

HOME BUYER INFORMATION PACKET

Information to help you understand the real estate world.

The following pages contain information to help educate you in the home buying process as it relates to you and your real estate agent. Please take the time to familiarize yourself with the forms and paperwork to eliminate any stress you may have. If you have any questions, I will be happy to answer them.

The first page in this packet shows the steps involved in buying a home.

Next are the forms required by South Dakota law that **need to be signed before a property is shown**. Here is a brief explanation of the following forms:

1. *Relationship Disclosure*...This form describes the different forms of real estate agency and how they affect you. A signature states that these relationships have been explained to you and you have received the required guide on real estate information.
2. *Buyer Broker Agreement*...This form is the actual contract between you and your real estate agent. It states that the agent will work for you and represent your interests in all areas of the real estate transaction. To be in compliance with South Dakota law, this form must be signed prior to showing property.
3. *Agency Agreement Addendum*...This form is an addendum to the Buyer Broker Agreement. It states the appointed and limited agency relationships, and gives you the opportunity to agree or disagree to both types of real estate agency agreements.
4. Information about home inspections and warranties
5. Permission to stay in contact...This form allows us to call you and remain in contact with you and not be in violation of the Do-Not-Call list.

The final pages are questions for you to think about and answer to determine what type of home is going to be the best for you. This will help set the parameters for the home search process and eliminate looking at homes that do not fit your needs.

Please take the time to go through these papers and ask questions if you have them. Knowledge is power and understanding eliminates fears.

Tristan Emond

Broker Associate
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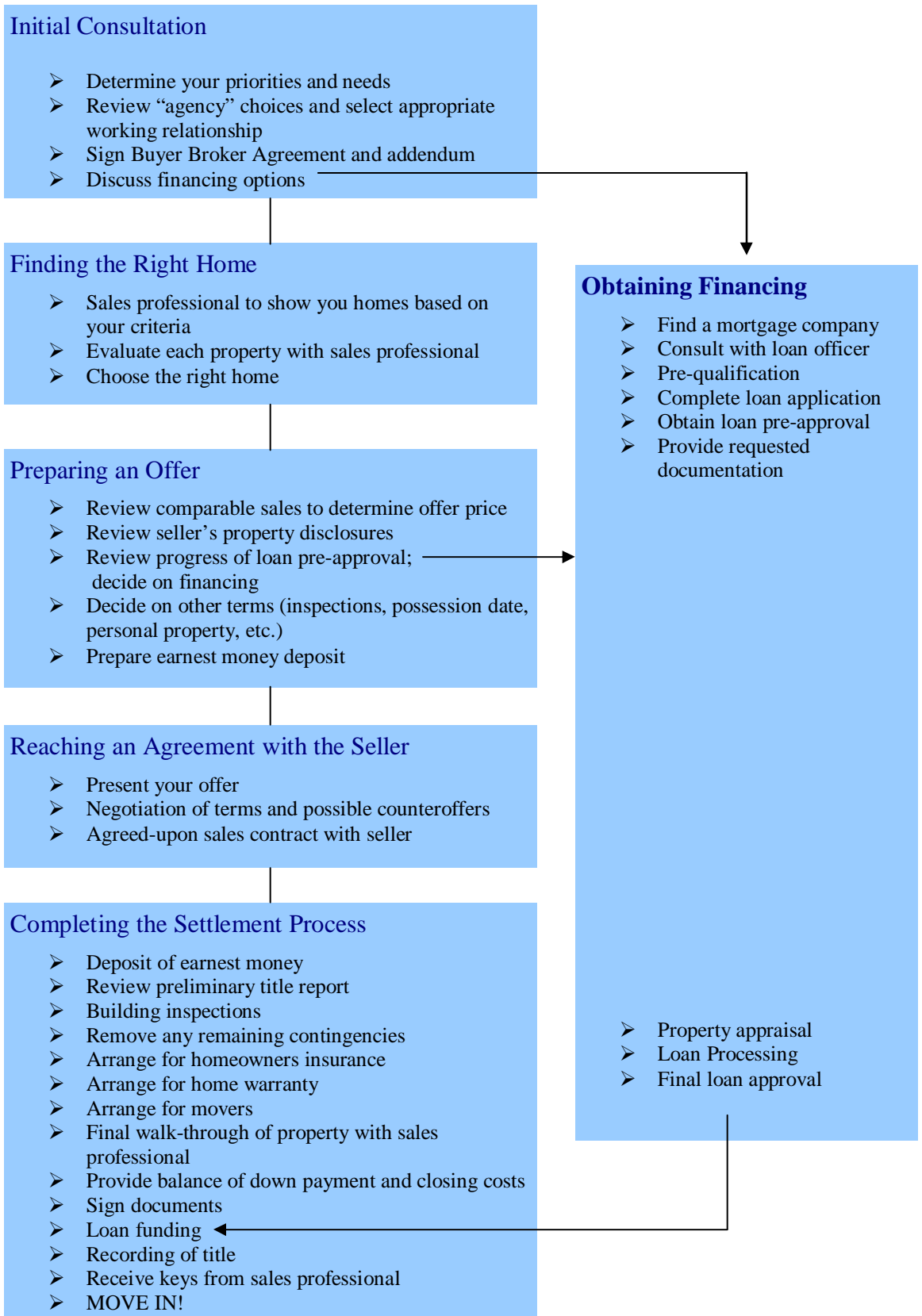
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FINDING AND BUYING A HOME

The homefinding process is a complicated process that typically includes the following elements. *I will lead you through every step.*



REAL ESTATE RELATIONSHIPS DISCLOSURE

South Dakota real estate brokers are required to develop and maintain a written office policy that sets forth agency and brokerage relationships that the broker may establish. The broker must disclose in writing the types of agency and brokerage relationships the broker offers to consumers and to allow a consumer the right to choose or refuse among the various real estate relationships. The following real estate relationships are permissible under South Dakota law.

Single Agent-Seller's/Landlord's Agent: Works on behalf of the seller/landlord and owes duties to the seller/landlord, which includes good faith, loyalty, and fidelity. The agent will negotiate on behalf of and act as an advocate for the seller/landlord. The agent may not disclose confidential information without express authority of the seller or landlord.

Single Agent-Buyer's/Tenant's Agent: Works on behalf of the buyer/tenant and owes duties to the buyer/tenant which include good faith, loyalty, and fidelity. The agent will negotiate on behalf of and act as an advocate for the buyer/tenant. The agent may not disclose confidential information without express authority of the buyer or tenant.

Appointed Agent: Works on behalf of the seller/landlord or buyer/tenant and owes the same duties to the client as that of a single agent. A seller/landlord or buyer/tenant with an appointed agency agreement is represented by agents specifically named in the agreement. Any agents of the firm not named in the agreement do not represent the seller/landlord or buyer/tenant. The named appointed agent acts solely on behalf of his or her client and may only share confidential information about the client with the agent's responsible broker or the broker's designee who is also named in the agreement. Other agents in the firm have no duties to the seller/landlord or buyer/tenant and may act solely on behalf of another party in the transaction. The responsible broker and the broker's designee act as a disclosed limited agent when appointed agents within the same firm are representing their respective clients in the same transaction.

Disclosed Limited Agent: Works on behalf of more than one client to a transaction, requiring the informed written consent of the clients before doing so. A limited agent may not disclose confidential information about one client to another without written permission releasing that information. While working to put the transaction together, agents in a limited agency transaction cannot negotiate nor advocate solely on behalf of either the seller/landlord or buyer/tenant. A limited agent may not be able to continue to provide other fiduciary services previously provided to the client.

Transaction Broker: Exercises reasonable skill and care in assisting one or more parties with a real estate transaction without being an advocate for any party. Although the transaction broker will help facilitate the transaction, the licensee will serve as a neutral party, offering no client-level services (such as negotiation) to the customer. The transaction broker may not disclose confidential information about a party to another without written permission releasing that information.

Duties of a buyer, tenant, landlord, or seller: The duties of the real estate licensees in a real estate transaction do not relieve a party to a transaction from the responsibility to protect the party's own interests. Persons should carefully read all documents to ensure that they adequately express their understanding of the transaction. If legal or tax advice is desired, consult a competent professional in that field.

All real estate licensees must provide disclosure of all actually known adverse material facts about the subject property or a party's ability to perform its obligations. South Dakota law requires a written agreement which sets forth the duties and obligations of the parties as described in the brokerage relationships itemized above.

The office policy of **Prudential Kahler REALTORS®** is to offer only those services marked above.

By _____ (licensee)

Acknowledgment: I have been presented with an overview of the brokerage relationship options available and hereby acknowledge receipt of Real Estate Relationships Disclosure form

Consumer Real Estate Information Guide (residential property sales transaction only)

I understand that receipt of these materials is for disclosure purposes only and does not constitute a contract or agreement with the licensee.

Signature _____ Date _____ Time _____ am/pm

Signature _____ Date _____ Time _____ am/pm

By marking a box and signing below, it is understood that the consumer is working without the benefit of client or transaction broker representation.

Buyer/tenant understands that Broker is not representing Buyer/Tenant as a client or working with Buyer/Tenant as a transaction broker. Buyer further understands that Broker is acting as agent for the seller or is assisting the seller as a transaction broker.

Seller/Landlord understands that Broker is not representing Seller/Landlord as a client or working with Seller/Landlord as a transaction broker. Seller further understands that Broker is acting as agent for the buyer or is assisting the buyer as a transaction broker.

Signature(s) _____ Date _____ Time _____ am/pm

Buyer Broker Agreement

As a buyer's agent, Broker will assist Buyer under the following terms:

1. Buyer gives Broker the exclusive right to locate and/or assist in negotiations for the purchase, exchange or option to purchase property at a price and with terms acceptable to Buyer.
2. In consideration of the services rendered by the Broker, the Buyer's brokerage fee will be satisfied as follows:
 - A. MLS property – a fee equal to or exceeding 3% of the purchase price as offered in the MLS book, plus applicable sales tax, on any real property listed through the Multiple Listing Service; and/or
 - B. For sale by owner and new construction – a minimum fee of \$1,500.00 or 3% percent of the purchase price (whichever is greater), plus applicable sales tax, on any unlisted property which is for sale by the property owner without the services of a real estate agent; which Buyer accepts if (1) the Buyer or any other person acting for him or on his behalf purchases, exchanges, leases or obtains an option for the real property of the nature described hereafter through the services of the Broker; and (2) the Buyer agrees that for a term of 180 days following the termination of this Agreement if the Buyer or any person acting for him or on his behalf purchases, exchanges, leases or obtains an option on any property disclosed or shown to him by the Broker during the term of this Agreement, then the Buyer shall pay the Broker the fee specified in this Agreement; and or
 - C. A non-refundable payment of \$ _____ for the Broker's cost and expenses thereunder. If the Broker earns the fee described hereafter, then the payment under this section shall be deducted from such fee.
 - D. Other _____

The above described fee shall be paid directly by the Buyer at closing or negotiated into the purchase price of the real property and paid from the Seller's proceeds at closing.

3. Broker will represent Buyer as outlined in Article I of the attached Agency Agreement Addendum when showing Buyer another firm's listings. Broker will act, with Buyer's consent, as outlined in Article II when showing Broker's listings to Buyer.
4. Buyer acknowledges and consents that Broker may represent other buyers who may have an interest in presenting purchase agreements on any given property for sale by a seller.
5. Buyer's Obligation: Buyer will:
 - A. Work exclusively with Broker for the Purchase of property.
 - B. Provide Broker with accurate and relevant personal financial information to determine Buyer's ability to Purchase property.
 - C. Compensate Broker as outlined in paragraph two (2) if Buyer purchases property or defaults on an agreement to Purchase during the period of this contract.
 - D. Compensate Broker as outlined in paragraph two (2) if Buyer purchases a property with 180 days after the end of this Agreement which Broker has shown or disclosed to Buyer during the term of this agreement.
 - E. Pay an administrative fee of \$125.00 at closing.

6. Description of property desired:
 - A. Type of property: _____
 - B. General location: _____
 - C. Price range: _____

7. This agreement shall begin _____, 20____ at _____ am/pm, and shall continue until the earlier of _____, 20____ at _____ am/pm, or completion of the acquisition of the property.

Buyer: _____ Date: _____

Buyer: _____ Date: _____

Address: _____
Street City St Zip

Broker: _____ by Agent: _____ Date: _____
Prudential Kahler REALTORS®

This is a legally binding contract. If you do not understand it, please seek legal advice.

AGENCY AGREEMENT ADDENDUM

This addendum is attached to and made a part of the Agency Agreement dated _____,

between Prudential Kahler REALTORS® and _____ (Client).

I. IF THE BROKER APPOINTS AN ASSOCIATE LICENSEE TO REPRESENT THE SELLER/LANDLORD or BUYER/TENANT:

If a broker enters into an agreement to represent a seller/landlord or buyer/tenant as a client, the broker appoints _____ as the client's appointed agent. For the purposes of this addendum, the client shall have an agency relationship with ONLY the appointed agent, the responsible broker, David Kahler, and, if applicable, responsible broker's designated brokers, Todd Hollan, Tim Hoffman, and Sandra Runde. The responsible broker may appoint other affiliated licensees during the term of the brokerage agreement should the appointed agent not be able to fulfill the terms of the brokerage agreement or as by agreement between the responsible broker and the client. An appointment of another affiliated licensee or an additional affiliated licensee does not relieve the first appointed agent of any duties owed to the client.

II. IF THE BROKER, ASSOCIATE LICENSEE OR APPOINTED AGENT REPRESENTS BOTH THE SELLER/LANDLORD AND THE BUYER/TENANT:

A real estate broker acting directly or through an associate licensee or appointed agent can legally be the agent of both the seller/landlord and the buyer/tenant in a transaction, but only with the knowledge and written consent of both parties. If a buyer/tenant represented by a broker wants to see a property of a seller/landlord being represented by the same broker, the following provisions will govern the actions of the broker.

- A.** The broker may not knowingly say anything or do anything which might place one party at a disadvantage, disclose personal confidences of one party or the other party, or any other information a party specifically instructs the broker not to disclose, unless disclosure is required by law.
- B.** The broker may not, without the prior express written consent of the owner, disclose to the buyer/tenant that the owner might accept a price less than the listing price, nor shall the broker, without the prior express written consent of the buyer/tenant, disclose to the owner that the buyer/tenant may be willing to pay a higher price, or accept terms less favorable to the buyer/tenant than those indicated in the buyer's/tenant's previous offer.
- C.** The broker may not represent the interests of either the owner or buyer/tenant to the detriment of the other party. The broker is obligated to inform each party of all facts the broker knows which would affect the party's decision to permit the broker to represent both the owner and the buyer/tenant.

CONSENT AGREEMENT: If the seller/landlord elects to negotiate with a buyer/tenant that is a client of the broker, or a buyer/tenant elects to negotiate with a seller/landlord that is a client of the broker, it is understood that both parties will be required to confirm, in writing, their election to have the broker act as a consensual limited agent.

AGENT OBLIGATIONS: Regardless of representation, the broker shall: Disclose all known material facts about the property which could affect the buyer's/tenant's use or enjoyment of the property, disclose information which could have a material impact on either party's ability to fulfill their obligations under the purchase/lease agreement, respond honestly and accurately to questions concerning the property, and deal honestly and fairly with all parties. The duties of the broker in a real estate transaction do not relieve an owner or buyer/tenant from the responsibility to protect their own interests. You should carefully read all documents to assure that they adequately express your understanding of the transaction. If you have questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding further.

Having read and understood this information about agency, I instruct Broker as initialed below:			
I agree to an Appointed Agency Relationship as described in section I above. ____/____/____ Yes ____/____/____ No			
I agree to a potential Limited Agency representation as described in section II above. ____/____/____ Yes ____/____/____ No			
<input type="checkbox"/> Buyer/Tenant	<input type="checkbox"/> Seller/Landlord	date/time	<input type="checkbox"/> Buyer/Tenant <input type="checkbox"/> Seller/Landlord date/time
_____ Broker	_____ Agent	date/time	date/time

U.S. Department of Housing

and Urban Development (HUD)

Federal Housing Administration (FHA)

For Your Protection: Get a Home Inspection

Name of Buyer (s) _____

Property Address _____

Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- evaluate the physical condition: structure, construction, and mechanical systems;
- identify items that need to be repaired or replaced; and
- estimate the remaining useful life of the major systems, equipment, structure, and finishes.

Appraisals are Different from Home Inspections

An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. An appraisal is required to:

- estimate the market value of a house;
- make sure that the house meets FHA minimum property standards/requirements; and
- make sure that the house is marketable.

FHA Does Not Guarantee the Value or Condition of your Potential New Home

If you find problems with your new home after closing, FHA can not give or lend you money for repairs, and FHA can not buy the home back from you.

Radon Gas Testing

The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the toll-free National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236. As with a home inspection, if you decide to test for radon, you may do so before signing your contract, or you may do so after signing the contract as long as your contract states the sale of the home depends on your satisfaction with the results of the radon test.

Be an Informed Buyer

It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.

I/we understand the importance of getting an independent home inspection. I/we have considered this before signing a contract with the seller for a home. Furthermore, I/we have carefully read this notice and fully understand that FHA will not perform a home inspection nor guarantee the price or condition of the property.

_____ **I/We choose to have a home inspection performed.**

_____ **I/We choose not to have a home inspection performed.**

X

Signature & Date

X

Signature & Date



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 Fax 605-343-7486
 E-mail kahler@kahlerinc.com
 Website www.kahlerinc.com

Important Information for Prospective Home Buyers

This is to notify you of independent services that are available and issues that may arise or that you may need to consider as you search for a home.

Home Inspection: We do recommend and encourage the use of this service. Different inspectors will inspect different items in a home. Normally they will inspect foundations, structural components, exterior items, roofs, insulation, plumbing, electrical systems, mechanical systems, drainage, etc. A home inspector will charge a fee and will produce a written report of their findings. The decision to use this service is entirely yours.

REALTORS® are not experts on all homes. We rely on the same information furnished to you concerning a property. If you are in doubt about any information, please ask for clarification from the seller or order a home inspection. If you do not, it will be assumed you are satisfied with the information you have.

We asked home inspectors to submit information on themselves and their services. Following is a list of those who responded. If you are interested in viewing further information, please ask your REALTOR®. It is not all inclusive and other inspectors may be found in the yellow pages.

AmeriSpec Home Inspection	388-0904	Gerving Home Inspection	342-8703
BrickKicker Home Inspection	716-5425	Hayman & Associates	381-3002
C.M.S.	787-5914	Top To Bottom Home Inspection	430-5310
Drew Inspection Services	721-3388		

Building Codes: Building codes change. If you are in doubt about a home's compliance with current building codes, please contact your local office of building inspections. Items that may cause concern can include mechanical appliances and egress from bedrooms in upper and lower levels of a home.

Appraisal: If you are applying for a new loan to finance the purchase of your new home, the lender will probably require an appraisal. The purpose of most bank ordered appraisals is not to determine the actual fair market value of the property, but to assure the lender the property is worth at least what you are going to pay for it.

Schools: The school in the neighborhood where you are looking to purchase your home may not be the school your children are allowed to attend. Contact the local school district office.

Home Warranty: The home buyer has the opportunity to purchase a home warranty. The decision to purchase a home warranty is strictly yours. We only advise you of its availability. Following is a partial list of providers as insurance providers may also offer warranties.



Prudential Kahler REALTORS®
 2401 W Main Street
 Rapid City, SD 57702
 Bus 605-343-7500 1-800-658-5550
 Fax 605-343-7486
 E-mail kahler@kahlerinc.com
 Website www.kahlerinc.com

Permission to Call and to Stay in Contact

I hereby grant permission to Prudential Kahler REALTORS® and to any employee or any REALTOR® associated with said firm to contact me by phone regardless of whether or not my phone number appears on any state or national do not call list. I fully understand that this permission allows Prudential Kahler REALTORS® to continue this phone contact beyond any time constraints specified in any do not call legislation, rules or guidelines.

I reserve the right to revoke this permission to call at any time in the future. If in the future I decide to revoke this permission it shall be done by notifying the Prudential Kahler REALTORS® sales manager.

This permission is specific to Prudential Kahler REALTORS® and to any employee or any REALTOR® associated with said firm, and not to any other REALTORS® or related businesses. This permission is to be construed and intended to be applicable to all current personal phone numbers and to all personal phone numbers that I may acquire in the future.

Name: _____

Address: _____

Phone Number(s): _____

E-Mail: _____

Signed: _____

Dated this _____ day of _____, 20_____

We sincerely appreciate your voluntary cooperation with this matter. We believe in and practice a philosophy that our service extends well after the sale, and we welcome the opportunity to continue to provide you with important and useful real estate information. We appreciate your trust and consider you “clients for life”!
 Thank you!

LOOKING AHEAD TO THE HOMEFINDING PROCESS

The following questions will help you identify how finding and buying a home can be an enjoyable experience for you.

1. How far along are you in the homefinding process (just thinking about the possibility of buying a home, or definitely committed to making a move)? How long have you been looking for a home?

2. Why are you contemplating the purchase of a home at this time?

3. What is your time frame? Is there a definite time by which you must be settled into your new home?

4. Who will be included in the homefinding and buying decisions?

5. Have you ever purchased a home before? If so, how many, and how recently?

6. Thinking of previous homefinding experiences, what were the most positive features of those experiences? If you have ever bought a home before, what are you looking forward to most in the experience?

7. Were there any unpleasant features of your previous homefinding experiences that you hope to avoid at this time? If you are buying your first home, are there any problems or concerns you are worried about?

8. How do you plan to handle the financing of your new home? Are you aware of your financing options?

9. What are your expectations of me as your real estate professional? What specific services and support do you expect?



DEFINING YOUR IDEAL HOME

The property you buy will be much more than a house; it will be your home. The following questions can help you describe the things that are most important to you in your ideal home and neighborhood.

1. For some people, “home” means a hub of social activity; for others it might be a place to retreat from the pressures of daily life. What does “home” mean to you?

2. Who will be living in your household? Will you often have other family members or friends visiting for more than a few days at a time?

3. If you are working outside your home, what would you consider a comfortable distance (in time or distance)? Will you be working at home? What do you need to work efficiently from your home?

4. What are the most important activities for the members of your household? For example, hobbies, recreation, school, entertaining, religious or cultural activities.

5. What are one of more features you likes most about the homes you have owned previously? This might include: style, floorplan, yard, view and neighborhood.

6. What is something you disliked about the house or neighborhood where you have lived previously, and that you would want to avoid in your next home?

7. What are the most important “must have” features of your ideal home and neighborhood? Why are they important?

