



HOME BUYER'S TOOLKIT

10 Steps to Choosing and Purchasing your Home



NATIONAL
ASSOCIATION of
REALTORS®
Official Designation





You Want to Buy a Home

It's a big decision and there's a lot to learn. But if you've decided to buy a home, this comprehensive, quick-reference guide provides, in ten key steps, information and tools to find, purchase, and finance a home that meets your needs and preferences:

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You're more likely to be satisfied with your purchase if you understand each step, as well as nuances of market conditions in the area where you want to buy a home. Being an informed buyer and getting the right assistance—including working with an Accredited Buyer's Representative (ABR®)—can make big differences in your home buying experience and final results.

That's why the Real Estate Buyer's Agent Council (REBAC), a subsidiary of the National Association of REALTORS® (NAR), provides this booklet. Our goal is to improve home buyers' experiences through education and quality representation in real estate transactions.

REBAC awards the ABR® professional designation to experienced real estate agents who have completed advanced training in representing buyers.



1 Find A Qualified Buyer's Representative

How often do you purchase real estate? Once, twice, three times in your lifetime? So you can hardly be expected to know all the ins and outs of such a major transaction complicated by so many details.

In most transactions, sellers are represented by a listing agent who manages these details for them and acts in their best interests. As a buyer, don't you also want someone to provide complete and honest representation in your real estate transaction? Real estate buyer's agents are responsible for protecting the best interests of their clients—buyers like you—and can guide you through every step of the process. But the first step, and maybe the most important one, is finding a qualified buyer's representative.

What Is A Buyer's Representative?

Defined most simply, a buyer's representative (or buyer's agent) is an advocate for the buyer—not the seller—in a real estate transaction. Real estate laws and regulations vary from state to state, but buyer's representatives usually owe full fiduciary (legal) duties, including loyalty and confidentiality, to their buyer-clients and must keep their clients' best interests in mind throughout the entire transaction.

Why Should I Use A Buyer's Representative?

Most likely, the seller of the property you buy will be represented by a listing agent who provides expertise throughout the transaction to the seller. Don't you want to the same level of service as a buyer?

A buyer's representative can provide the expertise you need throughout the entire transaction, greatly improving your buying experience and potential results. Besides, retaining a buyer's representative seldom adds any expense to your transaction.

Why Choose An Accredited Buyer's Representative?

Not all buyer's representatives are equal. All REALTORS® (members of the National Association of REALTORS®, or NAR) must subscribe to a strict Code of Ethics, which helps ensure that you will be treated honestly.

But a REALTOR® with the ABR® designation has gone a step further, by completing Accredited Buyer's Representative (ABR®) training, specialized education offered by the Real Estate Buyer's Agent Council (REBAC).

In addition to knowing the dynamics of the local market, REALTORS® with the ABR® designation understand the special needs of buyers. They have additional knowledge and experience that takes them a step beyond an agent who only concentrates on listing property for sellers. An ABR® can provide you with valued assistance throughout the transaction and help you make informed decisions that will lead to a successful home purchase.

To find a REALTOR® in your area who holds the ABR® designation, visit REBAC.net.

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Client Or Customer?

In real estate transactions, buyer-clients are entitled to a higher level of service than buyer-customers. While details vary by state, becoming a client typically involves signing a buyer representation agreement (or buyer agency agreement) with a buyer's representative (or simply buyer's rep), who then owes you fiduciary duties.

This means that your buyer's rep is expected to protect your confidential information and act in your best interests, while also adhering to very specific responsibilities, obligations, and high standards of good faith and loyalty.

For example, if you're a client, a buyer's agent will seek to negotiate the most favorable transaction terms for you, and will not disclose any facts about your situation that could hurt your negotiating position.

If, however, you are only a customer, a buyer's rep may not be in a position to answer even basic questions, such as "Why are they selling?" or "Is this home priced competitively?" This is because they are acting instead on behalf of the seller.

Not every state requires a signed buyer representation agreement to create an agency relationship.¹ In some cases, an agency relationship can be formed if both parties simply behave as if one exists.

Ask your buyer's rep to explain the details of agency that apply in your state, as well as their personal representation agreement. Knowing your agent's responsibilities and obligations to you, and yours to them, helps to avoid any potential misunderstandings.

¹ To learn more about agency laws governing your state, please consult your local or state REALTOR® Association, or your state real estate regulatory agency.

Issues To Discuss When Choosing A Buyer's Representative

To help ensure a successful home purchase, it's important to first choose a buyer's rep. Narrowing your search to ABR®-designated agents is a good first step. Here are some of the most important issues to consider and questions to ask when interviewing prospective buyer's reps.

Experience and Credentials

How long have you been a buyer's agent? How long have you been an ABR®? What other real estate designations or credentials do you hold?

References

Can you share the names and contact details for three past buyer-clients who can provide references?

Knowledge

What are your areas of specialized knowledge? Which types of housing or neighborhoods do you know best?

Representation

What representation choices do I have as a buyer? What is meant by fiduciary duties?

Services provided

Please explain how you will assist me at each stage of the transaction. Do you have a written buyer representation agreement that details our obligations to each other?

Compensation

How will you be compensated? If I hire you as my buyer's agent will I be subjected to any additional costs in my transaction?

Finding properties

Do you have full access to the multiple listing service (MLS)? Will you try to find suitable properties beyond the MLS?

Personal support

Will you personally handle all aspects of my transaction, or will I be working with assistants? Who will explain and complete the various forms, agreements, and steps required to reach closing?

Negotiating

Will you counsel me on a negotiating strategy and appropriate contingencies? How will you present my offer to the seller?

Financing

Will you provide guidance on affordability, mortgage options, and choosing a lender? Why should I consider a mortgage pre-qualification or pre-approval?


Related service-providers

Can you supply referrals for providers of other services related to my transaction, including home inspectors, surveyors, movers and other service providers?

How Is My Buyer's Representative Compensated?

Many buyers wonder if they'll pay more if they use a buyer's rep. In almost every case, home sellers have already agreed to pay a commission to the buyer's agent. Although buyers seldom pay real estate commissions, this is an important detail you should discuss with your ABR® and clarify in the representation agreement.

What's Next?

Once you've chosen an ABR®, you can begin working as a team to find and purchase your home. The next step in the *Home Buyer's Toolkit* helps you take stock of your finances and figure how much house you can afford. 



2 Assess Your Credit And Finances

Financial considerations and preparations are central to any home purchase. In addition to helping you make better decisions about what you can afford in a home, a buyer who already has financing in place is in a better negotiating position when it's time to make an offer to a seller.

Getting a jump on your mortgage now can greatly alleviate headaches later. If you've already lined up a lender and secured a commitment on your mortgage, the process of closing will go much smoother.