

# CLIENT GUIDE

## BUYER EDITION



**AMHERST MADISON**  
REAL ESTATE ADVISORS



# SHELLEY WALLACE

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Raised in the Treasure Valley, Shelley's love of real estate has taken her from the Title & Escrow industry to the Residential Mortgage Lending arena to the local Real Estate world. Since 1991, she has been an invaluable asset to homebuyers and remains dedicated to serving her community.

She was proud to help administer the Neighborhood Stabilization Program (NSP), a Federal Housing Grant for the State of Idaho, and has experience with local business ownership and management as well. With the vast knowledge she has gained in the different aspects of her career, Shelley has become a great resource and advisor to many homebuyers and sellers alike.

When she's not helping people achieve their real estate goals, Shelley enjoys spending time with her husband, two daughters, multiple grandchildren and her canine child, a Goldendoodle named Piper.

**WALLACE**  
**REAL ESTATE GROUP**  
*Finding the home of your dreams*



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# AMHERST MADISON

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## REAL ESTATE ADVISORS

## AMHERST MADISON BRAND

A brand is much more than a logo. It is more than an advertising campaign. It is more than a set of rules and regulations. A brand is the sum total of a consumer's experiences with a product or service. A brand is the public's perception of a company and its products or services. A brand is a living breathing ideal with the power to either create or destroy value.

*"Brand is not what you say it is. It's what they say it is."*

— MARTY NEUMEIER

Since our inception, **AMHERST MADISON** has had one goal with regards to our brand: "To add value and a competitive advantage for our Partners and Associates, through the establishment of a quality brand." When our agents slide their business card across the table or install listing signage, we want the brand **AMHERST MADISON** to carry a perception of quality and distinction. As important

as the imaging itself may be, the specific designs and standards pale in comparison to the importance of consistency. In order for consumers to formulate an opinion of your brand, they have to be able to recognize it when they see it in use. This recognition becomes impossible without extraordinary levels of consistency on the part of company agents and staff.



## BIRTH OF AMHERST MADISON

The “Birth” of **AMHERST MADISON** was focused on two ideals: the creation of a distinguished brand, and making a difference in the lives of others. It was apparent to the founders that there was a void in the real estate world. A void that needed to be filled with a brokerage that would solve the “problems” existing in the current models. **AMHERST MADISON** was created to provide meaningful solutions to the issues faced by real estate agents.

As exciting as this new way of doing business was to the founders, and as much as they saw its potential for success, they understood that business cannot exist for the sake of business alone. It is important to make a difference in the world and serve others. For the founders, the opportunity to make a difference has been magnified by events surrounding their lives and the deadly disease, cancer. They, like so many of us, have lost several family members to this deadly illness. They share a passion for helping those in need and doing their part to help limit the effects of cancer, specifically in children. In college, one of the founders had a life-changing experience while

volunteering for a children’s cancer organization. He was introduced to two children, a boy and girl, battling Leukemia. The founder became a part of their lives & was blessed enough to watch them beat cancer (after years of struggle). It is truly a life changing experience to watch an innocent person grapple with something they do not understand.

It was during one of the many long conversations about building a company that would “make a difference” that the founders casually discussed this story of bravery. The tale resonated and it was decided that **AMHERST MADISON** would, thereafter, donate a portion of its annual proceeds to various charity groups that support the less fortunate. Additionally, the founders vowed to create a brokerage culture which tirelessly sought opportunities to volunteer for meaningful causes and those who are less fortunate in our communities.

So, how did they arrive at the name **AMHERST MADISON**? That was an easy decision. The boy who survived cancer was named AMHERST, and the girl’s name was MADISON.

# THE TRUSTED ADVISOR

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## WHAT DOES IT MEAN TO BE A TRUSTED ADVISOR?

### THE DICTIONARY DEFINES THE FOLLOWING:

**TRUSTED:** “Firm belief in the integrity, ability, or character of a person or thing.”

**ADVISOR:** “An expert who gives advice. A teacher responsible for advising students.”

**A Trusted Advisor is someone to whom you go when you need advice and counsel about a very important subject. *A confidant. A teacher.***

At AMHERST MADISON, it is our goal to be the Trusted Advisor for each and every one of our clients before, during, and well after the transaction is completed. Our passion is providing value to the client and building relationships which last a lifetime. There is no greater compliment to us than when customers and clients describe experiences laced with compassion, professionalism, and a sincere desire to get results.

We believe in this commitment to the extent that we integrated the concept into our company logo in the summer of 2017. We were spending an extraordinary amount of time discussing the concept of being a Trusted Advisor.

**What does this mean to you?** It means that your REALTOR® will strive to be much more than just a salesperson who is intent on getting to the next closing. It means that your REALTOR® and their Brokerage have invested in the education, systems, training, and tools to partner with you in the successful completion of your real estate goals.

# OUR MISSION

We believe clients deserve more from their REALTOR®, REALTORS® deserve more from their brokerage, and the community deserves more from us all.

**AMHERST MADISON** is on a mission to redefine what it means to “add value” to the real estate experience; before, during and long after the transaction.



# CLIENT QUESTIONS

We often find that writing down your questions can help remind us to discuss in person. Please use this page to note questions you may have before, during, or even after the buying process.

- 1

What is/are current Market Conditions?
- 2

What is "Market Value"?
- 3

How do I get a lender approval letter?
- 4

What is a "Multiple Offer" scenario?
- 5

Should I get a Home Inspection?
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15

# BUYER HOMEWORK

The more we know about you, the more we can help you accomplish your goals and get you in the best home for you.

**WHAT IS A “NEED”?** A need is not negotiable. A need is something you absolutely require of your new home. Examples may be location, proximity to services for school or medical needs, or number of bedrooms. Think of a need as the completion of this sentence: “If the home or property doesn’t have \_\_\_\_, then I don’t want to even look at it.”

## NEEDS

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**WHAT IS A “WANT”?** This is your wish list! Have fun, be creative, don’t limit yourself too much. This is the list of all the things you would love to have in a home, within the limits of what you feel comfortable spending and what you feel the market has to offer.

## WANTS

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# STEPS TO HOMEOWNERSHIP

1

- Find an agent
- Discuss your wants and needs
- Determine how much you can afford to buy
- Find a Loan Officer/Lender. Your agent would be happy to refer one
- Get Pre-Approved and start shopping

2

- Offer to purchase
- Negotiations
- Offer accepted by both buyer and seller

3

- Home Inspection — for your protection
- Appraisal — for the bank's protection
- Title Commitment to ensure there are no outstanding liens on the property
- Final Walkthrough

4

- Sign your documents at the Title Company
- Title Company moves funds and puts your name on the title
- You get the keys!



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# WHY SIGN A REPRESENTATION AGREEMENT

A buyer representation agreement or seller representation agreement is the best way for us to protect you and for you to ensure that your rights as a consumer, or client in this case, are protected. A representation agreement is a “handshake” on paper that signifies your commitment to utilize our services and our commitment to always place your interests as our number one priority. We are legally bound to the duties listed on the next page, in each circumstance (customer or client). Please be sure to discuss the concept of Agency with your REALTOR® so that you have a full understanding of your rights as both a Customer and a Client.



# CUSTOMER DUTIES

## WITH NO REPRESENTATION

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- Perform ministerial acts to assist parties to a sale
- Properly account for money or property placed in the care/control of brokerage
- Perform customer duties with honesty, good faith, and reasonable skill.
- Disclose adverse material facts

# CUSTOMER DUTIES

## WITH REPRESENTATION

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- Perform all the terms of the Rep. Agreement
- Exercise reasonable care
- Be available to timely present all written offers and counter offers
- Have the best interests of the client in good faith, honesty, and fair dealing
- Disclose all adverse material facts known or reasonably should have known
- For a seller client, seek a buyer for the seller's property at a price and for terms acceptable to the seller and assist in negotiations
- For a buyer client, seek a property for a price and terms acceptable to the buyer and assist in negotiations
- Maintain documentation of specific client information
- Advise a client, when appropriate, to obtain professional inspections and seek tax, legal, or other professional advice or counsel
- To benefit a seller client, when requested by the seller, obtain reasonable proof of the buyer's financial ability to buy the property
- Properly account for all money and property placed in the care and responsibility of the brokerage
- Keep all client information confidential forever... even if the agent switches firms.
- If the interests of a former client conflicts with the interests of a current client, the brokerage shall inform the current client of the conflict and that no confidential information can be disclosed without permission given from the former client.

# WHAT IS MY PRICE LIMIT?

When we talk about what your price limit is, we are not talking about the top-dollar amount you may be approved for from a mortgage lender. We are talking about the price at which you would be

willing to pay for the home that you want, need, and love. Even more importantly, we are referring to the monthly mortgage amount (unless you are paying cash) which you are comfortable paying.



Keep in mind that a mortgage payment will typically include taxes and insurance as well as principle and interest.

Our goal, as your Trusted Advisor, is to place you in a home you love, you can afford, and you can enjoy for many years. The last thing we want is for you to be stressed out over a high mortgage payment.

The reality is that you will find homes that have everything you want and need, are priced at market value, and are priced within the range

that we set out to find. These are fantastic finds that likely will not be around the market for long.

We will also run across homes that may have everything you want and need, but are not priced at their market value. They may be priced either low or high and for a variety of reasons. These may be good opportunities or properties from which to steer clear. Market value is an important concept discussed next.



## WHAT IS “MARKET VALUE”?

Simply put, market value is the price that a given basket of buyers has proven that they will pay for a piece of real estate. Market value is not set by individuals, but by groups and the overarching “market” as a whole. Individual sellers do not set value nor do individual buyers. Value is calculated by researching what buyers are paying for comparable or similar property. Market value does not come from active property listings as the market has not yet proven it will bear that price (no offers). This is no different than calculating value for a loaf of bread or even the value of a

dollar. They are worth what the market will pay and what we all agree to pay.

Why does this matter to you? Almost all real estate has a value that can be proven and quantified in some fashion. Our job as your Trusted Advisor is to show you that value so that you can make informed decisions. It is our job and our intention to protect your interests by putting the information in your hands needed to decide if a house is priced fairly. All you need to worry about is how much you love it!

# THE PERFECT HOUSE

## “THERE IS NO SUCH THING AS THE PERFECT HOUSE”

There never has been and there never will be! People with millions to spend on custom build jobs have regrets and things about their homes they do not like as they live in them. Often, they have things which they are unhappy with, before they even move in! There are many reasons for this. Prominent is the fact that none of us can anticipate absolutely everything we want and need in the present and certainly none of us can anticipate everything we will want and need in the future. Your needs and your desires will change over time. A home is so much more

than a house because of the memories and experiences we build and carry with us through them. This thought should in no way discourage you or make you hesitant to buy a house, just the opposite. This thought should embolden you and make you comfortable with the fact that although a house may not be “Perfect;” it can still have everything you want, everything you need, and everything to make you happy. It is our intention to help you go out there and get that home. We hope you are excited, because we are very excited for you!



# WHAT IS A FORECLOSURE?

Foreclosure is the legal process by which a mortgagee, or other lien holder, usually a lender, obtains a termination of a mortgagor's equitable right of redemption, either by court order or by operation of law (after following a specific statutory procedure). Usually a lender obtains a security interest from a borrower who mortgages or pledges an asset like a house to secure the loan. The foreclosure process as applied to residential mortgage loans is a bank or other secured creditor selling or repossessing a parcel of real property (immovable property) after the owner has failed to comply with an agreement between the lender and borrower called a "mortgage" or "deed of trust."

Commonly, the violation of the mortgage is a default in payment of a promissory note, secured by a lien on the property. When the process is complete, the lender can sell the property and keep the proceeds to pay off its mortgage and any legal costs, and it is typically said that "the lender has foreclosed its mortgage or lien."

## FORECLOSURE AUCTION

When the entity (in the US, typically a county sheriff or designee) auctions a foreclosed property the note-holder may set the starting price as the remaining balance on the mortgage loan. In the case where the remaining mortgage balance is higher than the actual home value the foreclosing party is unlikely to attract auction bids at this price level. A house that went through a foreclosure auction and failed to attract any acceptable bids may remain the property of the owner of the mortgage. That inventory is called REO (real estate owned). In these situations the owner/servicer tries to sell it through standard real estate channels.

## FURTHER BORROWER'S OBLIGATIONS

The court overseeing the foreclosure process may enter a deficiency judgment against the mortgagor. Deficiency judgments can be used to place a lien on the borrower's other property that obligates the mortgagor to repay the difference. It gives the lender a legal right to collect the remainder of debt out of the mortgagor's other assets (if any).

Any liens resulting from other loans taken out against the property being foreclosed (second mortgages, HELOCs) are "wiped out" by foreclosure, but the borrower is still obligated to pay those loans off if they are not paid out of the foreclosure auction's proceeds.



# PURCHASING A FORECLOSURE

THERE ARE A FEW IMPORTANT POINTS TO KEEP IN MIND WHEN PURCHASING A PROPERTY THAT HAS BEEN TAKEN BACK BY A LENDER:

## THE BANK

Negotiating with a bank is not like negotiating with a private seller. They are motivated by financial factors alone and not job changes, children, lifestyle, etc. This factor can make them very difficult to negotiate with.

## SOLD AS-IS

The purchase is almost always sold “As-Is.” That is, the bank will not make any repairs to the property. A Home Inspection is for your information alone.

## DOCUMENTS

Banks mandate that we use their addenda/documents when making the purchase. These are quite lengthy.

## CLOSING

The entire process, from offer to closing, is very similar to a “normal” sale in that it takes about 30 – 45 days from offer to closing depending on your lender and negotiating terms.

## ACCEPTANCE

The initial offer and acceptance process takes several business days longer than a Private Seller. Banks operate on their own response time.

# WHAT IS A SHORT SALE?

A short sale is a sale of real estate in which the proceeds from selling the property will fall short of the balance of debts secured by liens against the property and the property owner cannot afford to repay the liens' full amounts, whereby the lien holders agree to release their lien on the real estate and accept less than the amount owed on the debt. A short sale is often used as an alternative to foreclosure because it mitigates additional fees and costs to both the creditor and borrower; however, both will often result in a negative credit report against the property owner.

## THE PROCESS

Often creditors require the borrower to prove they have an economic or financial hardship preventing them from being able to pay the deficiency.

Creditors holding liens against real estate can include Primary Mortgages, Junior lien holders—such as second mortgages, Home Equity Lines of Credit HELOC lenders, Home Owners Association HOA (special assessment liens)—all of whom will need to approve individual applications for a short sale, should they be asked to take less than what is owed. Part of this process typically includes the creditor(s) determining the current market value of the real estate by obtaining an independent evaluation of the property from an appraisal, a Broker Price Opinion (abbreviated BPO), or a Broker Opinion of Value (abbreviated BOV). One of the most important aspects for the borrower in this process is putting together a proper real estate short sale package.

Due to the overwhelming number of defaulting borrowers due to mortgage failures and other causes as part of the financial crisis of 2007–2011, many creditors have become adept at processing such short sales applications; however, it can still take several months for the process from start to finish, often requiring multiple levels of approval.

## ADDITIONAL PARTIES WITH AN INTEREST IN THE REAL ESTATE

It is possible for any one lien holder to prevent a short sale by refusing to agree to negotiate a reduction in their payoff to release their lien. The wide array of parties, parameters and processes involved in a short sale can make it a complex and highly specialized form of debt renegotiation. Short sales can have a high risk of failure from inability to obtain agreement from all parties or they might not be approved in time to prevent a scheduled foreclosure date.

## CREDIT IMPLICATIONS

A short sale negotiation resulting in a reduction of the amount a borrower owes towards a debt acts as a type of settlement or renegotiation of a borrower's debt. Should the creditor report the debt reduction to credit reporting agencies it can adversely affect a person's credit report.



# PURCHASING A SHORT SALE

**THERE ARE A FEW IMPORTANT POINTS TO KEEP IN MIND WHEN PURCHASING A SHORT SALE PROPERTY:**

## **SUCCESS**

The success or failure of the Short Sale is highly dependent upon the skill of the listing agent and the willingness of the seller to cooperate.

## **SOLD AS-IS**

A Short Sale is always sold “As-Is” with the seller and bank making no repairs to the home.

## **APPRAISAL**

A bank will always order a BPO or Appraisal of the property before accepting (or countering) your purchase offer. You cannot “sneak” a low ball offer past the lender.

## **TIMING**

Short Sales are not short. They take a minimum of 3 months to complete and there is no maximum. They can take years to complete, in extreme circumstances.

## **TIMELINE**

Do not enter a contract to purchase a Short Sale if you have any type of timeline on your purchase.

## **BANK OF OBLIGATION**

A bank is under no obligation to accept an offer to purchase that is short of the borrower’s lien amount. It is feasible to wait the 3 months and have the sale fall out at any point.

# TIPS FOR A SUCCESSFUL CLOSING

- Prior to closing verify with your REALTOR® and Loan officer that all conditions have been met.
- All parties signing the documents must bring proper identification. Bring a valid driver's license, state identification card or current passport with you to the title company. This item is needed to verify your identity by a notary public. This is a routine, but necessary step for your protection.
- If funds are required to close, be prepared to bring the monies in the form of a cashier's check or wire transfer.
- The signing process typically takes one hour for Buyers and about 30 minutes for Sellers. These may vary, so be sure to allow for travel time and additional questions that may arise if you are a first-time home buyer.
- The transaction funds and records 1-2 days after you have signed all documents. If you are on a strict timeline make sure to work with all parties involved to consider Holidays and potential bank closures.
- On closing day, the property will be transferred from the seller to the buyer. In most parts of the country, you will sign a number of documents that will be explained by your settlement agent.

# SECRETS TO A SMOOTH LOAN APPROVAL

- ✓ **DO** call lender to discuss any checks you are thinking of depositing
- ✓ **DO** continue making your mortgage or rent payments
- ✓ **DO** stay current on all existing accounts
- ✓ **DO** keep working at your current employer
- ✓ **DO** call your lender if you have any questions

- ✗ **DON'T** deposit any cash or other check besides payroll
- ✗ **DON'T** max out or overcharge your credit card accounts
- ✗ **DON'T** make any major purchase (car, boat, jewelry, furniture, etc.)
- ✗ **DON'T** open or close any new credit
- ✗ **DON'T** pay off charges/collections without discussing with us first
- ✗ **DON'T** close any credit card accounts or change bank accounts



## TITLE INSURANCE & ESCROW

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**What is Title Insurance?** Title Insurance is purchased as a part of real estate transactions to ensure that the property changing ownership does not have any enforceable liens (financial interest) recorded against it that the new owner would be obligated to settle (pay). Title Insurance companies will research the public records to search for recorded liens and issue reports (often called Preliminary Title Commitments) on their findings. Title Insurance companies have several different types of coverage and it is important that buyers are educated as to their level of protection under each coverage type. For example, often a base level package does not protect against mechanics liens or boundary disputes after closing, which are two common problems.

What is Escrow as it relates to real estate transactions? Escrow, in its most simple form, is the holding or care taking of money by a third party. In real estate transactions, Title Insurance companies typically perform Escrow services as well, where they hold the purchase funds from the buyer and then transfer them to the seller once all of the closing documents and conditions have been met by both parties. Escrow services also commonly include holding the buyer's earnest money funds until closing.

# TITLE & ESCROW PROCEDURE

- 1 Contract Signed – Title Company begins search and issues Preliminary Title Commitment
- 2 Earnest money deposited in escrow account
- 3 Title company completes title searches and prepares insurance policy for closing
- 4 Escrow account holds all buyer funds prior to closing
- 5 Closing preparations and scheduling
- 6 Closing held at Title Company, Documents Signed
- 7 Final title commitment policy issued
- 8 Escrow releases funds to the seller, title company records deed in buyer name
- 9 Title insurance in affect as per the commitment



# HOME BUYING CHECKLIST

DATE	ADDRESS	NEIGHBORHOOD	ASKING PRICE

BEDROOMS	BATH	PARKING/GARAGE	SQUARE FEET

NEEDS
<hr/>
<hr/>
<hr/>
<hr/>

WANTS
<hr/>
<hr/>
<hr/>
<hr/>

INTERIOR
<input type="checkbox"/> Working/updated appliances?
<input type="checkbox"/> New Carpet?
<input type="checkbox"/> Hardwood floors?
<input type="checkbox"/> Type of countertops: _____
<input type="checkbox"/> Layout of house: _____
<input type="checkbox"/> Quality of light: _____
<input type="checkbox"/> Adequate storage: _____
<input type="checkbox"/> Ceiling height: _____

EXTERIOR
<input type="checkbox"/> Size of yard: _____
<input type="checkbox"/> Cracks in foundation?
<input type="checkbox"/> Good siding?
<input type="checkbox"/> Landscaped?
<input type="checkbox"/> Roof condition: _____
<input type="checkbox"/> Structural damage?
<input type="checkbox"/> Lot grade: _____

NEIGHBORHOOD
<input type="checkbox"/> Park nearby?
<input type="checkbox"/> Noise level: _____
<input type="checkbox"/> Proximity to neighbors: _____
<input type="checkbox"/> Close to stores?
<input type="checkbox"/> Distance from work: _____

OTHER
<input type="checkbox"/> Renovations needed: _____
<input type="checkbox"/> Unique features: _____
<input type="checkbox"/> Dislikes: _____
<input type="checkbox"/> Pictures taken?

ADDITIONAL NOTES: \_\_\_\_\_



# DISTINCTIVELY LOCAL REAL ESTATE SERVICES WITH UNMATCHED GLOBAL REACH.

**AMHERST MADISON** is a local independent company rooted in the community. We bring an authenticity, depth of knowledge and array of community relationships that “Big Box” brands cannot match. Our services are distinctive, extensive, and tailored to you — with insights that will help you make smarter, better informed real estate decisions. **Learn more at [AMHERST-MADISON.COM](http://AMHERST-MADISON.COM).**

**AMHERST MADISON**  
REAL ESTATE ADVISORS

*Leading*  
REAL ESTATE COMPANIES  
OF THE WORLD

**I'M LOCAL  
I'M GLOBAL®**

**AMHERST MADISON**  

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