

Buyers Guide

WHERE EVERY HOME IS A VICTORY



POWERED
BY

ASHWORTH
— REAL ESTATE —

HOW DOES REPRESENTATION WORK?



AGENCY RELATIONSHIPS IN REAL ESTATE TRANSACTIONS

1. Page 1

2. **MINNESOTA LAW REQUIRES** that early in any relationship, real estate brokers or salespersons discuss with
3. consumers what type of agency representation or relationship they desire.(1) The available options are listed below.
4. This
5. is **not** a contract. **This is an agency disclosure form only. If you desire representation you must enter into a**
6. **written contract, according to state law** (a listing contract or a buyer/tenant representation contract). Until such time
7. as you choose to enter into a written contract for representation, you will be treated as a customer and will not receive
8. any representation from the broker or salesperson. The broker or salesperson will be acting as a Facilitator (see
9. paragraph IV on page two (2)), unless the broker or salesperson is representing another party, as described below.

10. **ACKNOWLEDGMENT: I/We acknowledge that I/we have been presented with the below-described options.**
11. **I/We understand that until I/we have signed a representation contract, I/we am/are not represented by the**
12. **broker/salesperson. I/We understand that written consent is required for a dual agency relationship.**

THIS IS A DISCLOSURE ONLY, NOT A CONTRACT FOR REPRESENTATION.

13. _____
(Signature) (Date) (Signature) (Date)

14. I. **Seller's/Landlord's Broker:** A broker who lists a property, or a salesperson who is licensed to the listing broker,
15. represents the Seller/Landlord and acts on behalf of the Seller/Landlord. A Seller's/Landlord's broker owes to the
16. Seller/Landlord the fiduciary duties described on page two (2).(2) The broker must also disclose to the Buyer
17. material facts as defined in MN Statute 82.68, Subd. 3, of which the broker is aware that could adversely and
18. significantly affect the Buyer's use or enjoyment of the property. (MN Statute 82.68, Subd. 3 does not apply to
19. rental/lease transactions.) If a broker or salesperson working with a Buyer/Tenant as a customer is representing
20. the Seller/Landlord, he or she must act in the Seller's/Landlord's best interest and must tell the Seller/Landlord any
21. information disclosed to him or her, except confidential information acquired in a facilitator relationship (see
22. paragraph IV on page two (2)). In that case, the Buyer/Tenant will not be represented and will not receive advice
23. and counsel from the broker or salesperson.

24. II. **Buyer's/Tenant's Broker:** A Buyer/Tenant may enter into an agreement for the broker or salesperson to represent
25. and act on behalf of the Buyer/Tenant. The broker may represent the Buyer/Tenant only, and not the Seller/Landlord,
26. even if he or she is being paid in whole or in part by the Seller/Landlord. A Buyer's/Tenant's broker owes to the
27. Buyer/Tenant the fiduciary duties described on page two (2).(2) The broker must disclose to the Buyer material facts
28. as defined in MN Statute 82.68, Subd. 3, of which the broker is aware that could adversely and significantly affect
29. the Buyer's use or enjoyment of the property. (MN Statute 82.68, Subd. 3 does not apply to rental/lease transactions.)
30. If a broker or salesperson working with a Seller/Landlord as a customer is representing the Buyer/Tenant, he or
31. she must act in the Buyer's/Tenant's best interest and must tell the Buyer/Tenant any information disclosed to him
32. or her, except confidential information acquired in a facilitator relationship (see paragraph IV on page two (2)). In
33. that case, the Seller/Landlord will not be represented and will not receive advice and counsel from the broker or
34. salesperson.

35. III. **Dual Agency - Broker Representing both Seller/Landlord and Buyer/Tenant:** Dual agency occurs when one
36. broker or salesperson represents both parties to a transaction, or when two salespersons licensed to the same
37. broker each represent a party to the transaction. Dual agency requires the informed consent of all parties, and
38. means that the broker and salesperson owe the same duties to the Seller/Landlord and the Buyer/Tenant. This
39. role limits the level of representation the broker and salesperson can provide, and prohibits them from acting
40. exclusively for either party. In a dual agency, confidential information about price, terms and motivation for pursuing
41. a transaction will be kept confidential unless one party instructs the broker or salesperson in writing to disclose
42. specific information about him or her. Other information will be shared. Dual agents may not advocate for one party
43. to the detriment of the other.(3)

44. Within the limitations described above, dual agents owe to both Seller/Landlord and Buyer/Tenant the fiduciary
45. duties described below.(2) Dual agents must disclose to Buyers material facts as defined in MN Statute 82.68, Subd.
46. 3, of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the
47. property. (MN Statute 82.68, Subd. 3 does not apply to rental/lease transactions.)

AGENCY RELATIONSHIPS IN REAL ESTATE TRANSACTIONS

48. Page 2

49. IV. **Facilitator:** A broker or salesperson who performs services for a Buyer/Tenant, a Seller/Landlord or both but
50. does not represent either in a fiduciary capacity as a Buyer's/Tenant's Broker, Seller's/Landlord's Broker or Dual
51. Agent. **THE FACILITATOR BROKER OR SALESPERSON DOES NOT OWE ANY PARTY ANY OF THE FIDUCIARY**
52. **DUTIES LISTED BELOW, EXCEPT CONFIDENTIALITY, UNLESS THOSE DUTIES ARE INCLUDED IN A**
53. **WRITTEN FACILITATOR SERVICES AGREEMENT.** The facilitator broker or salesperson owes the duty of
54. confidentiality to the party but owes no other duty to the party except those duties required by law or contained in
55. a written facilitator services agreement, if any. In the event a facilitator broker or salesperson working with a Buyer/
56. Tenant shows a property listed by the facilitator broker or salesperson, then the facilitator broker or salesperson
57. must act as a Seller's/Landlord's Broker (see paragraph I on page one (1)). In the event a facilitator broker or
58. salesperson, working with a Seller/Landlord, accepts a showing of the property by a Buyer/Tenant being represented
59. by the facilitator broker or salesperson, then the facilitator broker or salesperson must act as a Buyer's/Tenant's
60. Broker (see paragraph II on page one (1)).

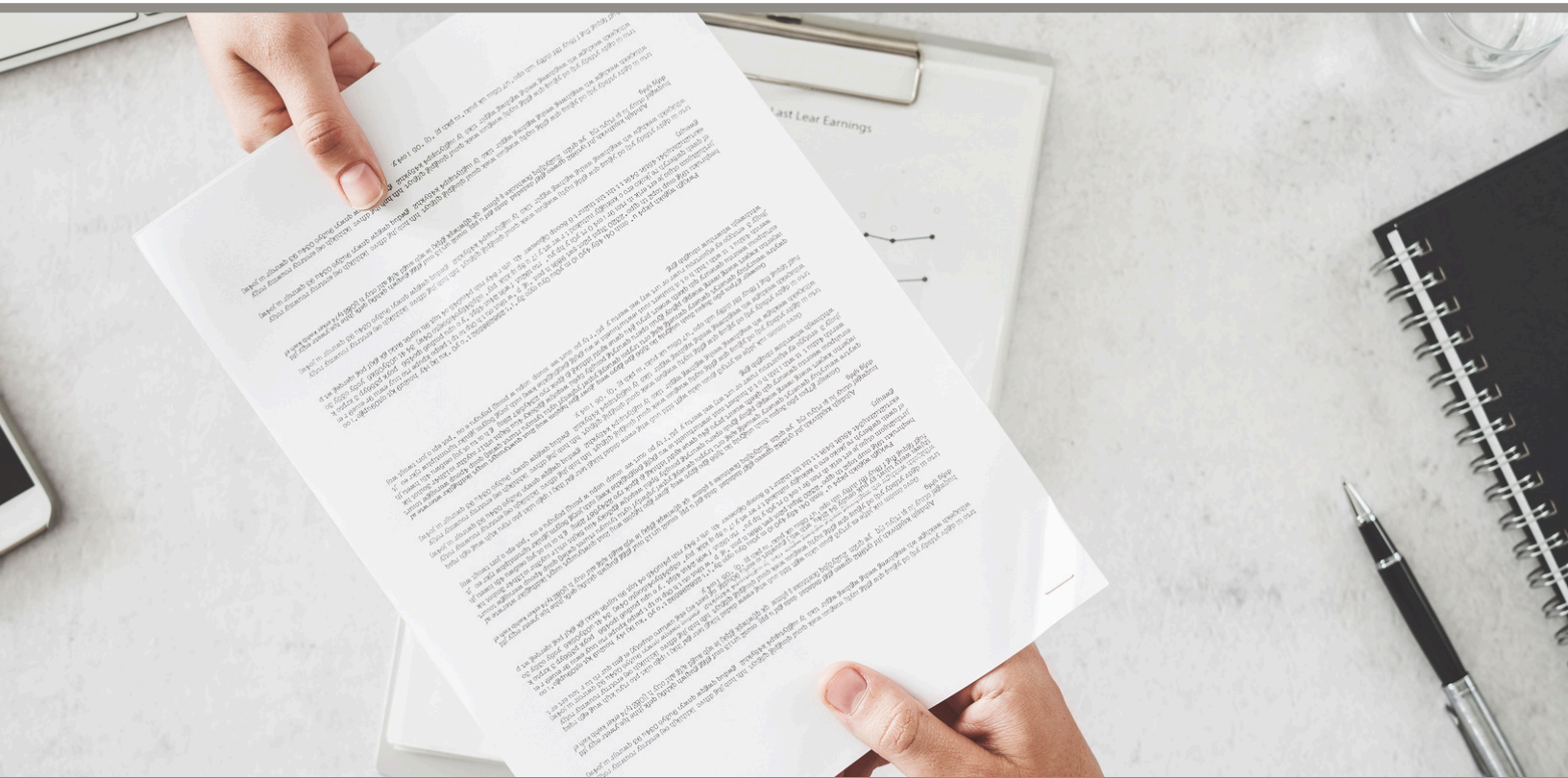
-
61. ⁽¹⁾ This disclosure is required by law in any transaction involving property occupied or intended to be occupied by
62. one to four families as their residence.

63. ⁽²⁾ The fiduciary duties mentioned above are listed below and have the following meanings:
64. Loyalty - broker/salesperson will act only in client(s)' best interest.
65. Obedience - broker/salesperson will carry out all client(s)' lawful instructions.
66. Disclosure - broker/salesperson will disclose to client(s) all material facts of which broker/salesperson has knowledge
67. which might reasonably affect the client(s)' use and enjoyment of the property.
68. Confidentiality - broker/salesperson will keep client(s)' confidences unless required by law to disclose specific
69. information (such as disclosure of material facts to Buyers).
70. Reasonable Care - broker/salesperson will use reasonable care in performing duties as an agent.
71. Accounting - broker/salesperson will account to client(s) for all client(s)' money and property received as agent.
72. ⁽³⁾ If Seller(s)/Landlord(s) elect(s) not to agree to a dual agency relationship, Seller(s)/Landlord(s) may give up the
73. opportunity to sell/lease the property to Buyer(s)/Tenant(s) represented by the broker/salesperson. If Buyer(s)/
74. Tenant(s) elect(s) not to agree to a dual agency relationship, Buyer(s)/Tenant(s) may give up the opportunity to
75. purchase/lease properties listed by the broker.

-
76. **NOTICE REGARDING PREDATORY OFFENDER INFORMATION:** Information regarding the predatory offender
77. **registry and persons registered with the predatory offender registry under MN Statute 243.166 may be**
78. **obtained by contacting the local law enforcement offices in the community where the property is located,**
79. **or the Minnesota Department of Corrections at (651) 361-7200, or from the Department of Corrections Web site at**
80. **www.corr.state.mn.us.**

MN:AGCYDISC-2 (8/19)

FORMS YOU'LL ENCOUNTER



Agency Relationships in Real Estate Transactions: Outlines the various forms of representation available to buyers and sellers in the state of Minnesota.

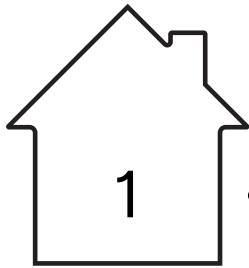
Buyer Representation Agreement: A unilateral contract that defines the responsibilities of the broker, agent, and buyer, granting the broker the authority to represent the buyer in a real estate transaction.

Affiliated Business Disclosure Arrangement: A disclosure that informs the buyer of any business affiliations in which the broker has a financial interest and may receive compensation if the buyer chooses to engage with those businesses.

Purchase Agreement: A comprehensive, multi-page document that outlines the buyer's formal offer to the seller, including all terms and conditions of the proposed transaction.

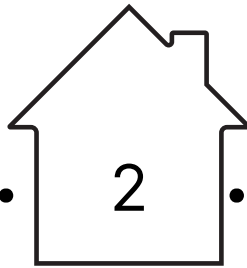
Compensation Disclosure to Buyer: Details how the broker will be compensated for their services in the transaction, ensuring transparency for the buyer.

THE HOME BUYER ROADMAP



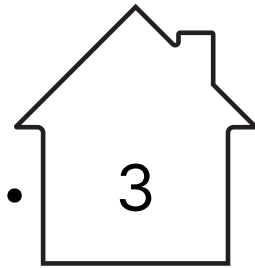
Pre-Approval

- Meet with a lender
- Determine the right mortgage
- Get a pre-approval letter



Search & Showings

- Begin your online search
- We will setup showings
- Go view the homes of interest



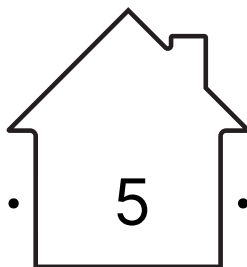
Offer & Negotiation

- Research comparable comps. with agent
- Put in a competitive offer
- Negotiate terms of the contract



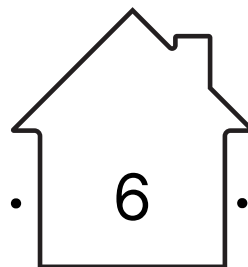
Escrow

- Deposit earnest money
- Complete loan application within time frame of the contract



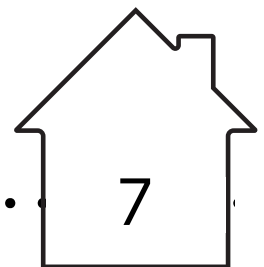
Inspections

- Schedule inspections
- Negotiate any repair requests and issues from inspection



Financing

- Order approval
- Obtain homeowners insurance
- Receive clear to close from lender



Closing

- Perform final walk-through before closing
- Sign closing documents
- Get your keys and CELEBRATE!

YOUR HOME SEARCH

Once you have your finances in order, the fun begins!

We will set you up on an automatic search through the Multiple Listing Service (MLS), which is the database that REALTORS use to list and search for homes. The moment a home that fits your search criteria is listed for sale, it will be sent directly to your email inbox. If we ever need to adjust the search criteria, just let me know and I can make any change you need.

Make sure to let me know if there are any homes you'd like to see, and we will schedule a showing!

QUESTIONS TO ASK BEFORE SEARCHING FOR A HOME

- Where do I/we want to live?
- Do I/we prefer existing homes or is new construction an option?
- How many bedrooms, bathrooms, garage spaces are needed?
- What are the "must haves"?
- What are the "fun to haves"?
- Does it matter if the home is in a community with a HOA (homeowner's association)?

OTHER IMPORTANT DETAILS



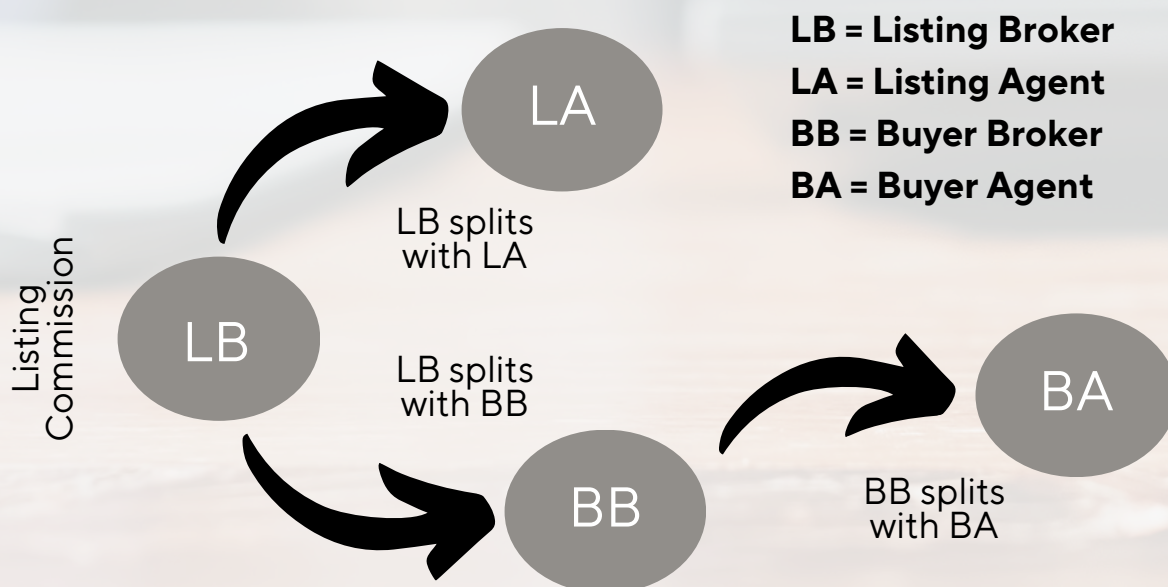
WHY YOU SHOULDN'T CALL THE AGENT ON THE SIGN

The listing agent has a fiduciary duty to the seller, meaning any information you share with them must be disclosed to their client, potentially placing you at a disadvantage in negotiations. As a buyer, your interests are secondary to those of the seller. Think of it this way: if you were in court, you wouldn't rely on the opposing party's attorney. Likewise, you need an experienced agent advocating for you—one who will prioritize securing the best price and terms that align with your needs, rather than favoring the seller.



HOW DOES MY AGENT GET PAID?

Contrary to common belief, when you hire a REALTOR to represent you as a buyer, you are responsible for covering your REALTOR's brokerage commission. The process for this can be unique. You will be asked to sign a Buyer Representation Agreement, which outlines your responsibility to compensate the broker you've chosen. However, the agreement also allows your agent to negotiate compensation with the seller's broker, which may ultimately relieve you of this obligation. If any part of this is unclear, please don't hesitate to ask for clarification.



THE COST OF **BUYING A HOME**



EARNEST MONEY

Earnest money is a way to show the seller that the buyer is serious about the purchase and will follow through. Earnest money is usually between 1–3% of the purchase price, but it can vary depending on the market. In some markets, it may be a fixed amount, like \$1,000 or \$5,000. This is especially important in competitive real estate markets, where the seller may take the home off the market after accepting an offer.



INSPECTIONS

Home inspections are a critical step in the home-buying process. They allow you to identify any potential issues with the property before finalizing your investment. Similar to how you would test-drive a car or have it inspected by a mechanic, a general home inspection is essential. Additionally, you may choose to conduct specialized inspections, such as radon, water (for well systems), septic, sewer, and lead paint inspections.



APPRAISAL

An appraisal is required for all homes purchased with a mortgage to confirm the property's value. Conducted for the lender's benefit, the cost of an appraisal typically ranges from \$400 to \$575. This fee may be paid upfront but will be deducted from your cash-to-close amount.



DOWN PAYMENT

The down payment is due at settlement and typically ranges from 3.5% (for FHA loans) to 20%, depending on the type of loan and other factors.



CLOSING COSTS

Closing costs are the fees required to finalize the purchase and transfer ownership of the property. These can include lender fees, title fees, and homeowners insurance, among others. Closing costs generally range from 2.5% to 3% of the purchase price.

OFFER & NEGOTIATIONS

THINGS TO CONSIDER WHEN CREATING AN OFFER PACKAGE

Offer Price

We will guide you in determining the property's fair market value to ensure your offer is competitive and well-founded.

Earnest Money

Typically 1-2% of the purchase price, this deposit demonstrates your commitment to the transaction and will be credited toward your down payment at closing.

Loan to Value (LTV) Ratio

This refers to the percentage of the property's value you are financing, relative to your down payment. We'll help ensure your LTV ratio aligns with your financial strategy.

Closing Date

For mortgage-financed purchases, the closing date generally falls 45-60 days after offer acceptance. This is when the transaction is finalized, documents are signed, and keys are handed over.

Inspection Contingency Period

Ranging from 1 to 10 days depending on the property, this period allows you to complete inspections and negotiate any necessary repairs or price adjustments. All negotiations must be finalized by the end of this contingency period.

Home Sale Contingency Period (if applicable)

If you need to sell your current home before purchasing a new one, a Home Sale Contingency will be included in your offer. This provision outlines the timeframe for selling your current home before the seller is free to entertain other offers. We will review the details of this contingency with you, should it apply.

WAYS TO MAKE **YOUR OFFER**

Few things are more frustrating than finding your ideal home, only to discover that someone else feels the same. Unfortunately, this is a common scenario in our competitive market. However, there are various strategies we can employ to make your offer as appealing as possible to the sellers.

Stand Out

IN A
**MULTIPLE
OFFER**
SITUATION



PRICE

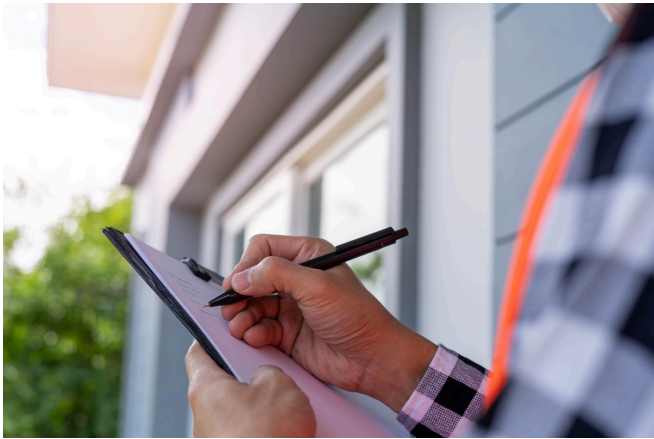
Facing a multiple-offer situation? In a competitive seller's market, it may be beneficial to offer above the asking price or consider adding an escalation clause or appraisal gap clause. These are just some of the tools we utilize when advising buyers in competitive markets where multiple offers are common.

Conversely, in a strong buyer's market, we employ different strategies to ensure you secure the home you want under the most favorable terms.



EARNEST MONEY DEPOSIT

Offering a larger earnest money deposit can signal a greater level of commitment to the seller. While the standard deposit is typically around 1%, increasing it to 2-3% may make your offer more competitive and help it stand out.



INSPECTIONS

Consider shortening the inspection contingency period. The inspection process is often one of the most stressful aspects of selling a home, and the typical 7-10 day timeframe can increase uncertainty for the seller. By coordinating with an inspector in advance, you may be able to reduce the contingency to 3-5 days. While completing everything in a single day is rare, it can make your offer significantly more appealing.



FINANCING

- Consider making a cash offer, or work with a lender who can provide a "cash-backed" offer with a closing guarantee.
- Waive the mortgage contingency if feasible, even if you're not paying in cash. Be aware that if your mortgage doesn't close, your earnest money will be forfeited to the seller.
- Increase your down payment as much as possible, and have your lender communicate the strength of your financial position directly to the listing agent.
- Request a Mortgage Commitment instead of a Pre-Approval. This shows that your mortgage application has been submitted and approved based on verified income and credit.
- Include an Appraisal Gap Clause in your offer, agreeing to cover any difference between the appraised value and sale price up to a specified amount. Ensure you have the liquid funds to do so.

INSPECTIONS

DURING THE INSPECTION PERIOD, THE BUYER HAS THE RIGHT TO ENGAGE A PROFESSIONAL INSPECTOR TO ASSESS THE CONDITION OF THE HOME.

During the inspection period, the buyer has the right to engage a professional inspector to assess the condition of the home.

A standard home inspection report typically includes an evaluation of the following: the heating system, central air conditioning system, interior plumbing and electrical systems, roof, attic, and visible insulation, as well as walls, ceilings, floors, windows, doors, foundation, basement, and structural components. Focus on major issues that could incur significant repair costs. When deciding how to proceed after the inspection, consider the age, condition, and purchase price of the property.

Additional inspections you may want to consider:

- **Radon** - a naturally occurring gas emitted from the ground that has been around since the beginning of time.
- **Lead-Based Paint Inspection** - If the home was built prior to 1978, a lead-based paint inspection is recommended.
- **Sewer Scope** - properties in older communities will often find tree roots in the sewer line to the street.

Our Preferred Inspectors

**Zack Gustafson Home
Inspections**

Zach Gustafson

763-516-3276

zach.inspect@gmail.com



Jim Kiester

612-254-7181

westmetro@hometeam.com

Five Two

Home Inspections LLC

Steve Ostenso

651-271-7438

steve111@frontier.com

FINANCING YOUR HOME

CASH

If you are prepared to purchase your home with cash, that's excellent. I will provide you with details regarding your closing costs, and we will require proof of funds to accompany any offer. This proof, which can be obtained from your financial advisor or bank, should confirm that your available balance is sufficient to cover the purchase price.

MORTGAGE

A mortgage lender will review your financial information to determine the amount you are qualified to borrow. Based on this assessment, you will receive either a Pre-Qualification Letter or a Pre-Approval Letter. It's important to understand the difference between the two, so be sure to ask for clarification. In a competitive seller's market, a Pre-Approval is essential before we begin viewing homes, and your Pre-Approval Letter must accompany any offer you submit.

OUR PREFERRED LENDERS

You are free to choose any lender to assist with your home purchase. However, we have provided a list of trusted lenders we frequently work with and have full confidence in.

While many agents recommend preferred lenders, we do so because of our trust in their ability to ensure a smooth and successful closing process. Please note, we do not receive any form of compensation from any of our preferred vendors.



Megan Klossner

Megan.klossner@fairwaymc.com
(763) 316-0260

Ryan Jorgensen

Ryan.Jorgensen@fairwaymc.com
(612) 701-3020



Nick Brownell

Nick.Brownell@CardinalFinancial.com
(612-)710-8826

DO'S & DON'TS OF THE LOAN PROCESS

There are specific guidelines that can impact the outcome of your loan application. These guidelines must be adhered to before, during, and after loan approval, up until the time of settlement (closing) when your loan is funded and recorded. Credit, income, and assets are often verified up to the hour before you sign your final loan documents.

MAKE SURE YOU DON'T

- Buy a car
- Get married or divorced
- Change professions or start your own business
- Change bank accounts
- Buy ANYTHING! (appliances, furniture, etc.)
- Throw away documents
- Get lazy with monthly bills and incur any late payments
- Let anyone run your credit, apply for any credit cards, or close any accounts

MAKE SURE YOU DO

- Keep all accounts current, including mortgage, car loans, credit cards, etc
- Contact both your lender and your agent anytime a question arises
- Make all payments on or before due dates on all accounts, even if the account is being paid off with your new loan
- Have any lender-required money/funds to your loan officer within 72 hours after the home inspection is complete
- Return phone calls from your agent, loan officer, settlement company, or anyone else involved in your transaction ASAP

FINANCING PERIOD

YOUR APPRAISAL

An appraisal is a valuation of the property conducted by a licensed professional appraiser. After addressing any issues identified during the inspection, the appraisal will be ordered by the lender and paid for by you. The purpose of the appraisal is to confirm the property's value by comparing it with recent home sales in the area to ensure the purchase price is consistent with market values. The contract is contingent upon the appraisal meeting or exceeding the purchase price. If the appraisal is lower than the agreed price, we will need to renegotiate the terms.

SECURING YOUR MORTGAGE

You have 5 days from the contract's final acceptance date to initiate the mortgage loan application process. Over the 45-60 days leading up to closing, the lender will verify the information you provided and submit your file to an underwriter for final approval.

It is crucial to avoid making any significant job changes, large purchases, or opening new credit accounts during this period, as these actions could affect your loan qualifications. Refrain from making major purchases, such as furniture, until after closing.

During the Finance Period, we will forward your purchase agreement and all required documentation to your lender and title company. You may be asked to provide additional information, including sensitive details such as Social Security Numbers. It is essential to respond promptly and securely to these requests to ensure the smooth processing of your file.

Many professionals are involved in preparing your file for closing. If you have any concerns about sharing sensitive information, please contact us to verify that the request is from a legitimate member of our team. We remain your primary point of contact and are here to assist you throughout the process.

NEARING THE **FINISH LINE**



TITLE

The title company will perform a title search to verify the legitimacy of the property and identify any existing mortgages, liens, judgments, restrictions, easements, leases, unpaid taxes, or other encumbrances that may affect your ownership.

Once the title is confirmed to be clear, the title company will issue a title insurance policy. This policy provides protection for both lenders and property owners against potential claims or legal fees related to ownership disputes. Title insurance is mandatory for mortgage transactions and highly recommended for cash purchases. The cost of title insurance will be included in your closing costs.



REMEMBER TO

- Transfer all utilities into your name (gas, electric, water, sewer, etc.)
- Review the closing disclosure from your lender a few days before closing to ensure you have the funds for closing costs
- Wire funds to the closing company or get a certified check from your bank
- Bring your driver's license or passport to the closing table
- Take your keys and move in



CLEAR TO CLOSE

This is a phrase everyone wants to hear in a real estate transaction. It means that the mortgage underwriter has officially approved all documentation required to fund your loan. All that remains is the actual closing process.

OUR PREFERRED TITLE COMPANIES



Kelsey Lunda

Kelsey@anconatitle.com

(651) 332-7520

WHAT YOUR AGENT IS HERE TO DO FOR YOU



Providing aggressive offer strategies to help you get the best price or to ensure your offer accepted in a multiple offer situation.



Showing you the most recent and most accurate comparable homes that have settled in the area to help you make the most educated decision.



Performing market evaluations and determining the best and most suitable homes for you.



Connecting you with lenders who have financing options for buyers, including down payment assistance and low down payment programs.



Conducting “reverse prospecting” to proactively go after sellers looking to sell the specific type of property you are looking for.



Regularly updating MLS searches to ensure your getting the most up to date homes and do not miss potential opportunities.



Using the most current technology to provide you with prompt service in showing properties, crafting offers, and managing your experience.



Providing a complete referral network to help give you options and any discounts when it comes to the maintenance and long term care of your new home.



Josh Pelovsky

Owner | REALTOR® (MN/WI)

651-605-5101

Angela Wagner

Business Development Manager

651.447.4041

Angela Hayes

REALTOR® (MN)

612-245-7320

Joe Marrone

REALTOR® (MN)

651-335-2969

Justin Schwartz

REALTOR® (MN)

507-213-6305

www.VictoryHomeTeam.com