

# Welcome to the First-Time Homebuyer Presentation

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# Overview of the Home Buying Process

- **Step 1:** Determine Your Budget and Get Pre-Approved for a Mortgage
- **Step 2:** Find a Real Estate Agent
- **Step 3:** Search for a Home
- **Step 4:** Make an Offer and Negotiate
- **Step 5:** Secure Financing
- **Step 6:** Closing the Deal
- **Step 7:** Move-In!



# Step 1: Determine Your Budget & Get Pre-Approved

- **Why Pre-Approval Matters:** Strengthens your offer and gives you an idea of your purchasing power.
- **Key Documents for Pre-Approval:** Income verification, credit report, debt-to-income ratio.



## Step 2: Find a Real Estate Agent

- **Why Use an Agent?:** Helps navigate the home-buying process, negotiate on your behalf, and ensure legal compliance.
- **Agent's Duties:** Fiduciary duty to represent your best interests, help with contract negotiations, and advise on market conditions.
- **MA Law:** Agents must be licensed by the Massachusetts Board of Registration of Real Estate Brokers and Salespersons.



## Step 3: Search for a Home

- **Factors to Consider:**

- Location (school districts, transportation, safety)
- Property features (size, condition, amenities)



## Step 4: Make an Offer & Negotiate

- **Offer Price:** Based on comparable homes (CMAs), and market conditions.
- **Earnest Money:** A deposit made to show seriousness about the offer. Typically held by a third party (agent or escrow company).  
(\$500 to \$1000)
- **Negotiation Tips:** Be prepared for counteroffers and understand contingencies.



## Step 5: Secure Financing

- **Types of Loans:**

- Conventional Loans
- FHA Loans
- VA Loans (for veterans)
- MassHousing Loan Programs (State-specific options)



## Step 6: Closing the Deal

- **What Happens at Closing:**

- Final walkthrough of the property.
- Signing the closing documents, including the deed, mortgage, and title transfer.
- Payment of closing costs (attorney fees, recording fees, title insurance).

- **MA Law:** Massachusetts is an "Attorney State," which means you are required to have an attorney involved in the closing process.





## Step 7: Moving In!

- **Get Your Keys:** After all documents are signed and funds transferred.
- **Change the Locks:** For security reasons, change the locks as soon as possible.



# Important Legal Documents!!!!

- **Purchase & Sale Agreement:** The legal contract between buyer and seller.
- **Title Report:** Provides information on the property's ownership history and any liens or claims.
- **Closing Disclosure:** Provides a final breakdown of the costs associated with your mortgage.



# Tips for First-Time Homebuyers

- **Don't Skip the Inspection:** It can uncover costly repairs or safety hazards.
- **Understand Your Monthly Payment:** Factor in taxes, insurance, and home maintenance costs.
- **Work with Professionals:** A good team (realtor, attorney, loan officer, inspector) can make all the difference.



# **Important Change for Homebuyers: New Law** **Effective August 17, 2024**

**As of August 17, 2024, a new law has been enacted in Massachusetts that will impact how real estate transactions are handled, particularly when it comes to working with a buyer's agent. This change is designed to create more transparency and ensure both buyers and agents understand their responsibilities. Here's what you need to know:**



# **1. Buyers Are Now Required to Sign a Buyer Agreement Before Touring Homes**

**Under the new law, buyers will be required to sign a formal buyer agency agreement with their real estate agent before the agent can show them homes.**

- **Why is this change being made?**
  - **This agreement formalizes the relationship between you and your agent. It clearly defines the scope of the agent's services, what you can expect, and the obligations of both parties.**
  - **It ensures that agents are working exclusively for you, giving you confidence that your interests are prioritized throughout the home-buying process.**



- **What does the Buyer Agreement include?**

- **Exclusive Representation:** By signing, you're agreeing to work with that specific agent for a certain period (usually 3-6 months). This means they'll be your main point of contact for all home searches, negotiations, and offers.
- **Agent's Duties:** The agent will assist you in finding homes that meet your criteria, negotiating offers, and navigating the closing process.
- **Termination Clauses:** The agreement usually includes terms for ending the agreement early if you choose to work with a different agent or no longer need representation.



## **2. Paying the Buyer's Agent Commission**

**A significant change also involves who is responsible for paying the buyer's agent commission.**

- **Traditionally:** In most real estate transactions, the seller pays the commission for both the seller's and buyer's agents. This has been the standard practice in Massachusetts for years.
- **What's Changing?**
  - Under the new law, if the seller does not offer to pay the buyer's agent's commission, you, as the buyer, may be required to pay that commission directly to your agent.



- **Why is this important?**
  - **In some cases, sellers may decide not to offer to pay the buyer's agent commission (perhaps because of the nature of the sale or other factors). If this happens, the buyer could be responsible for covering the commission costs directly, which could add to your out-of-pocket expenses.**
  
- **What does this mean for you?**
  - **When you sign the buyer agreement, you'll have a clearer understanding of what your agent's commission will be and who is responsible for paying it. If you're asked to pay it, you'll be informed ahead of time, so there are no surprises.**
  
  - **You and your agent will also have an opportunity to discuss how the commission will be structured and what it will cost you if the seller isn't offering to pay it.**





- **How is the Commission Determined?**
  - **The commission amount will typically be a percentage of the home's sale price, though it can vary. Your buyer agent will go over the specific terms with you when you sign the agreement.**



### 3. How Does This Affect the Home Buying Process?

- **Transparency:** This law change ensures that both parties (the buyer and the agent) are on the same page from the beginning. There are no surprises when it comes to representation or commission.
- **Clear Expectations:** You'll understand your agent's duties and what is expected of you, making the process smoother.
- **Flexibility:** If a seller refuses to pay the commission, you'll have the option to negotiate or come up with an agreement with your agent to cover the cost.



# Key Takeaways:

- Before you can tour homes, you'll need to sign a buyer agreement with your agent.
- You'll agree on the terms of the commission in advance, including the possibility that you may need to pay your agent's commission if the seller doesn't.
- This law ensures more clarity and accountability for both you and your agent.



## Final Thoughts

**While these changes may feel like an added step in the process, they are designed to protect you as a buyer and ensure that you have the support and guidance you need throughout the home-buying journey. It's always a good idea to ask any questions you have about the buyer agreement or commission structure before you sign anything, so you fully understand your rights and obligations.**

**If you have any questions or concerns about how this new law affects you specifically, feel free to reach out, and I'll be happy to explain further!**



## Thank You!

- **Congratulations on Taking the First Step:** We hope this presentation has provided you with valuable information to get started on your journey to homeownership!

