



Buyer's Guide

The Hamptons



COMPASS

How to Buy a Home

The Hamptons



1

Find an Agent

Look for a licensed real estate agent who is knowledgeable about the neighborhoods you are considering and can help guide your search.



2

Get Pre-Qualified

Before beginning your search, your first step is to get pre-approved for a mortgage loan (unless you are paying cash for the full price of your home, be prepared to show proof of funds). Your Compass agent can connect you to a mortgage broker. Based on your income and credit history, the mortgage broker will determine how much the bank will lend you, which will help you determine the price range for your search.

3

Visit Properties

Attend viewings and open houses spanning a range of areas and property types. Now is the time to consider your ideal home's location and amenities.

4

Negotiate

Reach an agreement with the seller on price and terms. Once you have seen a home you like, you can put in an "offer," which is a non-binding agreement to pay a certain price for the home. If your offer is lower than the list price, the seller will likely return with a "counter offer" price, which you can choose to accept, reject, or make another offer. Your Compass agent will provide advice on pricing throughout.

5

Retain a Lawyer

It is best to work with an attorney who specializes in Hamptons property sales. Your attorney's job is vital to protecting your interests, and they have an incredible amount of paperwork to review on your behalf. Therefore, you want to select an attorney who is familiar with these transactions. Your real estate agents can provide you a recommended list of well-regarded attorneys.

6

Obtain a Home Inspection

A qualified home inspector can determine the overall condition of a structure including exterior and interior materials quality, appliance performance, and level to which mechanical systems are functioning. Where applicable, inspectors will check for termites and if a buried oil tank is present, a soil test may be advisable.



7

Review

Working with your attorney, analyze the contract of sale, home inspection, survey, and updated certificate of occupancy (typically provided by the seller).

8

Sign Contract and Put Down Deposit

The deposit due on contract signing is typically 10% of the purchase price.

9

Schedule an Updated Survey

A qualified, local land surveyor will provide you with an accurate depiction of the property's boundaries including all structures, hardscaping, clearing calculations and lot size for your agent and attorney to review with you. Please allow 2-5 weeks for your survey to be completed. Your attorney typically schedules an updated survey.

10

Bank Closing Documents Clear You to Close*

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11

Closing

Final walk-through with your agent. Sign the closing documents and transfer the balance of money owed.



Congrats,
you are now a
homeowner!



Key Terms

APPRAISAL

Assessment of the property's market value, typically done for the purpose of obtaining a mortgage.

SURVEY

Precise map of the property outlining the property boundaries including existing structures, hardscaping, clearing calculations and lot size.

CONTRACT DEPOSIT

A percentage of the agreed-upon purchase price paid by the buyer at the time of signing the contract.

CERTIFICATE OF OCCUPANCY

Document issued by the local township or village certifying the property and encompassing structures comply with local building and zoning codes.

DEBT-TO-INCOME RATIO

The percentage of an individual's monthly gross income relative to the amount of debt owed.

COMMUNITY PRESERVATION FUND TAX

Tax levied by the Towns of East Hampton, Riverhead, Shelter Island, Southampton and Southold on each real estate transaction equaling 2% over \$250,000 of the purchase price. The funds are used to preserve open space and farmland in the five participating East End towns.

MANSSION TAX

Tax levied on the sale of homes with a purchase price of \$1M or more equal to 1% of the purchase price.

CLEARING CALCULATION

The percentage of a lot that can be cleared of its natural vegetation. Please consult your real estate agent or attorney for specific property calculation requirements as zoning can be governed by different calculations based on lot size and location.

LIEN SEARCH

A background check on the property and the seller to ensure there are no outstanding debts or claims upon the property.

POST-CLOSING

The amount of cash the buyer must have on hand after deducting the down-payment and closing costs.

PRE-QUALIFIED

Potential buyers provide an overall financial picture and mortgage brokers provide an estimate of what level of loan you will likely be pre-approved for.

PRE-APPROVED

Advanced approval from a bank or other lending institution for a home mortgage.

RECORDING FEE

A fee paid to the local government to officially report a sale of a home; usually paid by the buyer.

NY STATE AGENCY DISCLOSURE FORM

Form required by the Department of State disclosing to sellers and buyers who specifically the real estate broker is representing; the buyer, the seller or acting as a dual agent. Please refer to the form for more information or speak with your real estate agent.

* only applies if you're paying through a mortgage

Typical Costs of East End Transactions

FOR THE SELLER

New York State Real Property Transfer Tax
"Deed Stamps"

ESTIMATED COST

0.4% of sale price

Other closing costs to the seller include attorney fees, brokerage commission, capital gains tax and, if necessary, costs to remedy non-compliance issues.

FOR THE BUYER

Town Peconic Transfer Tax

ESTIMATED COST

For the town of East Hampton, Southampton and Shelter Island, the tax is computed as follows:

2% on the value of all improved residential property over \$250,000.

2% on the value of all residential land over \$100,000.

The first \$250,000 of consideration for improved land is exempt. For unimproved land the first \$100,000 of consideration is exempt.

First time home buyers are exempt if they meet the criteria. Speak to your mortgage broker to see if you qualify.

Mortgage Recording Tax

1% of mortgage, paid by borrower (.2% of mortgage recording tax is generally paid by the lending institution resulting in a cost to borrower of .8% of the amount of the loan.)

Additional New York State Real Property Tax
"Mansion Tax"

1% of sale for sale prices of residential properties over \$1,000,000.

Approximate Title Insurance Premiums

Title insurance for financed (i.e. mortgage loan) transactions will cost approximately 12% over the below rates.

\$250,000 to \$500,000: \$1,200 to \$2,200

\$501,000 to \$750,000: \$2,201 to \$3,000

\$751,000 to \$999,000: \$3,001 to \$4,000

\$1,000,000 to \$1,999,999: \$4,001 to \$7,100

Other costs to purchaser at closing may include legal fees, survey, applications for certificate of occupancy, fuel adjustments, inspections, credit to seller for property taxes and if there is a mortgage, additional fees such as application, appraisal, credit, legal, points, property insurance, mortgage insurance, prepayment of a property tax as well as a mortgage payment. If there is a mortgage involved, the lender will provide a written estimate of closings costs. If there is not a lender, it is recommended that the purchasers ask their attorney for such an estimate prior to signing a contract of sale.