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Step Two: Understanding *home shopping*





Zeb & Heather Nicholson

Real Estate for Real Life

BecauseItsHuman.com

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Let's get *moving!*

Welcome!



We are so honored and excited to be on this journey with you. Buying a home can feel overwhelming at times – but with the right support, it doesn't have to be.

With our local expertise, strong negotiation skills, and experience helping families buy and sell homes right here in the Cedar Valley, we confident we can guide you through this process with clarity, care, and results.

Inside this packet, you'll find helpful info, next steps, and what to expect along the way. Every real estate journey is unique, and you won't be navigating it alone.

Let's get started!
Your next chapter is waiting.



It's important to note that the market and financing options are always subject to change. I'm providing you with the most up to date information but it's important to speak with your lender to verify financing data and availability.



Exclusive BUYER AGREEMENTS

A buyer representation agreement is a legally binding contract between a real estate buyer and a real estate agent or broker. It outlines the terms and conditions of the relationship between the buyer and the agent during the home-buying process.

An exclusive buyer representation agreement typically includes the following key elements:

DURATION
The agreement specifies the duration of the agent's representation, outlining the start and end dates of the agreement. This ensures that both parties have a clear understanding of the timeframe.

SCOPE
The agreement defines the geographic area or specific neighborhoods in which the agent will assist the buyer in searching for properties. It may also specify the type of properties the buyer is interested in, such as single-family homes, condos, and other residential properties.

DUTIES
The agreement outlines the responsibilities of the agent, including assisting with property searches, scheduling and attending property viewings, providing market analysis and property information, negotiating offers, and facilitating the closing process.

COMPENSATION
The agreement details the agent's compensation for their services. It typically specifies the commission structure and how the agent will be paid upon the successful purchase of a property. The commission is often paid by the seller of the property and shared between the listing agent and the buyer's agent.

EXCLUSIVITY
The buyer and agent may agree to an exclusive representation, meaning that the buyer will work exclusively with that agent and not seek services from other agents during the term of the agreement. This exclusivity protects the agent's interest in investing time and effort into finding a suitable property for the buyer.

FAIR HOUSING STATEMENT
A fair housing statement is a declaration or policy that emphasizes a commitment to adhere to fair housing laws and principles. The statement communicates a commitment to providing equal housing opportunities to all individuals, regardless of race, color, religion, sex, national origin, familial status, disability, or any other protected characteristic under fair housing laws.

MUTUAL BENEFIT

SERVICES WE PROVIDE

CORE SERVICES

- Property Search and Acquisition: Identify and secure ideal properties.
- Market Analysis and Insights: Provide comprehensive market data for informed decision-making.
- Exclusive Property Access: Offer early access to off-market opportunities.

CLIENT SUPPORT AND GUIDANCE

- Property Showings: Coordinate and conduct property viewings.
- Offer Strategy and Negotiation: Develop competitive offers and represent clients' interests.
- Transaction Management: Oversee the entire buying process.

COMPREHENSIVE CLIENT CARE

- Due Diligence Support: Assist with inspections and evaluations.
- Financial Coordination: Facilitate mortgage and financial planning.
- Closing and Post-Sale Services: Manage the closing process and provide ongoing support.

DEDICATED PARTNERSHIP

- Serve as a trusted advisor throughout the homebuying journey.

BUYERS AGREEMENT

COMMUNICATION

- Open and Timely Communication: Maintain open and timely communication throughout the process.

AVAILABILITY AND COOPERATION

- Accessibility: Be available for property showings, discussions, and decision-making.
- Decision-Making: Make timely decisions and fully cooperate, including providing necessary documentation and property access.

FINANCIAL RESPONSIBILITY

- Financial Commitment: Provide accurate and timely financial information, including your pre-approval.

EXCLUSIVE REPRESENTATION

- Exclusive Agreement: Grant exclusive representation which allows my full dedication to your home search.

FOR YOU

- You receive dedicated, professional representation.
- Clear expectations and consistent communication.
- A transparent understanding of all costs involved in your purchase.

FOR YOUR AGENT

- A formalized commitment to working together, allowing me to focus my efforts on your behalf.
- Assurance that my time and resources are invested in a committed client.
- The ability to negotiate confidently on your behalf, knowing we have a mutual agreement.



buyer's agent COMPENSATION

A buyer's agent is your dedicated advocate, providing expert guidance throughout the home buying process. They bring invaluable market knowledge, negotiation skills, guidance, and paperwork management to the table. Their services often save you time, money, and stress, making them a worthwhile investment in your home buying journey.

HOW ARE BUYERS AGENTS *compensated?*

•OPTION 1: SELLER IS OFFERING COMPENSATION TO BUYER'S AGENT

Historically and commonly, the seller pays your buyer's agent a commission, which covers the buyer's agent services. You won't usually owe additional fees beyond standard closing costs and admin fees. Your agent will verify in advance that the homes you wish to view offer compensation for their services.

•OPTION 2: SELLER IS OFFERING SOME COMPENSATION BUT NOT ALL

Sometimes, sellers offer a lower commission than standard. In these cases, your agent may:

•YOUR AGENT NEGOTIATES WITH THE LISTING AGENT TO SECURE THE FULL COMMISSION

•BUYER AGREES TO INCREASE YOUR OFFER PRICE TO COVER BUYER AGENT COMMISSION GAP

•BUYER AGREES TO PAY THEIR AGENT DIRECTLY AT CLOSING TO COVER THE DIFFERENCE.

•OPTION 3: SELLER IS **NOT** OFFERING ANY COMMISSION TO BUYER'S AGENTS

In rare instances, a seller may choose not to offer a commission to a buyer's agent. When this occurs, your agent's compensation structure may change.

•YOUR AGENT NEGOTIATES WITH THE LISTING AGENT TO SECURE THE FULL COMMISSION

•BUYER AGREES TO INCREASE YOUR OFFER PRICE TO COVER BUYER AGENT COMMISSION GAP

•BUYER AGREES TO PAY THEIR AGENT DIRECTLY AT CLOSING TO COVER THE DIFFERENCE.

IT'S IMPORTANT TO DISCUSS POTENTIAL COMPENSATION ARRANGEMENTS WITH YOUR AGENT UPFRONT TO UNDERSTAND HOW THEY'LL BE PAID IN SUCH SITUATIONS.

OFFER TERMS *CHEAT SHEET*

The key terms that shape the deal (and what they mean)

Key Terms

✓ Contingency
When an offer is accepted by the seller, but there are certain conditions that must be met before the sale is final.

✓ Earnest Money Deposit
A "good faith" deposit showing the buyer is serious. It's typically applied toward closing, and terms vary by contract if a deal falls through.

✓ Inspection / Due Diligence Period
The buyer's window to inspect the home and decide whether to move forward, request repairs, or renegotiate.

✓ Seller Disclosure
All seller's are required to fill out a property disclosure stating what they know about the property - good or bad.

✓ Appraisal
A lender-ordered valuation to confirm the home is worth the contract price. If it comes in low, the parties may renegotiate or adjust terms.

✓ Closing Costs
The fees that are paid at the end of the purchase by either the buyer, seller or both. These include taxes, insurance and lender expenses.

Terms That Can *Strengthen* An Offer

FLEXIBLE CLOSING TIMELINE
Helps match the seller's move-out schedule.

SHORTER INSPECTION TIMELINE
Moves the deal forward faster (while still allowing inspections).

PROOF OF FUNDS / STRONG PRE-APPROVAL
Shows the buyer is qualified and reduces financing uncertainty.

CLEAN TERMS
Fewer contingencies and clear timelines can make an offer feel "safer" to a seller.

Prepare for Up Front Costs

- ✓ ***Earnest Money***
- ✓ ***Property Inspection***
- ✓ ***Appraisal***



Local Cedar Valley Tip
Many first-time buyers in the Cedar Valley are surprised to learn they may have more than one workable path to ownership. Sometimes the best strategy isn't the lowest price home—it's the smartest financing structure.



understanding financing

Beyond "Get Pre-Approved"

Buying your first home starts with pre-approval—but understanding how you can finance the purchase is just as important. Different loan programs can impact your monthly payment, upfront cash needed, and long-term flexibility. Here's a simple breakdown to help you start smart. The right fit depends on your credit, income, debt levels, and long-term goals.

CONVENTIONAL LOAN

BEST FOR BUYERS WITH STRONGER CREDIT AND SOME SAVINGS.

Often requires:
- 3%–5% down (some programs lower)
- Good credit history
- Stable income

Why buyers choose it:
- Competitive rates
- Flexible loan terms
- Can remove mortgage insurance later once enough equity is built

Good fit if: You have solid credit and some money saved.

FHA LOAN

BACKED BY THE FEDERAL HOUSING ADMINISTRATION.

Often requires:
- Lower down payment options (commonly 3.5%)
- More flexible credit standards than conventional loans

Why buyers choose it:
- Easier approval path for some buyers
- Helpful if credit history needs improvement
- Lower upfront cash than some conventional options

Good fit if: You're buying sooner and need more flexibility.

USDA LOAN

DESIGNED FOR ELIGIBLE RURAL AND SUBURBAN AREAS.

Often requires:
- Property must be in eligible area
- Household income limits may apply

Why buyers choose it:
- 0% down payment options for qualified buyers
- Competitive rates

Good fit if: You're open to homes outside major city centers. Many Cedar Valley surrounding communities may qualify.

VA LOAN

FOR ELIGIBLE VETERANS, ACTIVE-DUTY MILITARY, AND CERTAIN SURVIVING SPOUSES.

Why buyers choose it:
- Often 0% down
- No monthly mortgage insurance in many cases
- May be additional costs such as VA funding fee or pest inspection

Strong benefits for eligible buyers

Good fit if: You've served and qualify.

IMPORTANT NOTE

Programs can change based on funding availability, income limits, purchase price limits, and eligibility guidelines. Always verify current options with a participating lender.

UNDERSTANDING PMI

Private Mortgage Insurance, also known as PMI, is an added monthly cost some buyers pay when purchasing with a smaller down payment. It helps protect the lender if the loan goes into default. While PMI is common, it is not always permanent—and sometimes it can be avoided.

WAYS TO POTENTIALLY AVOID PMI

1. Put 20% Down
The most direct route on many conventional loans.

2. Use a Piggyback Loan Structure
Some buyers use a first mortgage plus a smaller second loan to stay under the PMI threshold.

3. Choose a Different Loan Program
Depending on your situation, another loan type may be more efficient than forcing a 20% down conventional loan.

4. Ask About Lender-Paid Mortgage Insurance. Some lenders offer structures where PMI is built into the rate instead of a separate monthly line item.



WHY PMI ISN'T ALWAYS A BAD THING

Some buyers focus only on avoiding PMI, but that can delay homeownership for years. In many cases, paying PMI for a period of time may be better than:

- Waiting too long while home prices rise
- Missing years of equity growth
- Paying higher rent during the wait

The real question is whether the total payment fits your budget comfortably.

HOW TO REMOVE PMI LATER

For many conventional loans, PMI may automatically end once enough equity is reached under loan guidelines. You may also request removal earlier if your home value has increased and you meet lender requirements. Each lender's rules differ, so ask upfront.

DOWN PAYMENT ASSISTANCE

Many first-time buyers assume they need a large amount of cash saved before buying a home. In reality, there are multiple programs and loan options designed to lower upfront costs and make homeownership more accessible. Depending on your finances, location, and loan type, you may qualify for assistance that helps with your down payment and sometimes closing costs as well.

Iowa Finance Authority (IFA)

FOR IOWA BUYERS, IOWA FINANCE AUTHORITY MAY OFFER PROGRAMS THAT ASSIST WITH UPFRONT COSTS.

Potential benefits can include:

- Down payment assistance
- Help with closing costs
- Competitive fixed-rate mortgage programs
- Programs designed for first-time buyers
- Additional options based on income or household needs

Availability and qualifications can change, so it's smart to ask a participating lender what is currently available.

Lender-Specific Assistance

SOME BANKS, CREDIT UNIONS, AND MORTGAGE COMPANIES ALSO OFFER THEIR OWN ASSISTANCE PROGRAMS.

These may include:

- Grants or credits toward closing costs
- Reduced down payment options
- Special programs for first-time buyers
- Community-based lending incentives

Since these vary by lender, comparing multiple lenders can be valuable.

TRUSTED LOCAL LENDERS

GreenState Credit Union

www.greenstate.org

Veridian Credit Union

www.veridiancu.org

I can suggest particular loan officers at these institutions based on your needs and what you're looking for in a lender



QUESTIONS TO ASK YOUR LENDER

✓ Payment & Budget
- What monthly payment range do you recommend for my goals?
- What would my payment look like at $200k, $250k, and $300k?
- What taxes and insurance (PMI) estimates are included?
- Can PMI be removed early?

✓ Loan Options
- What loan programs do I realistically qualify for?
- Should I compare FHA vs Conventional?
- Are there any 0% or low-down-payment options?
- If values rise, can I request a new appraisal later?

✓ Assistance Programs
- Do you offer Iowa Finance Authority programs?
- Are there local or employer down payment assistance programs I should know about?
- Are any grants available right now?
- Is assistance forgivable, repayable, or deferred?

✓ Costs
- What total cash do I need at closing?
- What lender fees should I compare?
- Can seller concessions help reduce upfront costs?

✓ Strategy
- What can I improve in 30–90 days to qualify for better terms?
- How does my credit score impact rate and payment?
- If rates change, what are my options later?

Practical Advice

Don't just ask
"How much am I approved for?"

ASK
"What monthly payment feels comfortable for my life?"

Those are two very different numbers.



NEXT STEP
Talk with 2–3 lenders, compare options, and choose the one who explains things clearly—not just the one who throws out the biggest approval number.

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Thank you!

For choosing us as your agent.



Thank you for choosing us as your REALTOR® – it's an honor to walk through this important chapter with you. Buying or selling a home is a big decision, and we don't take your trust lightly. Our promise is to support you with honesty, clear communication, and the expertise needed to make the process as smooth as possible.

We're excited for what's ahead and grateful to be part of your journey. Together, we'll turn your goals into reality.

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