

Buyer Transaction Outline

This outlines the process and steps necessary to take a Buyer's transaction from contract execution to closing. The Transaction Coordinator (TC) will assist with all functions of processing paperwork, contracts, files, accuracy and helping to ensure all deadlines are met. Duties and expectations of the Buyer's Agent during this process are indicated in **Blue** type.

1. Accepted Contract – Contract is dated (executed) by the last client/agent who handles it. This is day ZERO of the official countdown.
2. **Buyer's Agent** forwards executed contract to TC immediately.
3. **TC** will send Contract and all signed attachments to the title company, the buyer's lender (if not a cash deal) and both agents. Buyers will be provided a link to their Client Portal where they can view/download copies of all the pertinent transaction documents, as well as few deadlines, dates and other information along the way.
4. **Buyer's Agent** makes arrangements with seller's agent and the buyers to collect and deliver the Earnest Deposit and Option Fee **before 5pm on Day 3**.
 - a. By check, in person.
 - b. Electronic – some title companies will accept electronic Earnest Deposits via an online system called Zoccam.
 - c. Overnight Delivery – Some title companies will provide a label for FedEx or similar shipping company to have the check(s) sent to them. This still requires meeting the 3-day deadline so be aware of timing.
5. **INSPECTION** – Being aware of the option period deadline at all times, if the buyers intend to have a General Home Inspection, the **TC** will send them a list of Inspectors to choose. **TC** will schedule the inspection in conjunction with the buyers to accommodate their schedule to attend as best as possible. If the buyers are not able to attend the last hour of the inspection, it is recommended the **Buyer's Agent** do so in their place. This will allow any questions to be answered and also get a good idea of what items on the report are important and which ones are not.
 - a. Once the Inspection Report is returned (usually within 24 hours or less) if there are any additional inspections needed (roofing, foundation, plumbing, hvac, etc.) then **TC** will work with buyer and/or Buyer's Agent to schedule those.
 - b. **Buyer's Agent** will discuss any repairs being requested with the buyers to be completed by the sellers.
 - i. **TC** will prepare an amendment requesting those repairs and send signed amendment to Seller's Agent on the behalf of the Buyer's Agent

- ii. **Buyer's Agent** will discuss with Seller's Agent and come to an agreement of what repairs will be completed, if any or if any Concessions (monetary) will be given to the buyers at closing.
 - iii. Any changes to the amendment will be made by the **TC** and submitted to all parties.

- 6. **TITLE** – Once the title company begins processing the transaction, they will request some information from the Buyer's. Usually this is done by sending a form or a link to a form for them to complete called "Buyer's Information". It's important to ensure the buyers complete this information and return it as soon as possible.
 - a. The first piece of information that we usually see from the title company is called the Title Commitment. This is basically their research of all the title's and liens on the property and determination that the deed is clear to transfer to the new buyers. This is usually obtained around days 10-14 but can be sooner or even take longer.
 - b. If the seller's provided a copy of their existing survey, the title commitment will determine if that survey is valid. If not, then a new survey will be ordered by the title officer (on rare occasions they will require the buyer or Buyer's Agent to do this). If the contract agreement says the buyer will pay for a new survey, this fee will usually be applied to the closing costs.
 - c. If the home is in a Homeowner's Association, it is the buyer's responsibility to contact the HOA and make the necessary arrangements to obtain all the documents for their review and to initial the transfer of ownership. In most cases, the title company will handle this process. **Buyer's Agent** should be certain this is the case if working with a new title company they are not familiar with. There is a deadline for the documents to be returned to the buyer, which is also negotiated and stated in the original offer/contract. Typically, it takes most HOA boards up to 14 days to provide these. Once received, the buyer will have 3 days to review the documents and rescind their offer if not acceptable.
 - d. Once the title company has completed their title commitment the closing appointment for the Buyers can be set. **Buyer's Agent** discusses best time frame for buyers and makes arrangement with title officer. **TC** can assist with this if needed.

- 7. **FINANCING** – If the buyers are financing their purchase, the **TC** will forward the executed contract to the lender. The contract (Third Party Financing Addendum) will stipulate the number of days the buyers have to obtain final loan approval from their lender. This is typically negotiated/stated during the original contract negotiation phase and can range from 14-28 days. 21 or 28 days is normal. **Buyer's Agent** should confirm with lender how much time they require before submitting completing the contact and submitting their initial offer.
 - a. The lender will then work with the buyer to obtain any additional information and/or documents they need for their final approval. **Buyer's Agent** needs to ensure buyers are providing anything needed on a timely basis to not delay the finance approval process.

- b. The lender will order the appraisal of the home. Occasionally they will require the buyer to pay for this at the time it's ordered, but often will include it in the closing costs. Once the appraisal is completed and the report is returned to the lender, they will notify the buyer if the home appraised at the sales price or if it is below sales price. If the appraisal is below the sales price of the home, there may need to be additional negotiations between the **Buyer's Agent** and the Seller's agent to determine how the difference will be handled. Either by reduction in the sales price, the buyer paying the additional money out of pocket, or if the transaction is no longer viable for either party and it terminates.
- c. Once the lender has all the information they need, the buyers and Buyer's Agent will be notified the file is being sent to Underwriting. This is the most important stage for obtaining final approval. The underwriter will review the files, possibly request additional information from the buyers, and then issue the final approval.
- d. The lender will forward the buyer a "Closing Disclosure" . This document **REQUIRES A BUYER SIGNATURE NO LATER THAN 3 DAYS BEFORE CLOSING**. This is a federal regulation and there is no room for negotiation or altering this deadline. The **Buyer's Agent** needs to ensure that this submitted to the buyer and returned to the lender before this deadline.
- e. The lender will provide the buyer with the amount of money the buyer will need to bring to closing. Ideally this will happen 48 hours before closing, but depending on the transaction, this can sometimes happen at the last minute. If the buyer is wiring their closing funds, they should talk with the title officer directly to verify the wiring instructions. **Buyer's Agent** should ensure this is done verbally and not relying on email instructions due to wire fraud. If the buyer is planning to bring the funds to closing themselves, it must be by Cashier's Check. No personal checks or cash will be accepted.

8. **CLOSING** – You're almost done!

- a. The TC will submit the Commission Disbursement Agreement (CDA) to the title officer. This document will provide instructions to the title officer of who and how to payout the commissions for the transaction. The **Buyer's Agent** should make sure the TC has any wiring instructions necessary for wiring the Buyer's Agent commissions.
- b. Buyer's final walkthrough – the **Buyer's Agent** should confirm an appointment with the seller's agent or ShowingTime for the buyer to do a final walkthrough of the home (if desired by the buyer). This should be done the afternoon/evening before closing preferred or the morning of closing if necessary. The purpose of the walkthrough is to ensure the home is still in the same or better condition it was in when the buyer originally previewed the home. Also, to confirm any negotiated repairs have been completed.
- c. The **Buyer's Agent** and the seller's agent should make arrangements prior to closing for the exchange of the keys to the home. Often times a key will be left with the title officer to distribute. It is also acceptable for the Buyer's Agent to remove the key from the lock box to give to the buyer as long as the seller's agent is in agreement.
- d. Closing day – if the title company allows it, it is preferred that the **Buyer's Agent** attend the closing. The role here is simply to listen in and be available should any questions

come up from the buyers or the title officer that may be in conflict to the original contract/negotiations. It is also an important part of the relationship process with the buyers. Before leaving and preferably in private, the **Buyer's Agent** should confirm with the title officer that all commission wiring instructions have been received.

- e. Possession – the buyers do not actually have possession of the home until the transaction is closed AND FUNDED. Once all the documents have been signed by both parties the title officer will forward them to the lender for final review. If everything is completed properly and approved by the lender, they will release funds of the loan to the title company. This is when the transaction is considered FUNDED. Typically, this happens within an hour or two after the last party signs. Legally, the buyers should not possess the keys or have access to the home until the transaction is FUNDED, unless other arrangements have been made. The title officer will contact both agents once the lender has approved the funding.

If during the original negotiations the seller required a few days after closing for moving out, then a “seller leaseback” will be part of the contract. The buyer will then be considered the owner and landlord of the home. They may receive a single key at closing, but not always. The buyer (now owner) of the home will take possession at 5:00pm on the day stated in the seller leaseback form or the time negotiated. Again, the **Buyer's Agent** should work with the seller's agent to arrange the exchange of keys.

9. **FOLLOW-UP** Once the buyers have possession of the home and have begun the moving-in process, the **Buyer's Agent** should follow-up with the buyers to be sure everything is going smoothly and that they have no needs/concerns. If there is anything about the home that is not as they expected, such as missing mirror in the bathroom, the **Buyer's Agent** should contact the seller's agent to rectify the problem.

If all is going well, NOW IS THE TIME TO ASK FOR REFERRALS (even if you've been doing that throughout the process). The TC will also send a request for the buyers to submit a review of the Buyer's Agent and the team for our social media sites. The **Buyer's Agent** should encourage the buyers to complete these as well.