

# Buyers With Power



**Winning strategies for  
qualification, inspection,  
and closing**

**Prepared and Presented By:  
Travis R. Everette, DREI**

1



**Intro to Buyers**

3





## Goals of Meeting with Buyers

- Consultation
- Information exchange to identify needs
- Education on the home buying process
- Build engagement and relationships
- Uncover motivation and financial limitations

4

4

- Agent who is knowledgeable

- Agent who communicates the positive aspects of the community

Buyer  
Expectations of  
an Agent



5





•Agent who can serve as a guide to the entire buying process

Buyer Expectations of an Agent

6



•Quick to identify Buyer needs

•Able to minimize negative outcomes in transactions

Buyer Expectations of an Agent

7





8



Buyer  
Needs  
Analysis

- **Determine the buyer's emotional and practical reasons for buying**

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## Buyer Needs Analysis - Prepare



- What properties are for sale in the areas they might want to live?
- What properties have sold in the last three months that have the same amenities as the home they are looking for?
- What are the current trends in terms of what a seller is looking for in buyer's offers?



*Why Not You... Why Not Now?*

11

11

## Buyer Needs Analysis - Prepare



- Is this a seller(s) or buyer(s) marketplace?
- How long do properties stay on the market?
- What is the average amount of time it takes to “close” an accepted offer?



*Why Not You... Why Not Now?*

12

12





16



17





18

## Group Exercise—Interview the Buyer

**INSPIRED DEFIANCE SEMINARS**

*Why Not You... Why Not Now?*

20



## Buyer Interview Basics

- What are the most important questions to ask a new buyer client?

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- What plan of action will you put into place to begin the purchase process for new buyers?

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*Why Not You...Why Not Now?*

21

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23



## Finance Drives The Residential Market



- Most buyers need some type of financing to complete the transaction
- If financing is absolutely required to move forward, then financing should be one of the **FIRST** topics of conversation

25

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Prequalification

26

26





## Prequalification Basics

*Why Not You...Why Not Now?*

- Have a list of local lending contacts
- Talk with your buyers about the absolute importance of knowing up front what they qualify for
- We don't want to waste anyone's time, including our own!

27

27

## Why Local?



- Familiarity with the market you're serving
- More responsive to your buyer
- More responsive to YOU!

28



## Offer Alternatives



- Not all lenders will offer all loan types/programs
- Buyers are best served when lenders compete for their business

*Why Not You...Why Not Now?*

29

29

## Major Loan Types—Conventional Loans

- Usually made to the highest qualified borrowers
- Simply means that the loan will not be backed/insured by any Governmental Agency



30

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## Major Loan Types—Conventional Loans



- Down payments are usually higher
- Could require Private Mortgage Insurance if borrower does not have 20% to put down

31

31

## Why Go Conventional?



- Offers from conventional buyers are usually viewed more favorably....more likely to close
- The fees and expenses associated with conventional loans are usually less than government backed loans

32

32



Major Loan Types-FHA

**FHA LOAN**

- Loans made by banks but are guaranteed by the US Federal Government
- Require a low down payment (3.5% in most cases)
- More forgiving with regard to poor credit or other debt

33

33

Why FHA?

**FIRST TIME BUYERS**

34

34



# Credit Score

Why  
FHA?



Poor



Average



Excellent

35

35

FHA...What's  
the Catch?

- Closing costs are generally higher than Conventional Loans
- Monthly mortgage insurance payments are significant
- Mortgage insurance never goes away



37

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## Veterans Admininstration Loans

- **Loans made by private banks but backed by the US Federal Government, much like FHA loans**
- **Only available to veterans and their qualifying spouses**

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39





## VA Loan Benefits

- No down payment required
- Borrower can roll closing costs/funding fees into loan amount

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## The Importance of Knowing Early

- Don't let a loan denial come as a last minute shock
- This is horrible for both you and your client

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## Group Exercise—Borrowing Blues



*Why Not You...Why Not Now?*

42

## Qualifying the borrower



- What loan programs do you see buyers over or under using?

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- What is the single best resource or advice you can make available to buyers regarding the finance process?

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*Why Not You...Why Not Now?*

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## Qualifying the borrower

- Do you advise buyer clients to obtain prequalification from multiple lending sources regularly?

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- What is the biggest obstacle to closing from the loan perspective?

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*Why Not You...Why Not Now?*

44

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### Allow Sufficient Time

- One of the most common complaints is “my closing was delayed”
- One of the most common reasons for delayed closings is Real Estate Agents not working enough time in the contract to accomplish closing on time



45

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## From Offer to Closing

- While much of the work falls to lenders and title companies/closing attorneys once under contract, the job of the Licensee is not done
- Coordinate with lender to make sure documents are delivered on time
- Make sure buyer is staying on top of issues

*Why Not You...Why Not Now?*



46

46

Well qualified buyers lead to very happy outcomes!



47

47






49

## Inspection Process

- A home inspection is an objective, visual examination of the physical structure and systems of a house



*Why Not You... Why Not Now?*

52



## Inspection Process

- **Inspections are only considered valid for the actual date the inspection was conducted**

*Why Not You... Why Not Now?*



53

53

## Inspection Process

- **It is not a warranty for future viability or performance of the mechanicals or structural aspects of the property**

*Why Not You... Why Not Now?*



54

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## Inspection Process

- The primary purpose is for the buyer to learn about the condition of the property before they make their final financial commitment

*Why Not You...Why Not Now?*



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- Should be a full-time professional and belong to a professional Home Inspection organization such as ASHI (American Society of Home Inspectors)

## Selecting Your Inspector



57

57



- **Presents information in an objective and professional manner**

## Selecting Your Inspector



58

## Prepare the Buyer

- **Inspections are not meant to be guarantees**
- **Buyers should expect to find issues**



59



## Prepare the Buyer

- There is no way to find all the issues, even with an inspection
- A home inspection could trigger the need for further investigations



60

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## What To Expect... Exterior

- Home Inspectors will investigate the siding
  - What type?
  - Age?
  - General Condition?

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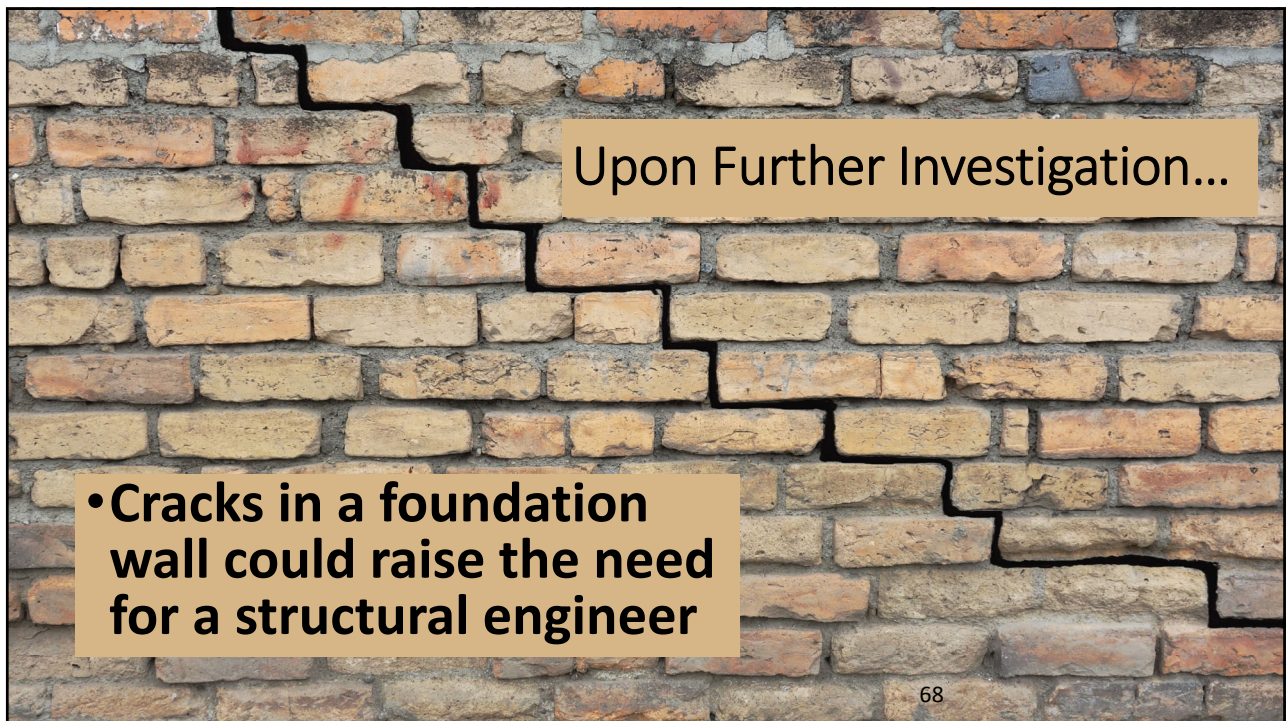


INSPIRED DEFIANCE  
SEMINARS  
What to Expect...

- The Home Inspector will look at the type and condition of the foundation



67



Upon Further Investigation...

- Cracks in a foundation wall could raise the need for a structural engineer

68



## Upon Further Investigation...

- Any mold observed by a Home Inspector is likely going to result in a recommendation for further evaluation by a professional

69

69

## What to Expect...Interior

- Basic plumbing tests
  - Hot and cold water available at each location
  - Drainage properly functioning

70

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## Upon Further Investigation...

- Water quality testing is not part of most standard home inspections
- Licensees should be careful to recommend this testing be done, particularly when drinking water comes from a well



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## Upon Further Investigation...

- Home Inspections do not include a separate inspection of the sewage disposal system
- Home Inspectors may recommend this for any system
- Properties with a septic tank warrant special consideration for a separate inspection

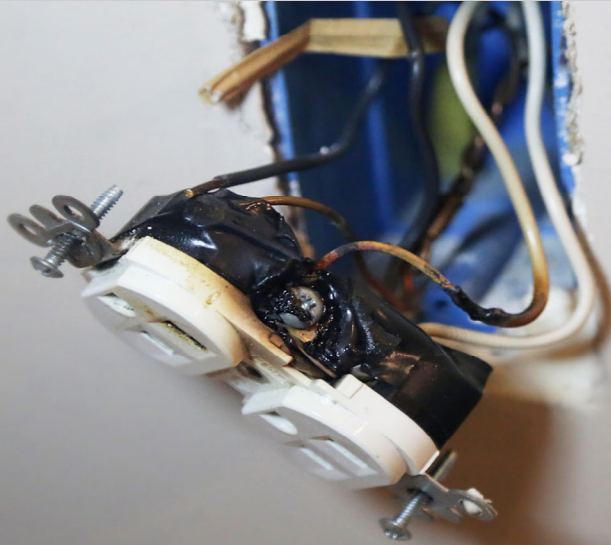


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## What to Expect...Interior



- **Electrical Outlet Testing**

- Proper Grounding
- Arc Fault Receptacles Where Needed

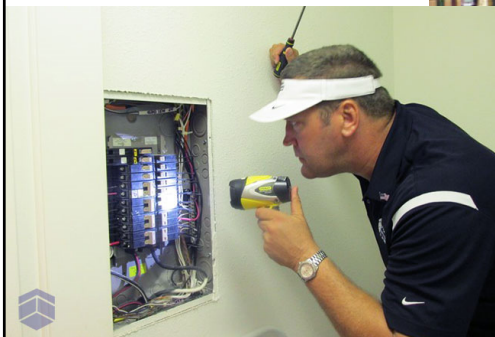
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## What to Expect...Interior



- **Electrical Panel Investigation**



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**Rn**

Radon  
(222)

## How Dangerous is Radon?

- #1 cause of lung cancer in non-smokers in the US
- 2<sup>nd</sup> leading cause of lung cancer overall
- About 21,000 lung cancer deaths/year

78

78



## COMPARISON OF RISK OF SMOKING TO RADON EXPOSURE:

4 pCi/L = 8 Cigarettes per day  
8 pCi/L = 16 Cigarettes per day  
10 pCi/L = 20 Cigarettes per day  
15 pCi/L = 30 Cigarettes per day  
20 pCi/L = 40 Cigarettes per day  
40 pCi/L = 80 Cigarettes per day

**WHAT'S YOUR LEVEL?**  
**TEST YOUR HOME TODAY!**



79

79

## Who Performs Radon Testing?

- Certified Professionals
  - National Radon Safety Board (NRSB)
  - National Radon Proficiency Program (NRPP)
  - Inspector Nation
- Home Inspectors
  - May be uncertified
- Individuals: “do-it-yourself” kits



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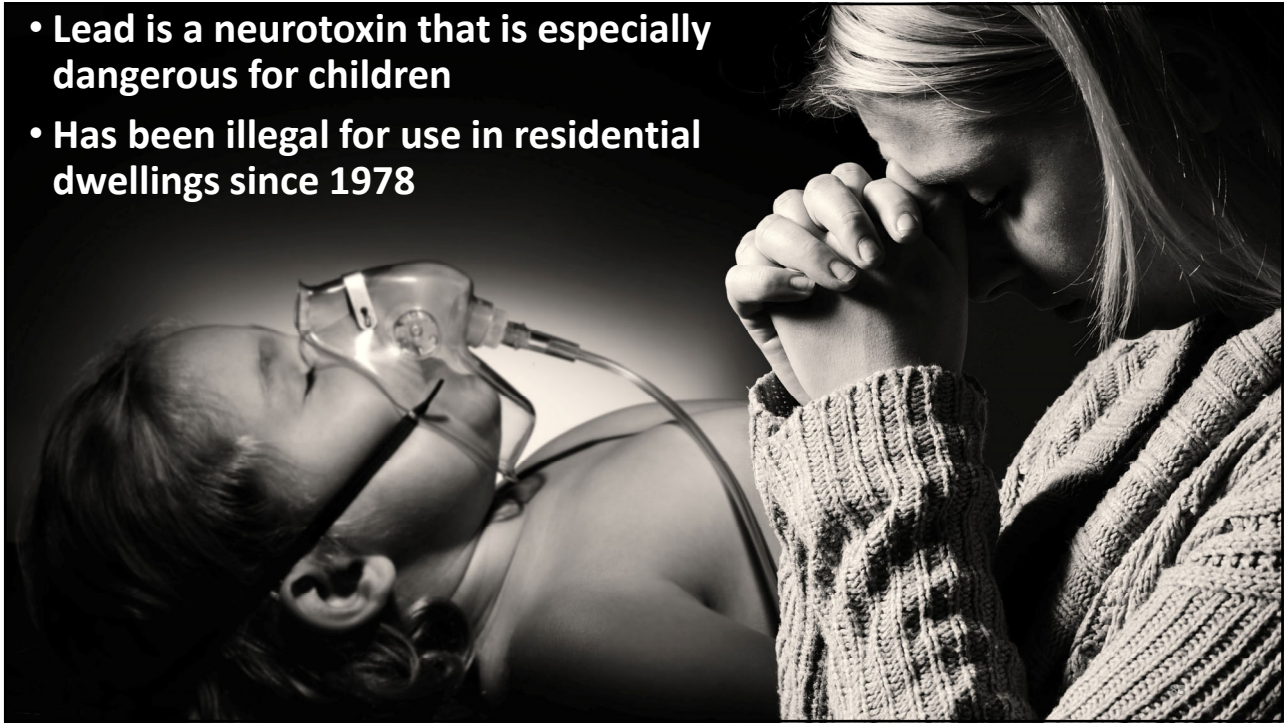
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82



- **Lead is a neurotoxin that is especially dangerous for children**
- **Has been illegal for use in residential dwellings since 1978**



83

- **Brokers must disclose that properties built before 1978 COULD have lead based hazards**



84

84



## Why recommend inspections?



- The best protection against lawsuit from buyers is a thorough inspection
- This is true whether the Licensee is representing the buyer, the seller, or both

85

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## Repairs As Negotiations



- Repair negotiations are often a major part of the contract process
- If repair issues are noted before offer is presented, best to address them in the offer itself
- Remember not to guarantee to buyers that seller will always fix issues

86





87

## *Summary*

- **Buyers drive the market**
- **Buyers are very much individuals whose needs vary**
- **Representation requires a balance of their needs and the dictates of the market**

88





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89