

## Real Estate 101

### How Transactions Work

With very few exceptions, every residential real estate transaction has a buyer and a seller. Each party is considered one side of the deal. Most times each party has their own agent representing them. We, Flanagan Home Team, normally represent one party on one side of the deal.

This training will follow FHT representing the buyer in a transaction.

#### Anatomy of a Buyer Transaction:

- Buyer is generated through any channel of lead generation
- Buyer agent meets buyer.
- Buyer enters into an Exclusive Right To Buy Buyer's Agency Agreement.
  - The following Documents need to be signed and placed in Dotloop
    - Exclusive Right to Buy Buyers Agency
    - Multiple Buyers Disclosure
    - Flood Insurance Disclosure
    - SC Agency Disclosure (initial Page 1, sign pg 2)
- Buyer agent helps buyer select a property
- Buyer makes an offer on "Agreement to Buy and Sell Form"
  - The following Documents need to be signed and uploaded to Dotloop
    - Agreement to Buy and Sell Residential Real Estate
    - Property Disclosure from Seller
    - HOA Property Disclosure from Seller
    - Lender's Pre-Approval for Buyer
    - Earnest Money Check Copy
    - Any other documents mandated by specific entities ie..FHA, VA, HOA's etc.. These can be found on the documents page of the MLS listing(Agents Responsibility)

When all buyer signatures and initials are in place the "Deal" paperwork is sent to the seller's real estate agent as an offer. That agent will speak with his seller and return one of following to the buyers agent:

- No Changes, Accepted as is, all seller signatures, initials and pages returned to us. This is the best outcome.
- Counter Offer- The seller presents a counter offer. Under normal circumstances the sellers agent will have them initial AND date all changes they have requested. This process goes back and forth until such time as all counters have been agreed upon or the parties agree there is no agreement.
- Rejected Outright- normally occurs on low ball offers, extended closing time frames or any other out of the norm request a buyer makes. If this occurs a **Rejection of Offer without Counter Offer** form must be given by the other party.

There are more scenarios, all less common than the three listed. We will assume an agreement has been made.

When all parties agree on the terms and conditions of the deal and all signatures, initials, dates and pages have been executed the agreement becomes a **ratified contract**.

The Ratified Contract will now be distributed to the following participants in the deal (Admin Responsibility):

- Both Parties
- The Buyers Lender
- The Buyers Attorney
- The Sellers Attorney
- Dotloop Folder
  - Once in Dotloop the Buyers Agency Folder and the Agreement Folder Paperwork will be submitted to the Broker in Charge. Simply check the appropriate documents and click submit. (see more in Dotloop Procedures)
  - The admin will fill out the KW Greensheet and submit to MCA

NOTE: Contract Language is very literal. We are not attorneys and do not interpret law. We do follow the written word. If the contract calls for a “Notice” we send a notice. If it states we will have the option of an “addendum” we will send a request to amend or change the agreement.

One of the more important parts of a contract is adhering to the dates and contingencies as set forth in the agreement. A missed date may cost the buyer thousands of dollars or the opportunity to purchase a home.

**It is a standard of FHT that dates will not be missed, this includes closing dates.**

As the deal progresses towards closing a few things are happening simultaneously. Contingencies are worked on and satisfied by the dates set forth in the contract. Every contingency requested should be visited and an action taken to ensure it is satisfied in a timely manner.

- Financing begins the Full Application Process
- General home inspections, infestation, moisture and any other inspections requested by the buyer are scheduled. Environmental testing ie..mold, water, and septic to name just a few, need to be given ample post specimen collection time for analysis.
- Home Warranty Purchase
- Appraisals if warranted
- Surveys
- Due Diligence

During this period it is imperative the client is kept informed about the ongoing process. It is also necessary that we stay informed about the status of the loan, if financed.

Weekly Calls will be made to the following people involved in the deal. Some may just be a status update from a lender others a Q & A from the client.

- Client
- Lender
- Closer

Once all contingencies are met, Financing has been underwritten and approved we move to the closing period.

In the closing period we will become very client centric. It is a very stressful period for them. We can add or feed their stress . It is our mission to make this time one of anticipation, hope and joy.

Some of the stress points we can alleviate:

- Fully explain the closing process (Agent has 15 minute meeting)
- Share utility change over flyers (future concierge service level, we do it for them)
- Community schedule (trash, recycling, pool hours, HOA numbers etc... )
- Explain they will need to wire funds to the closing attorney
- Have all funds available in their checking account the week before closing
- Community Eateries, Nail Shops, Babysitters, Handyman services, lawn Cutters etc..

A week to no later than three days prior to closing, a Buyer's Closing Disclosure must be provided by the lender.

During this time the lender will also issue the final Clear to Close paperwork. It is normal for there to be some minor stipulations such as all paperwork needs to be approved before funding etc.. This happens within minutes usually. It could take longer if it's the end of the month, a Friday or late afternoon.

The day of closing should be a joyous one. Keep any backroom drama within the professional circle. If there is a need to involve the client do it without blame or drama. Be professional. Stay calm, keep cool, diffuse the situation.

Do your final walkthrough of the house with the client. If there are matters which need to be addressed, note them, excuse yourself and do what needs to be done. Stay calm.

Head to the attorneys office. Let them take it from there. Be quiet during the closing. Let the attorney explain the paperwork, it will go more smoothly.

After the paperwork is signed, take some pictures, smiles all around. Ask for referrals. Thank the attorneys and especially the paralegals.

Sometimes closings go awry. Be the person in the room who has the solution.

- If all the paperwork is signed and it looks like it will be a while until funded, take your clients to lunch or give them \$20 or a gift card for lunch.
- Moving is stressful. Pick up on your clients moods. Think of something small you could do to take some pressure off of them.
- Carry crayons and coloring books for couples with kids.
- Good coffee or a sweet shop visit for couples
- Food! Most people have been packing and on the go for the past 48 Hours and get Hangry. Feed them. (no alcohol...yet)
- If it has been a cantankerous deal from the get go, request the buyers and sellers sign at different times. Sellers normally only need 10 minutes to review the closing documents and sign the deed transfer. Whereas the buyers have 40 minutes of loan disclosures to sign.
- Through it all stay professional, kind and understanding. It will all be over at the end of the day.