

THE OUT-OF-TOWNER'S GUIDE

TO NUANCES IN THE DC METROPOLITAN AREA REAL ESTATE MARKET

Even if you are a seasoned home buyer, if you have not purchased in our area before then there will be portions of our buying procedure that will likely be unfamiliar or seem unusual to you. Here are some items that may differ from what you have encountered in the past.



GETTING PREPARED

- Local law requires that you determine whether you want buyer representation before we can tour any homes. If you do, then we will discuss and sign an exclusive buyer agency agreement for a limited period. This allows me to

- Represent your interests,
- Keep your personal information confidential,
- Provide advice and counsel,
- Prepare market analyses,
- Share information about the seller,
- Negotiate on your behalf, and
- Monitor the process to ensure you have the most stress-free transaction possible.

**Essentially, you become an "A List" client
who receives my highest level of customer service.**



- It is critical to be pre-approved for your mortgage before viewing property so we can select homes within your budget. A pre-approval letter from your lender of choice will be submitted with your offer. Given a choice, sellers will respond more favorably to an offer with a local lender rather than a nationally recognized bank.

- If you are paying cash for your home, you should have a copy of the bank statement indicating where the funds are being held or a letter from your bank or stock broker indicating that sufficient funds are available immediately or can be liquidated in time for settlement.

- I will provide you with sample contract documents in advance. Please review them and ask any questions you may have so that you are comfortable with the forms when we come to writing an offer on the home you want.




SEARCHING FOR YOUR HOME

- Federal and local fair housing laws prohibit me from answering questions that may lead a buyer to or away from an area. Examples may include demographics, crime and safety, specific characteristics of an area or its residents, and quality of schools. I can provide other sources, such as Internet links, so you can obtain the information you desire.

- Colonial architecture is the most commonly found among detached homes. Ramblers, Ranches, Split-levels and Contemporaries are less common and difficult to find.

- Among attached structures, we have townhomes (the accepted term in Virginia and Maryland) and rowhouses (the corresponding term in DC).

- There are many condominiums in the area as well as cooperative apartments. The difference is in how ownership is held. If your preferred home is a cooperative, I will explain the differences to you in detail before we write an offer.



In general, we do not base home prices on a dollar per square foot basis, but on age, amenities, relative size of interior, quality of finishes and upgrades, lot size, and available parking.

- In DC, property tax assessments are made annually in March rather than being updated upon closing. DC taxes are paid in arrears bi-annually with the first half of a tax year covering October-March and the second, April-September.

- The District property tax you will pay will be different from any tax information printed on property handouts from our MLS because the tax information downloaded to our MLS is at least a year old. (This is not necessarily so for Maryland or Virginia.) When you select the homes you like the best, I will review the tax basis currently found in DC public records and give you a more accurate figure.

- Some showings will require appointments where listing agents must accompany us, some will require the approval of the seller and still others will be considered “Go and Shows” where we simply show up and use a lockbox to enter. I will try to make showings as efficient as possible.

- There are few foreclosures or short sales in the District or in close-in areas of Alexandria & Arlington, Virginia and Bethesda & Chevy Chase, Maryland. The farther out you travel from the center of DC, the more apt you are to find these. Expect them to be listed at or very close to market rate.

- **DC’s Tenant’s Opportunity to Purchase Act (TOPA)** requires that an existing tenant be given 30 days to decide whether to purchase the property and an additional 15 days to match your offer. In addition:

- There is no legal definition of “tenant.”
- Any lease is governing and can affect your closing date.
- A month-to-month tenant may be provided with a 90-day notice to vacate for personal use once you own the home.

If you are in a hurry to move or do not want to live with a stranger in the basement rental unit, then I recommend you eliminate tenanted properties from your consideration.

- Many of our properties sell in “As Is” condition, which can be very much in the eye of the beholder. It usually means that the seller will not make any repairs to the property but it could also mean that extensive renovations are required. If you do not want to renovate a home or have no budget for repairs, then be cautious in your approach to these homes.



MAKING AN OFFER

- All offers must be in writing; we cannot negotiate verbally or issue a letter of intent to purchase just to test the waters.
- Our contract documents will range from 25-45 pages depending on the jurisdiction in which you have found your home. It will take at least an hour to prepare, review and sign the documents. Often, signatures can be obtained electronically.
- All parties who are to be listed on the Deed must sign the offer, including any parents, other relatives, or other parties who may be assisting with the purchase but not actually moving into the property.
- You may be asked to submit a brief financial statement on an Association of Realtors standard form in addition to your Lender Pre-Approval letter.
- **An Earnest Money Deposit (EMD)** must accompany your offer. The amount of earnest money should range from 3-10% of the offered price or more, depending on the price of the home and can be in the form of a personal check or a bank wire. If your offer is not accepted, no funds will be transferred.
- As your buyer's agent, I will provide as much information as available to determine a proper offer price.
- Many of the homes in our area sell for 97% or more of the list price and in prime locations there is often competition among interested buyers. It is important to make your best offer up front. In multiple offer situations, it is unlikely that you will receive a counter offer from the seller to consider.
- Most sellers will be looking for a non-contingent offer and a settlement within 30-60 days, so sale-of-home contingencies are unlikely to be considered favorably. Check with your lender to determine whether you can carry two mortgages instead so your offer will be competitive.



- Negotiations are swift in our area and you will most likely get a response from a seller within 24-48 hours. It is rarely necessary to put a time limit on an offer as that tends to make a seller feel undue pressure, which is seldom in your best interest.
- When you and the seller agree on price and terms, you have “ratified” your contract. The property is then considered “under contract,” rather than “in escrow,” a common term elsewhere.
- Once you are under contract you will be able to inspect the property, receive an appraisal, have the title history reviewed by the company you have selected and complete work on your loan, unless you have waived the requirement for any of those items in your purchase contract.
- If you are buying a condominium or cooperative, you will also have three business days to review the resale documents, which include the bylaws, rules and regulations and information on the financial viability of the building. During that review period, you may cancel the contract at will.
- If you are buying a cooperative apartment, you will be scheduled for a Cooperative Board interview & may be asked to submit some basic financial information to the Board prior to or during your interview. Once the Board approves your application for residence, the transaction may proceed to settlement.



SETTLEMENT

- You don't need an attorney of your own at settlement. The title company's representative will serve as a settlement agent, a neutral party responsible for providing title insurance, properly obtaining signatures, recording documents, and collecting and disbursing funds.
 - Settlement will likely be conducted with both buyer and seller present and you may be able to see both the buyer and seller financial information for the transaction on the settlement statement.
- If you cannot be at settlement, a **Power of Attorney (POA)** must be prepared in advance and approved by your lender. The POA will be written by your settlement firm to ensure that it meets strict requirements of the jurisdiction in which you will reside. My firm prohibits me from signing on your behalf since there may be the potential for a conflict of interest.

- We will make arrangements to visit the property for a walk-through shortly before settlement and you will need to transfer utilities into your name as of the settlement date.



- Finally, you will be given the keys to your property at settlement and the Deed and Deed of Trust (known in some areas as a Mortgage) will be recorded later that day or the following business day. You may move into your property any time after settlement, subject to any agreements to the contrary you may have with the seller as part of your contract.