



## TIPS FOR THE LISTING AGENT

- 1) **Approval Letter** – Upon receipt of an offer to purchase, request a copy of the buyer’s loan approval letter, as well as the name and phone number of the loan officer (LO). Immediately review the approval letter. Is it an approval or a pre-qualification? Have they checked credit, income and assets? At Family Mortgage, we issue a “Certified Homebuyer” approval which means we have pre-underwritten the file upfront and have a 100% commitment. We are not aware of any other mortgage companies providing this service, however; and it is not always possible to get the client to agree to do this upfront. So how can you be sure that the buyer is financially solid? Without formal underwriting approval, you can’t know for sure, but the next best thing is to discuss the Buyer’s loan application process with the LO and get as much insight as possible so you are not tying up your client’s house unnecessarily.
- 2) **Appraisal** - Be sure to provide the LO with your name and best contact phone number so the Appraiser can reach you. Work to get the appraisal appointment scheduled as soon as possible. Lately, we have seen more appraisal issues than ever and the earlier in the process you can deal with this the better. Make sure to provide recent comps that you used to set the listing price to the appraiser, as well as any listings and/or pending sales you know about. Comps must now be within 6 months and located in the subject property subdivision except in special circumstances. If you have pertinent information, let the appraiser know. It is rare that underwriters accept the first appraisal they see at face value. They almost always force the appraiser to provide additional comps and/or additional information.
- 3) **Deferred Maintenance** - You should address items of deferred maintenance with your seller client as soon as you become aware they exist. If they elect to forego completing any needed repairs prior to listing the property, you should remind them that their home will show much better and command a higher price if such items are addressed prior to showing it. The more compelling reason is that a high probability exists—depending on the severity—that the loan will not be approved. Lenders do not want to inherit another bank’s “lemon” nor a property owner’s neglect. At a minimum, they will need to repair anything obvious that an appraiser would notice and therefore, be required to reference in the appraisal. One of the more common “red flag” items is water damage. For example, interior ceilings that are water stained, exterior siding that is damaged etc...The appraiser has an obligation to disclose these type items which will always raise questions about the condition of a property with an underwriter.
- 4) **Repair Addendum** – If the potential purchaser decides to attempt to negotiate money for repairs, be aware that lenders typically no longer allow payments to be made to 3<sup>rd</sup> party vendors for completion of repairs after closing. If the seller is not contributing the full amount necessary to cover closing costs and escrow setup, then the seller contribution towards closing costs should be increased to cover some or all of it. Just be careful how the addendum is worded to avoid raising any “red flags” to an underwriter by mistake. Encourage the selling agent to coordinate all of this with the Loan Officer to avoid having to rework the addendum later. You can always agree to lower the sales price as an alternative.

- 5) **Closing** – Assuming that you were not the one to select the closing attorney, be sure to get the name and phone number for the closing coordinator at the law firm. You should call and confirm the delivery of the closing package and insure that a HUD Settlement Statement is put together with adequate time to review before closing.