

# THE HOME *Buyer's* GUIDE





Owning a home is more than a financial investment; it's an investment in quality of life – particularly if you have a family or if you're planning one. You can decorate or renovate however you like, customize your landscape, rule the roost! It's your home. This guide provides a detailed look at the home buying process.





## GET TO KNOW YOUR REAL ESTATE AGENT

My name is Tiffany Mundfrom and I am honored to be working with you! Buying a home is one of the biggest decisions you will make and I'm going to be here with you every step of the way to make sure that you are comfortable, taken care of, and that your home buying experience is as easy and fun as it can be!

Real Estate has been a passion of mine since my husband Eric and I built our first home in Spring Valley in 2002. Since then we have continued to build and remodel homes in the area through his residential contracting business. It has been through that love of the new construction process that motivated me to pursue my real estate license, giving me the opportunity to help clients with their home buying and selling needs. I'm dedicated to building a relationship of trust and providing great customer service.

I'm looking forward to get to know you and help you find your next home.



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## GET TO KNOW YOUR REAL ESTATE BROKERAGE

We are Property Brokers of Minnesota, a family owned and operated brokerage founded in 2006 by Harvey Ratzloff. Harvey's desire to develop a brokerage that was more client-focused rather than number-centric, came from years at the top of the industry. We understand that the home selling process can be overwhelming and we want to help make this as stress-free as possible! You and your family are very important to us and we will make sure you will be well taken care of.

What's the best part about my commitment as your realtor?  
I will be here with you every step of the way to guide you through the home selling process.

I will diligently research the market in order to determine the best price for your home, prepare your property so that it is in top-selling condition, review offers, handle negotiations, work with the buyer's agent to schedule showings, inspections, and appraisal.

I'm not going to be happy until you are! My goal is to sell your home fast and get you the best deal possible.

Are you ready to take the next step? Let's get started!

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# Buyer

# QUESTIONNAIRE

DESIRED LOCATION  
*Look and feel of preferred area.*

PRICING & FINANCING  
*What is your price range? If you need financing, are you pre-qualified yet?*

TIMEFRAME  
*Do you need to sell a current home? Are you leasing? When does your current lease end? Ideal move-in time?*

INTERIOR  
*Number of Bedrooms? Bathrooms? Total square feet? Other interior requirements?*

EXTERIOR  
*Lot size? Garage? Pool? Pet needs? Other exterior requirements?*

# Financing Tips



## GET YOUR CREDIT IN CHECK

Make sure you're financially prepared for homeownership. Do you have a lot of debt? Plenty saved for a down payment? What about closing costs? Ask yourself "how much house can I afford?" before you go further. Additionally, know that lenders look closely at your credit score when determining your eligibility for a mortgage loan. Check your credit score and do anything you can to improve it, such as lowering outstanding debt, disputing any errors and holding off on applying for any other loans or credit cards.



## FIND THE RIGHT LENDER

Just like you want to get the home that best suits your needs, you'll want to find a lender that best suits you. We suggest you consider using a broker to help you find a lender, talk to your agent—we are here to help, ask friends and family for referrals, and compare at least three lenders.



## GET ORGANIZED

A lender will need information from you in order to get you pre-approved for a mortgage loan. Here are few things to have ready for them:

- W-2 forms from the past two years
- Pay stubs from the past 30 days
- Tax returns from the past two years
- Proof of other sources of income
- Recent bank statements
- Details on long-term debts such as car or student loans
- ID and Social Security number

\*If you're self-employed, you may have to provide proof of your financial stability, including reasonable credit score, profit & loss statement, Year-to-date revenue, and possibly providing business tax returns.

In a competitive market, sellers may ask for proof of pre-approval. This document can help strengthen your offer! Make sure to get a pre-approved letter from your lender before we start viewing homes.

# STEP BY STEP Buying

01

## CONSULTATION

Meet with your Real Estate Agent! Discuss what you are looking for.

02

## PRE-QUALIFIED

If you need financing get pre-approved by a lender or bank.

03

## HOME SEARCH!

Your agent will narrow down options for your review.

04

## MAKE AN OFFER!

Negotiate the offer and get it accepted! Contingent on inspection.

05

## HOME INSPECTION

Discuss Results, decide if any repairs are needed and if you want to move forward.

06

## APPRAISAL & TITLE SEARCH

The bank or lender orders the appraisal, title search and final financing is set.

07

## CLOSING

Sign papers and pop the bubbly! Congratulations, you are a home owner.



# THE INITIAL PROCESS

## 1. CONSULTATION

This is where we discuss what type of home best suits your needs.

- How long have you been looking for a new home?
- What areas and neighborhoods are you considering?
- What is your Plan B, if you can't find the home you have in mind?
- What are some of your must haves?
- What are deal breaker items?



## 2. PRE-APPROVAL

This is a quick necessary process that helps narrow down and determine how much you can afford!

Lenders typically recommend a home that costs no more than three to five times your annual household income, with a 20% down payment. However, there are MANY different financing structures that they can make work for you!

Did you know? 88% of all Buyers work with Realtors!



# HOUSE HUNTING

## 3. FINDING "THE ONE"

I will tailor listings based on your criteria. I funnel all properties and pick the best to view, and will filter out the homes that will not work.

Most buyers look at approximately 10 properties and are then ready to make an offer. At that time, if you have not found a home you are looking for - it's HIGHLY recommended that we sit down and review your criteria to make sure that we are still looking for the right house!

Once you find one you love... it's time to determine the market value of that property. I will compare that home to others that have sold and from there we will determine the value for the home!

## 4. MAKING AN OFFER

Now is the exciting time! When you are ready to write an offer, I will walk you through the contract. It is important to write a fair offer or you can run the risk of the seller not responding or even losing the property to another buyer making an offer.

- Write the Offer
- Negotiate the Offer
- Satisfy Conditions



# INSPECTIONS AND MORE

## 5. HOME INSPECTIONS

The immediate step after your offer is accepted is to schedule a home inspection. You will have a certain number of days to complete this inspection after the offer was accepted.

Your home inspection report will verify that all items considered defective or problems relating to the safety of the home corrected prior to closing.



## 6. APPRAISAL, TITLE SEARCH & LENDER LETTER

The title is right to own, possess, use and control of a property. When purchasing a home you are buying a seller's title to the home. Before closing, a title search is done to ensure there are no liens, or problems that might prevent a clean title for you to close on the home.

An appraisal, is an estimate of the property value. The appraisal is not only to justify the lender's investment, but to help keep the buyer from overpaying on a property. Your lender will typically hire an appraiser and charge you the fee at closing.

Final commitment lender's letter approves your home loan! You will receive a letter outlining loan terms to your mortgage agreement. Your final letter will include your annual percentage rate, monthly fees, and repayment info for the loan.



# CLOSING TIME

## 7. THE CLOSING

The closing process finalizes your home purchase.

### A FEW THINGS TO BRING

- A valid government issued photo ID
- Cashier's check payable for the total amount due
- Any outstanding documents for the title company or loan officer

### CLOSING COSTS

Fees typically total 2% - 5% of the total purchase price and can include:

- Escrow Fees
- Recording fees
- Application and underwriting fees
- Appraisal Fees
- Local Transfer Taxes
- Homeowners Insurance
- Homeowners Association Fees

# Buyer Mistakes

## AVOID THESE MISTAKES WHEN BUYING YOUR HOME

### GETTING TOO EMOTIONAL

Think it's impossible? It's actually not. Once you decide to buy a home, start thinking of yourself as a businessperson and investor rather than just a future homeowner. In fact, forget that you're the "Buyer" altogether. By looking at the transaction from a purely financial perspective, you'll distance yourself from the emotional aspects of buying the property. While it is important to factor in certain emotional aspects, don't let it cloud your judgment. Real estate is an investment. Don't let emotions distract you from that.

### HOME SHOPPING BEFORE GETTING PRE-APPROVED

It's more fun to look at homes than it is to talk about your finances with a lender. So that's what a lot of first-time home buyers do: They visit properties before finding out how much they are able to borrow. Then, they are disappointed when they discover they were looking in the wrong price range (either too high or too low) or when they find the right home, but aren't able to make a serious offer. How to avoid this mistake: Talk to a mortgage specialist about getting pre-qualified or even pre-approved for a home loan before you start to seriously shop for a place. The pre-qualification or pre-approval process involves a review of your income and expenses, and it can make your bid more competitive because you'll be able to show sellers that you can back up your offer.

### EMPTYING YOUR SAVINGS

If you buy a previously owned home, it almost inevitably will need an unexpected repairs not long after. Maybe you'll need to replace a water heater or pay a homeowner's insurance deductible after bad weather. How to avoid this mistake: Save enough money to make a down payment, pay for closing costs and moving expenses, and take care of repairs that may come up. Lenders will give you estimates of closing costs, and you should call a few moving companies for an estimate to get an idea of your moving expenses.

### CHOOSING THE WRONG LENDER

Shopping for a mortgage is like shopping for a car or any other expensive item: It pays to compare offers. Mortgage interest rates vary from lender to lender, and so do fees such as closing costs and discount points. But according to the Consumer Financial Protection Bureau, almost half of borrowers don't shop for a loan. How to avoid this mistake: Apply with multiple mortgage lenders. A typical borrower could save \$430 in interest just in the first year by comparing five lenders. All mortgage applications made within a 45-day window will count as just one credit inquiry.

# REAL ESTATE TERMS

## Buyers Need to Know

### APPRAISAL

A DETERMINATION OF THE VALUE OF SOMETHING, IN THIS CASE, THE HOUSE YOU PLAN TO BUY. A PROFESSIONAL APPRAISER MAKES AN ESTIMATE BY EXAMINING THE PROPERTY, LOOKING AT THE INITIAL PURCHASE PRICE, AND COMPARING IT WITH RECENT SALES OF SIMILAR PROPERTIES.

### CLOSING COSTS

ALL SETTLEMENT OR TRANSACTION CHARGES THAT HOME BUYERS NEED TO PAY AT THE CLOSE OF ESCROW WHEN THE PROPERTY IS TRANSFERRED. THESE TYPICALLY INCLUDE LENDER'S FEES AND POINTS OR PREPAID INTEREST, A PRORATED SHARE OF THE PROPERTY TAXES, TRANSFER TAXES, CREDIT CHECK FEES, HOMEOWNERS' AND TITLE INSURANCE PREMIUMS, DEED FILING FEES, REAL ESTATE AGENT COMMISSIONS, INSPECTION AND APPRAISAL FEES, AND ATTORNEYS' FEES.

### APPRECIATION

INCREASE IN THE VALUE OR WORTH OF AN ASSET OR PIECE OF PROPERTY THAT'S CAUSED BY EXTERNAL ECONOMIC FACTORS OCCURRING OVER TIME, RATHER THAN BY THE OWNER HAVING MADE IMPROVEMENTS OR ADDITIONS.

### MLS

A COMPUTER-BASED SERVICE, COMMONLY REFERRED TO AS MLS, THAT PROVIDES REAL ESTATE PROFESSIONALS WITH DETAILED LISTINGS OF MOST HOMES CURRENTLY ON THE MARKET. THE PUBLIC CAN NOW ACCESS MUCH OF THIS KIND OF INFORMATION THROUGH WEBSITES LIKE

### ZONING

THE LOCAL LAWS DIVIDING CITIES OR COUNTIES INTO DIFFERENT ZONES ACCORDING TO ALLOWED USES, FROM SINGLE-FAMILY RESIDENTIAL TO COMMERCIAL TO INDUSTRIAL. MIXED-USE ZONES ARE ALSO USED. ZONING ORDINANCES CONTROL SIZE, LOCATION, AND USE OF BUILDINGS WITHIN THESE DIFFERENT AREAS AND HAVE AN EFFECT ON TRAFFIC, HEALTH, AND LIVABILITY.

### CONTINGENCY

A PROVISION IN A CONTRACT STATING THAT SOME OR ALL OF THE TERMS OF THE CONTRACT WILL BE ALTERED OR VOIDED BY THE OCCURRENCE OF A SPECIFIC EVENT, USUALLY BY SPECIFIC DATES LEADING UP TO THE CLOSING.

### ESCROW

THE HOLDING OF FUNDS OR DOCUMENTS BY A NEUTRAL THIRD PARTY PRIOR TO CLOSING YOUR HOME SALE. THIS IS TYPICALLY DONE BY A TITLE COMPANY.

### HOME INSPECTION

AN EXAMINATION OF THE CONDITION OF A REAL ESTATE PROPERTY. A HOME INSPECTOR ASSESSES THE CONDITION OF A PROPERTY, INCLUDING ITS HEATING / COOLING SYSTEMS, PLUMBING, ELECTRICAL WORK, WATER AND SEWAGE, AS WELL AS SOME FIRE AND SAFETY ISSUES.

### TITLE

OWNERSHIP OF REAL ESTATE OR PERSONAL PROPERTY. WITH REAL ESTATE, TITLE IS EVIDENCED BY A DEED (OR OTHER DOCUMENT) RECORDED IN THE COUNTY LAND RECORDS OFFICE.



QUICK GUIDE TO LOCAL  
SERVICE PROVIDES  
IN  
ROCHESTER/SPRING VALLEY  
AREA

HOME INSPECTORS

- Home Pro Inspections.....(507)202-8942
- Larry Iverson .....(507)696-7557
- Tom Berge .....(507)254-5551
- Mike Stahler .....(507)272-9512

HANDYMAN / PAINTERS

- Pete's Painting

ATTORNEYS/CLOSING OFFICES

- Ohly Law Office .....(507)289-4529
- Shawn Vogt Sween .....(507)754-4555
- Rochester Title & Escrow ....(507)282-6337
- Tim Hansen Law Office .....(507)252-0123

SEPTIC

- Beer Farms-Rodney Beer .....(563)203-0822
- STS Plumbing & Heating.....(507)492-5282
- \*\*DOES BOTH SEPTIC CERTIFICATION & WELL TESTING
- Matt Swenson ... .....(507) 429-3851
- Bruce Bucknell .....(507)533-8830
- Olmsted Co. ....(507)285-8213
- Mower Co. ....(507)433-8268