



# METROPOLITAN

— REAL ESTATE GROUP —

## *buyer guide*



**Voted #1 Team**

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ON DETROIT

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**4** THE BEST



# thank you.

We understand that you have many options when choosing a real estate brokerage in Metro Detroit. We appreciate this opportunity to earn your trust.

For over three decades, Metropolitan Real Estate Group (MRG) has been committed to providing honest, responsive, high-level service to achieve high-level results for our clients. However, we know great client service is no longer something that sets you apart from the competition - it's simply expected.

There is no secret to the success our client's have when partnering with MRG. Your MRG Agent is a proven top-performer who has access to the latest real estate data, technologies and systems to understand your local market. Better yet, MRG Agents have received the training and support needed to use these tools to create focused strategies around YOUR real estate goals.

Candidly, many agents could help you with your home buying or selling journey. When you partner with an MRG Agent to buy

or sell your home, you can be confident that you are working with a professional agent that is backed by one of the hardest working independent teams and brokerages in the industry.

We look forward to earning the right to be your real estate trusted advisor!

*MRG Leadership Team*

Metropolitan Real Estate Group (MRG)





# BUYING A HOME

## THE PROCESS

Buying a home can be stressful! Especially, if you have not taken the time to **UNDERSTAND THE PROCESS** or put together a solid **TEAM OF EXPERTS** that know exactly how to protect your interests.

Here are a the **EXPERTS** you want on your **TEAM**:

1. Your **MRG Realtor®**
2. Reputable Lender
3. Experienced Home Inspector
4. Title Escrow Officer
5. Home Insurance Agent

MRG Realtors® have access to a network of industry professionals, including mortgage lenders, title companies, home inspectors & insurance agents to help ensure a smooth transaction.

Let us handle the details for you, so you can focus on turning your new house into a home.

Let's dive into each step of the home buying process and talk about some mistakes to avoid along the way. We want to make sure you are as prepared as possible.

So, buckle up...we are here to guide you every step of the way!



## STEP ONE

# PREPARATION

*the homework*



## FINANCIAL PLAN

Purchasing a home is perhaps one of the most expensive things you will do. Here are 3 questions you should know the answers to:

- How much can you afford to spend?
- How much do I need for closing costs?
- What will my expenses look like?



## PRE-APPROVAL

Unless you are paying with cash, getting a pre-approval letter from a lender is the first step before going out to look at homes.

- A pre-approval may be required by sellers before you can tour the home.
- A pre-approval is needed to submit an offer as proof of your qualification.
- A pre-approval helps you confirm how much you can afford to spend.



## FINANCIAL PLAN

*food for thought...*

- ☐ Some suggest multiplying your gross income (before taxes) by 2.5 to determine home price.
- ☐ Other factors that can impact how much you spend include: your credit, mortgage rates and other moving expenses.
- ☐ Not all loans require a 20% down payment. You may be able to put down significantly less.
- ☐ Closing costs are between 2%-5% of your purchase price. This includes items such as appraisal fee, credit report, recording charges, proration of taxes owed to seller at closing and lender origination fees.
- ☐ Scan or click the QR code below for a great budgeting tool provided by FreddieMac:



## Your lender MAY need the following:

- ☐ COPY OF DRIVER'S LICENSE & SOCIAL SECURITY CARD
- ☐ MOST RECENT PAYSTUBS FOR LAST 30 DAYS
- ☐ W2 FORM FOR LAST 2 YEARS
- ☐ ASSET DOCUMENTATION: official bank statements, retirement account statements, pension letter, other properties you own, etc...





## STEP TWO

# INITIAL BUYER CONSULT

*the talk* ← **plan 30 min!**

This time is all about you so we can launch a strategic game plan together. It gives you an opportunity to chat with your MRG Realtor® and also provides the proper platform for you to discuss any questions or concerns you might have about the buying process - we know there must be a few on your mind!

## HERE IS WHAT YOU CAN EXPECT TO COVER IN YOUR INITIAL BUYER CONSULT...

- Your Goals
- Your Time Line
- Effective Search Strategies
- Current Market Conditions
- Winning Offer Strategies
- Process - Contract To Close
- Important Contingencies
- Important Docs/Forms
- Open Mic. - anything on your mind
- Confirm Your Game Plan

## PRO TIP: DO NOT SKIP A FULL BUYER'S CONSULTATION!

*Trust us...we get how exciting it can be to jump in and start looking at homes. We love it too! However, we can not tell you how many times we have heard from our clients about how useful and important this time was for them. Your MRG Realtor® is able to make sure your goals are grounded in reality using unbiased data, help you cut through the noise of misinformation floating around in the media and provide a focused and concrete plan that is personalized to YOU. Whether you are a first-time home buyer or back in the market...DO NOT MISS YOUR BUYER'S CONSULTATION!*

## STEP THREE

# FIND YOUR HOME

*the search*

There are many ways to find your new home.  
Here are the most common methods:



### MULTIPLE LISTING SERVICE (MLS)

The MLS, is a database exclusively used by real estate professionals to list and share information about properties for sale. Access is typically limited to licensed agents and brokers, but working with a real estate agent can give you direct access to MLS listings and the most up-to-date information on properties. In fact, most online search portals such as Zillow use data from the MLS to feed their website.



*"Heart" your favorite homes in  
your MLS PORTAL and then let  
your agent know you want to  
schedule a showing!*



### New Construction - Builders

**PRO TIP:** Bring your agent with you on the initial visit to the builder. Many builders will not allow an agent to represent a client if they were not present from day one.

When you meet with a builder representative it is important to note that they are legally obligated to protect the builder's interests before your own. Your MRG Agent is responsible, just the same, to protect YOUR interests before the builder's. Your Agent can also help negotiate and review contracts, as well as offer a neutral perspective on the building process.







## Online Search Websites

**PRO TIP:** *DO NOT submit an inquiry on sites like Zillow unless you want to be slammed with calls from agents!*

According to the National Association of Realtors®, most buyers will spend an average of 3 weeks looking at properties online before they are ready to speak to an agent to start their actual home search.

Unfortunately, most online search sites are not kept up-to-date and you could be looking at homes that were not even for sale.

If you find a property you like on one of these online search sites, simply send the address to your MRG Realtor® who can research it for you.



## For Sale By Owner (FSBO)

**PRO TIP:** *Most property owners will not understand the actual legal requirements of selling their home. It is very important to let your MRG Agent handle all communications directly with the owner to help keep you protected throughout the sale process.*

There are definite pros and cons to working with FSBO properties. You may be able to more easily negotiate with an owner. However, without an Agent helping the seller manage expectations and the process; FSBO properties can quickly fall apart as the seller struggles to learn the nuances of real estate during the transaction without representation.

If you are interested in looking for FSBO opportunities, please let your MRG Agent know. Be aware that you MAY need to pay commissions. Some FSBO sellers are unwilling or unable to pay them.



## STEP FOUR



# MAKE AN OFFER

## *the negotiation*

When you are ready to make an offer this is where working with an experienced MRC Agent can really give you the edge. Every property and seller situation is different. Your Agent will be able to suggest the best strategies to consider once you are ready to make your offer. It is worth noting that making an offer never guarantees you will get the home. If you do not put your best foot forward at the start you may risk the seller not responding or losing the property to another buyer all together.

## COMMON ITEMS THAT YOU MAY BE ABLE TO NEGOTIATE IN YOUR OFFER INCLUDE:

- Included Appliances
- Sale Price
- Financing Terms
- Earnest Money Deposit (EMD)
- Closing Date
- Occupancy After Closing
- A Seller Credit Towards Closing Costs
- Contingencies
- Repairs
- Type of Owner's Title Policy

## PRO TIP: REVIEW YOUR OFFER PACKAGE WITH YOUR AGENT

*Understanding your Purchase Agreement (offer) is extremely important. You are entering into a binding legal agreement with the seller(s). Be sure you fully understand the protections, obligations and penalties that will apply to both you and the seller(s). You may wish to consult with an attorney.*

# 4

# COMPETITIVE

## OFFER STRATEGIES FOR BUYERS

BE AGGRESSIVE. BE SMART.

### Escalation Clause

An escalation clause is a provision in a purchase agreement that allows the buyer to automatically increase their offer on a home if a competing bid exceeds their initial offer.

Advantage: helps you stay in the running during multiple offer situations and prevents from severely overbidding.

Risk: it may tip seller that you are willing to pay more than your offer price.

*\*Think of this as you would when bidding on an item on ebay.*

### Appraisal Guarantee

An appraisal guarantee states that the buyer will cover a difference between the agreed upon purchase price and the appraised value of the home, up to a certain amount.

Advantage: provides seller reassurance if there are concerns of appraised value.

Risk: buyer will be required to bring the additional difference to closing.

*Example: Offer price is \$200,000 and appraisal is \$175,000. IF buyer agreed to an appraisal guarantee the buyer must bring an extra \$25,000 to closing to cover the gap.*

### Inspection Mitigation

An inspection mitigation clause can limit or all together waive a buyers opportunity to declare the Purchase Agreement null and void as a result of findings from a private home inspection.

Advantage: seller is guaranteed that buyer will not back out or attempt to negotiate new terms following a home inspection.

Risk: depending on the language used, the buyer may be stuck with costly unexpected repairs. This is a very high-risk strategy that should be discussed fully with your Realtor®.

### Occupancy

An occupancy clause grants the seller permission to continue to occupy the property after closing. Language is provided as to rent charged (if any), security deposit and responsibilities of both seller & buyer.

Advantage: gives the seller time to move out or to also find a new home of their own. Some sellers may need to sell first to afford their next home.

Risk: in rare circumstances you may be left dealing with damage to the property or a seller that refuses to leave.



### PRO TIP:

BEFORE going out to look at homes be sure you unpack these power play offer strategies with your MRG Realtor®. They are an expert at using these tactics and others effectively in the right situations.



# SELLER'S DISCLOSURES

## What are Seller's Disclosures?

Michigan requires sellers of residential property to complete a standardized form to disclose the condition and information concerning the property to potential buyers. This is only a disclosure of what the seller knows to be true and is NOT a warranty of any kind. Seller's Disclosures should also **NOT** be used as a substitute for a Buyer's own due diligence; including conducting a private home inspection.

## When Should You Review?

A Seller is required to provide the Buyer a copy of the Seller's Disclosure Statement before a Purchase Agreement between Buyer and Seller has been executed. In the event that Disclosures are not provided to the buyer before a Purchase Agreement has been executed; the buyer may terminate the Purchase Agreement at any time before receiving the Seller's Disclosure Statement.

## Some Exemptions

There are only a few very specific circumstances in which a seller is exempt from completing a Seller's Disclosure Statement, according to the [Michigan Seller Disclosure Act 92 of 1993-MCL 565.953](#).

- Transfers pursuant to court order.
- Transfers to a mortgagee by a mortgagor or successor in interest who is in default, or transfers to a beneficiary of a deed of trust by a trustor or successor in interest who is in default.
- Transfers by a sale under a power of sale or any foreclosure sale under a decree of foreclosure after default.
- Transfers by a non-occupant fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust.
- Transfers from 1 co-tenant to 1 or more other co-tenants.
- Transfers made to a spouse, parent, grandparent, child, or grandchild.
- Transfers between spouses resulting from a judgment of divorce or a judgment of separate maintenance or from a property settlement agreement incidental to such a judgment.
- Transfers or exchanges to or from any governmental entity.
- Transfers made by a person licensed under article 24 of Act No. 299 of the Public Acts of 1980, being sections 339.2401 to 339.2412 of the Michigan Compiled Laws, of newly constructed residential property that has not been inhabited.





## STEP FIVE

# APPRAISAL

*the opinion*

A home appraisal helps protect buyers and lenders by confirming the home's fair market value.

## WHAT IS AN APPRAISAL?

An appraisal is an independent third party opinion of value for the property being purchased. Your lender will order an appraisal to ensure the fair market value of the home is appropriate for the loan amount being taken out to purchase the home.

The results of the appraisal are private and will only be shared with you. The sellers will not receive a copy of the results. However, if the appraisal value is less than the offer price; the appraisal is often shared as proof the value has come in "light" which MAY mean renegotiation's are necessary.



# THE HOME INSPECTION



## WHY YOU WANT ONE

A home inspection is an extensive review of the condition of your home and its mechanical systems, such as plumbing, electricity, and roofing. It's a comprehensive visual assessment that will help you assess any potential issues with your house before they become bigger problems down the road.

There are literally thousands of potential items an inspector can point out during a home inspection and it is completely normal to have 75+ pages included in a "great" inspection report. It is very important to attend the inspection in person so your inspector can help provide clarity regarding individual concerns.

A high-level home inspector will never discuss sales price or whether you have gotten a good deal. Your MRG Realtor® is the expert there.

Setting up your home inspection usually will happen immediately after your offer is accepted. Time is of the essence since you will have a limited window to conduct your private home inspection. Typically, this window is between 7-10 calendar days following acceptance.

## Questions to ask *a home inspector...*

- ☐ Are you a member of InterNACHI? (Industry accredited training, education and ethics)
- ☐ What warranties and recall checks do you provide your clients?
- ☐ Are you fully insured for general liability as well as errors and omissions?
- ☐ What type of inspections do you offer? (General home, wood destroying insects, air quality/mold, sewer scope, radon gas, thermal imaging, etc.)
- ☐ How many inspections have you completed?
- ☐ What systems will be inspected? (Foundation, roof, electrical, plumbing, appliances, windows, doors, attic, fireplace, HVAC, etc.)
- ☐ Is the inspection report delivered electronically and within 24 hours?



## PRO TIP:

The spirit of the home inspection is to uncover issues with the home that could not otherwise be known. Such as, major repairs or health and wellness problems; not to critique cosmetic flaws. Specialists are brought in if any serious problems are discovered, to evaluate further.





# CONGRATS

## *closing time!*

*You did it! You conquered the search, mastered the art of negotiation and overcame all the necessary due diligence required to get to closing day!*

*Just a few last items to wrap before closing:*

### Transfer Utilities

Contact the utility companies currently servicing the home and ask that utilities be transferred into your name starting the day of closing.

### Review Closing Disclosures (CD)

Your lender will send your closing disclosures a few days before closing to confirm your cash to close and all other amounts. The title company will also send you their summary of all amounts. This is called the ALTA Statement.

### Final Walk-Through

Usually, just before closing (no earlier than 72 hours before closing) we will do a final walk-through of the property to ensure it is in the condition expected. This is also a chance to verify any repairs that may have been requested.

### Wire Funds

Be sure to wire your cash to close provided on your closing disclosures well in advance of closing. Best practice is to wire at least 24 hours before closing, if possible.

*\*Unfortunately, wire fraud is a very serious issue and can occur most often before closing. Call to verify with your Title company before sending any funds.*

## AFTER CLOSING

- ☐ Change your locks or re-key before moving in.
- ☐ Change address on driver's license and request mail forwarding with the post office.
- ☐ File property transfer affidavit and your Principal Residence forms with the city ASAP!
- ☐ The deed will be sent from the county once recorded. If asked to pay...DON'T...it's a scam!
- ☐ If in an HOA community, contact the HOA for important info they may have for you.



# PROPERTY TAXES

*a few notes*



## Proposal A - Property Tax Limitations

In Michigan, the taxable value of a property will go up every year by either inflation or 5%, whichever is smaller. Once the property is in new hands, however, that limitation is lifted and the next year's taxes are based on

what has been assessed as the current market value. Generally speaking, near 50% of the purchase price. So, buyers should expect a potential significant increase in their property taxes after becoming the new owner as the previous tax limitations have now been "uncapped".

**"Nothing is certain except death and taxes."**

Benjamin Franklin

## TAX ADJUSTMENT EXAMPLE

*Property taxes are calculated by taking the taxable value of the property, which is approximately half of what the property is worth, and multiplying it by the number of mills imposed by local authorities.*

### TAXES AT TIME OF PURCHASE

Market Value: \$200,000

Assessed Value: \$100,000

Taxable Value: \$75,000

Property Taxes (based on rate of 0.05 mills): **\$3,750**

### TAXES AFTER PURCHASE

Market Value: \$225,000

Assessed Value: \$112,500

Taxable Value - Uncapped: \$112,500

Property Taxes (based on rate of 0.05 mills): **\$5,625**

**Click or scan QR code to estimate property taxes:**



**PRO TIP: TALK TO YOUR LENDER**

If part of your mortgage payment includes tax escrow you may have a shortage in your tax escrow account the next year that will need to be made up. If your lender calculated your taxes at the current assessed value then you can expect you will receive a notice that will increase your monthly payment to adjust for the increase in your property taxes.