



# Alaska REAL ESTATE

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## THE LONG AND WINDING ROAD

Although Mathematics is a flawed science it does have value and a usefulness in our world. In the futures markets, for example, the highly regarded technical trader, Bubba Horwitz, states (7/7/20) in his Kitco.com commentary that his probability model has a win rate of 66%. This means he wins 2/3rds of the time with his trades, or twice as many times as he loses.

As you walk the long and winding road of purchasing a home your win rate also depends on a probability model that is seriously impacted by the choices you make at the front end.

I speak to many folks who, like Paul McCartney (writer & performer of this wonderful song recorded with Wings in 1969), have many times felt alone, and many times have cried, because the journey from purchase to closing is fraught with hidden obstacles that often require master - navigation from your team - Loan Originator, Home Inspector and Realtor.

Some buyers are asking in that 60 day window between Home selection and Home closing:- "Why leave me standing here? Let me know the way."

I will attempt to provide a virtual tour here of your pending purchase which, at least, will help you minimize the frustrations of what ought to be a clear and pleasant road that will "Lead to your door".

The journey with your Realtor starts with Pre-Qualifying for a loan program that helps you decide your price target. I urge you to interview more than one loan originator to settle on which lending institution and which loan originator you are going to walk with.

Loan programs are complex and varied, and lenders compete for your business. Lenders compete with rates, charges for their service, alternative programs and, last but not least, quality of attention and skill. Your choice alters your probability model of success in the transaction.

Obviously, this applies equally to your choice of Real Estate licensee or Realtor (Licensee who is also a member of the N.A.R.).

**Negotiating the Deal:** Your now trusted real estate representative will guide you through this tricky situation. Your Realtor's goal is to acquire the property at terms the most favorable to you. This means lowest price and/or assistance with your closing costs. Making this decision, you need help with the psychology of the situation between you, your Realtor, the seller, and the seller's Realtor.

**The Purchase and Sale Agreement:** This is a legally binding contract and, in the absence of your Attorney reviewing it, you MUST read the commitments and timeline you and the seller are promising to execute.

Regrettably, a lot of pain is experienced on the long and winding road simply because buyer or seller never grasped the legal

commitments in the contract, and sometimes not adequately informed by their chosen real estate counsellor.



If one party or the other fails to keep a contracted pledge, even a minor one, it can derail your transaction in a heartbeat or, at minimum, cause upset and stress in obtaining forgiveness and working out a compromise.

**The Home Inspection:** This is one such event that can be potentially a collision between an iceberg and the Titanic or, with cool heads, a mere stepping stone to your destination.

By Alaska Statute, your Home Inspection Report is deemed a material amendment to the Seller's Real Estate Property Disclosure and, as such, gives you the absolute right to void your contract and receive your earnest money back if you give written notice within 3 days of receiving the report.

Naturally, we all hope that a 'request for repairs' can be worked out within the precise terms of pages 4 and 5 of your standard MLS Purchase and Sale Agree-

ment. Make sure you understand those terms before signing any offer.

**Appraisal:** This is the 2nd most awkward part of the journey, more so for the seller. Who pays for the appraisal, and when, and its impact depend on how your Realtor writes your contract.

For the most part, an appraisal will often come back at a value equal to your purchase price and with no conditions but, around 25% of the time, complications arise. Your Realtor is there to assist you with these complications.

**Title Report:** Often overlooked, and signed off digitally, you must review it thoroughly with the assistance of your Realtor or by direct contact with the Title Company, which is being well compensated for their service.

The Special Exceptions in the report may include property liens, special easements or other agreements affecting your use of the property - in fact, many and varied surprises that need to be accepted or rejected by you within the number of days you promised in your contract.

**Closing:** You are near your door, but not there yet. In Alaska, closing does not mean the day you receive your key. It means the day you sign papers, once they are accurately prepared following a last minute audit by your lender.

**Recording:** This is generally the day following closing and, once your Deed and Deed of Trust are officially recorded at the Public

Recorder's Office, you own the real estate. Congratulations!

The long and winding road that leads to your door can be, next to your wedding, the most wonderful journey of your life. Please be as careful making that decision as you are in selecting your spouse.

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