buyer's Agent is paid from the listing agent's commission, which is paid by the seller.

Your Buyer's Agent will show you a selection of appropriate homes, help you narrow your choices, offer advice, and help you put together an offer. Your Buyer's Agent will help you evaluate the property's asking price relative to comparable properties in the area. He or she can help you uncover details that might impact your ability to make a compelling offer – such as the seller's desire to close quickly or a quirky detail that might lead them to choose you over competing buyers. An agent working for the seller is not able to provide these services.

A Real Estate Attorney will help you negotiate the right deal

In a very hot market, you may be required to make an offer on the spot, leaving no time to consult with your Attorney. But buying property is a big commitment and the offer sets the terms of the deal. You'll need to think about more than just price. You will want to include other details and terms, both to make sure that the seller is clear about your expectations and to make sure that you can pull out of the deal if any problems arise. Your written offer, when accepted by the seller, is a binding contract, so it is important to get it right the first time. To help you prepare for quick decisions, you may want to consider setting up a pre-offer education session with a Real Estate Attorney. Your Attorney can help identify the terms you'll want to include in the offer, give you an overview of the buying process and, in general, give you confidence as you make this important investment.

Refer to the inside back cover for some tips on choosing the right attorney.



Your offer has been accepted! What now?

Finalizing the agreement with the seller

Carefully inspect the property

While you would never knowingly buy a home that isn't sound, there may be problems with the home that are not apparent to you. It's important to have the home inspected by a licensed home inspector. The inspector will carefully review the property's major structural and mechanical systems with you and provide you with a complete written report. If everything is as you understood it to be, you will move ahead to the Purchase and Sale Agreement. In the event that your inspector uncovers problems, your Buyer's Agent and your Attorney will work with you to resolve the issues in one of two ways:

- Negotiate with the seller to either fix the problems or to lower the price, or
- Pull out of this deal and find a new property

Have your Attorney review the Purchase and Sale Agreement

The Purchase and Sale agreement (P&S) is the final, legally binding contract between you and the seller. It will incorporate all of the terms that were negotiated in the offer, plus address any issues that were uncovered during the home inspection. Although a standard form is used, reviewing the P&S is not as simple as making sure that the blanks are filled in properly. There are specific meanings to many provisions that are not obvious to the inexperienced reader. Since the P&S replaces the offer, and you will be held to this agreement, it is wise to have your Attorney review the agreement before you sign it. Your Attorney will go through the P&S with you, explaining specific terms and sections and the importance of the various dates. Together, you will identify issues that need to be addressed in the P&S that tailor the agreement to your specific needs.

And going on behind the scenes...

Your Lender will process your loan and have the property appraised

Once your P&S is signed, your Lender can finish processing your loan. By this time you should have already provided your Lender with all of the financial statements and other documentation they need to approve your loan. This is where good service is crucial. Your Lender should be on top of all deadlines and ready to manage any open issues as you move toward the closing. You should check in with your Lender periodically to ensure that the process is proceeding smoothly and that they have all the information they need.

Your Lender will arrange for an appraisal of the property. In the event that the appraised value is lower than your offer price, it could affect your financing. Your Lender might approve the loan, but with different terms (such as requiring that you buy mortgage insurance), or they might deny the loan.

If your loan is denied, or if the appraised value is lower than the purchase price, your ability to pull out of the deal or to renegotiate the purchase price will depend on the precise wording of the P&S. It is critical that you clearly understand the relevant provisions of the P&S.

The closing attorney will complete the title search

One of the most important, but least understood, responsibilities of the Lender's closing attorney is the title search. The purpose of a title search is to establish ownership of the property, and to determine whether there are liens or easements affecting the property. With real estate, the ownership history is all-important. Each owner's title is no better than the title of the prior owner. The closing attorney will examine the records at the Registry of Deeds to establish a consistent 50 year chain of ownership. If any problems are discovered, it is the seller's responsibility to clear the title. If the title is not cleared by the closing date, the closing may be delayed or even cancelled. Again, the precise wording of the P&S will determine your rights and obligations.

You're ready to close. What can you expect?

Get set for the closing

A day or two before the closing you will get a call from the closing attorney's office notifying you of the amount of the bank check you should bring to the closing. This amount should be in line with the "good faith estimate" you received from your Lender at the time of application. If not, any discrepancies should be resolved with your Lender prior to the closing.

When you arrive at the closing, in addition to the bank check, you will be expected to have a homeowner's insurance binder, photo identification, and your checkbook in case there are last minute adjustments. There may also be other documents that your Lender has asked you to bring to the closing.

Make a thorough final inspection

Just before the closing, often times on your way to the closing, you will have the opportunity to walk through your new home one final time with your Agent. This is your last chance to note any problems with the home. The sellers should be completely moved out at this time so that you are seeing the home in its final condition. You will want to make sure that all items included in the sale remain in the home, inspect for any damage that may have occurred since you last saw the home, check to make sure all major systems (plumbing, electrical, heating, etc.) are still in good working order, and verify that all repairs were satisfactorily completed.

The closing - Sign, sign and sign some more

The closing will usually take place at the office of your Lender's closing attorney. If you did not choose a local lender, you may have to travel quite a distance. Sitting at the closing table with you will be the sellers, the attorneys and the real estate agents. You will sign a huge pile of documents. The most important documents are the deed,



which transfers ownership of the home to you, the promissory note, which is your contract to repay the loan, and the mortgage, which places a lien on your new home to secure repayment of the loan. The closing attorney should clearly explain each of these documents to you.

Buy owner's title insurance

Although the closing attorney has searched the title to the property, there is no way to guarantee that there are no problems with the title. Whether your new home is an antique or is newly constructed, the chain of ownership to the land goes back much further than the 50 year search period. The limited period of the title search is based on an assumption that if ownership has not been challenged for 50 years, it is unlikely that there will be any challenges. That may not be a safe assumption. Also, since the title search relies on records maintained by the various counties, any inaccuracies in the indexing of those records could result in a misleading title report. While a well done title search should provide some comfort that there are not likely to be any title problems, there is no way to guarantee that.

Fortunately, there is a solution. Title insurance can be purchased through the closing attorney. If a title problem does surface, the title insurance company will resolve the problem at their expense. The insurance premium is paid once at closing and the insurance coverage is in effect as long as you own the home.

File a declaration of homestead on your home

Under Massachusetts law, you have the ability to declare your primary residence as your homestead. This protects up to \$500,000 of equity in your home against creditor claims in the event that you are sued. The law was written to enable homeowners to keep their homes in the event of financial catastrophe.

How to find the right attorney for you

While many attorneys dabble in real estate, you really want to work with an attorney who specializes in real estate. There is no substitute for experience. An experienced real estate attorney is more likely to anticipate and be able to resolve potential problems. As with a local lender, a local attorney whose reputation depends on your satisfaction will be your best choice. You want an attorney with a reputation for creatively resolving problems, rather than creating roadblocks. Another factor to consider is whether the attorney does their own title searches or whether they use an outside vendor. All too often closings are delayed because the attorney is waiting for the title search to come back from the vendor. An attorney that does their own title searches can control the timing of the title search to ensure a timely closing.

Feel free to interview several attorneys. Questions you should ask include:

- How many years experience do they have in real estate?
- How many closings do they typically handle in a year?
- How many lenders do they represent?
- In reviewing the P&S do they tailor the P&S to your specific circumstances?
- Do they perform their own title searches?
- Do they have a fixed fee schedule?



About Reynolds Law Offices

Lead attorney R. Craig Reynolds has specialized in real estate conveyancing for over 20 years, and founded Reynolds Law Offices in 1994. The firm provides a range of services designed to simplify the process of closing a real estate transaction. Here's why clients turn to Reynolds Law Offices again and again:

- The firm's lead attorney has more than 20 years of experience handling real estate transactions
- The firm represents more than 20 area lenders and handles closings for many out of area lenders
- The firm is committed to educating its clients about their transactions
- The firm performs all of its own title searches for every property
- The firm has a reputation for anticipating and proactively solving problems
- The firm provides superior service at a reasonable cost

Reynolds Law Offices is committed to ensuring that the process of buying and selling property goes smoothly. Our clients understand just what is happening at each step of the transaction. The Purchase and Sale Agreement is reviewed and explained in great detail. At the closing, each document is thoroughly explained. We make the Declaration of Homestead available to all of our clients at no cost (other than the recording fee).

By the end of the closing, our clients know what they have bought and understand the details of the transaction.

Buying a new home should be one of the most exciting times in your life. Reynolds Law Offices can help you have a great buying experience.

Call 978-365-7322 and talk to us today.

Reynolds Law Offices
is committed to ensuring
that the process of buying
and selling property goes
smoothly. Clients turn to us
again and again for:

- **Real Estate Transfers**
- **Title Examinations**
- **Wills and Trusts**
- **Estates**

**Let us help you buy the
house of your dreams.**

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