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Nadeska Alexis:

Hey I'm Nadeska, and this is season two of Beginner to Buyer. Beginner to Buyer is powered by Chase Home Lending. You can get lots of helpful tools and resources to buy your first home by visiting [beginnertobuyer.com](https://beginnertobuyer.com). Hopefully by this point we've given you a much better understanding of market conditions and how interest rates are going to factor into your financing choices. Since so much of the process is driven by financial considerations, you need to have people on your side who you can trust to help you make the best decisions. But since we're used to doing everything online these days, it can be really easy to overlook the importance of building those strong relationships. It's something our recent home buyer knows a lot about.

Joe Karlsson:

My name is Joe Karlson. I'm a software engineer and I just bought a house in St. Paul, Minnesota.

Nadeska Alexis:

Joe, congratulations on the new house. How's it been so far?

Joe Karlsson:

Oh, so good, and thank you so much.

Nadeska Alexis:

Clearly from your job, I can tell you're a very tech-savvy person. So once you decided to start looking for a home, did you start searching online or did you immediately reach out to a realtor?

Joe Karlsson:

Pre-realtor it was all on Redfin and Zillow just kind of scoping the market out. And a lot of times it was just me walking around the neighborhood and just seeing what homes are worth. From my perspective, I just didn't really have, I didn't know what square footage meant, or even what home's value really was. So just trying to get a feel for things and just looking around online for what I like and don't like, and what's reasonable was kind of how I got started.

Nadeska Alexis:

You're actually the first home buyer I've met who just walked around the neighborhood scouting. I like that. So you attacked from all angles basically. I mean, what even led you to wanting to purchase your first home? What was your living situation prior to this?

Joe Karlsson:

I've been renting my whole life, with roommates until recently, but I've been living alone for the last two years in an apartment building. I love decorating, interior design, fixing things up. I'm very hands on with

whatever. And I was feeling I was reaching the limits of what I could do for customizing my apartment spaces. Landlords don't like you painting or drilling holes in the wall or knocking walls down or redoing, and not that I want to improve the value of my landlord's property while I get nothing out of it either. So I was just feeling like I wanted to do more of it. And I had heard too, homes can be like, if you want to do investments, you can invest other ways if you don't like doing home fix up projects. But I do like that and I'm also investing in it. So it's a win-win. So, yeah.

Nadeska Alexis:

Home improvement projects are amazing. I think they're a lot of fun personally, but I know not everybody feels that way. So once you started looking around, seeing the value of homes, understanding square footage, tell me about the list of things that you came up with that you needed to have in a house, and things that you were maybe willing to compromise on.

Joe Karlsson:

Early on I was kind of flexible. I was thinking maybe a duplex, maybe I'd rent out the lower half to somebody. And then I was kind of like flexible on styles and locations, neighborhood, specific styles, mid-century, or a Tudor, or a storybook home, or whatever. I was kind of open to it. I wanted to explore them more. But things like, I knew I wanted laundry. I knew I wanted a garage. I knew I needed a space for a home office. And then I also was looking for a yard to do some gardening. I just have never had a plot of soil before. And then I also had some nice to haves for me. For me, I put the list together to help communicate to my realtor what I was looking for in a home.

Nadeska Alexis:

I'm sure that was super helpful for the realtor, because a lot of buyers are still trying to figure out on the go what they want, which is challenging. So once you had that list, you communicated that to the realtor. Tell me a little bit about that relationship. Did you find your realtor to be super helpful during the process?

Joe Karlsson:

My mother told me that it should be very important to get a realtor that has a lot of experience. Having her connections for kitchen designers, remodelers, contractors in the area. And even getting this house, I was able to get it pre-market due to her connections.

Nadeska Alexis:

Really?

Joe Karlsson:

Which was helpful. Yeah. Yeah, yeah, yeah.

Nadeska Alexis:

That's a huge one. Having recommendations for things like contractors is important. I think in any city in America that can be a super challenging situation. So your realtor definitely hooked you up. I'm happy to hear that. And tell me about now, so your parents, were they advising you throughout this entire process? Did you lean on them early on?

Joe Karlsson:

I did, yeah. I have a sister too who's extremely helpful, but my parents were both helpful. I don't know, my mom used to work as a office manager for a local realty company, so she knew a lot about the business, how it works kind of behind the scenes, and she was really helpful for kind of helping me with that. My dad's really helpful for the practical dad stuff, like building or whatever. Foundations and yards and grading or whatever. And my sister was just helpful, because I think she gets the kind of vibe I was looking for in a home too.

Nadeska Alexis:

Okay. So you had a really strong team behind you. Basically the entire family gave input, plus you had your realtor. So then how many places did you actually look at before you decided that you found the one?

Joe Karlsson:

Yeah, I'm trying to think, because we probably went house hunting with my realtor three times, and I think each time we probably saw five homes. Probably 15 to 20 homes we looked at before I made an offer on one. There was a couple I thought about making an offer on and my realtor actually talked me out of it.

Nadeska Alexis:

How come?

Joe Karlsson:

Podcasting is hard to convey this. I'm six two and just a big man, and a lot of the homes we were looking at, I was in the second story, hunched over scrunching my shoulders together, trying to fit. She's like, you just don't fit in this home. It's probably not a good pick.

Nadeska Alexis:

I was surprised that she had to tell you that. Did you not feel uncomfortable? Your shoulders weren't starting to hurt at some point?

Joe Karlsson:

I mean, I was. I know, but that's the thing. You tour a home for 10 minutes and you're like, this is fine. But 15 years from now, am I going to still be like, I'm going to have a permanent hunch. Is that still going to be fine? Probably not. So after that, we just decided to start looking for bigger, taller homes where I could physically fit in the space better. But that was helpful. That's something you don't get from looking online.

Nadeska Alexis:

Okay. So I'm glad you found somewhere where you could actually stand up straight every day while taking a shower. You actually had an experience that not a lot of first time buyers do. You got to meet the previous owners, didn't you? What was that like?

Joe Karlsson:

Yeah, is that rare? I didn't even know that was rare.

Nadeska Alexis:

Yeah, in some cases, I've had an awkward experience where I've gone to tour a house and the previous owner was actually onsite following me around. I found that to be very uncomfortable. But a lot of times you don't necessarily have interactions with them until a closing table, but sometimes, like in your case, of course, that can be different. So why did you end up meeting them?

Joe Karlsson:

Okay, that it reminds me, my realtor told me when we were touring homes that you shouldn't say anything in the home, because a lot of homes these days have cameras. So it's like they're digitally following around, even if they're not physically there. No, it was I met them, my realtor asked if I wanted to and I was like, do I? And I was like, yeah, I do. So we met with them on the day I closed. They took me on the tour of the home and it was really great. So I asked them, what's the neighborhood like? I wanted to know all the gossip and tea about the neighborhood and the neighbors. Who's this person? Who's that? So I've made a list of the names of the neighbors and what their vibe was like. You know what I mean?

Nadeska Alexis:

Smart.

Joe Karlsson:

I wanted recommendations for local bars, grocery stores, pizza delivery places, Chinese food. You know what I mean? What places do they recommend in the neighborhood I should check out.

Nadeska Alexis:

I think that's just nice in general. That's a good energy to enter a new home with, right? Because this is somewhere you want to spend a lot of time. So I'm sure at some point you had to work with a mortgage lender. What was their role in this process? How did they help you get ready for this?

Joe Karlsson:

Yeah, I mean, a lot of the math numbers and loan stuff I didn't understand. So it's a lot of me googling and asking dumb questions.

Nadeska Alexis:

No such thing.

Joe Karlsson:

I had a lot of phone calls. I know, and they were good about that. I think a good realtor or mortgage loan officer shouldn't make you feel stupid for asking dumb questions about their job, right? Or about what you're doing. Because I mean, this is the largest purchase I've ever made and likely will make in the near future. And I wanted to make sure I understood fully what this... I didn't want to take it lightly.

Nadeska Alexis:

So tell me, Joe then, in your own words, what does homeownership really mean to you?

Joe Karlsson:

Home is where the heart is. I don't know. I live alone. I don't have a family here. I don't know. I feel like home for me is a community. So it's been important to me to get to know my neighbors. Helping them with their yard work or homework or whatever. It is helpful. I don't want to be a shut in and I want to be a contributing member of this community.

Nadeska Alexis:

Okay, good, you're building the community, plus you're going to make a really cool space where I think all your neighbors are going to want to come hang, which I think also-

Joe Karlsson:

Hopefully.

Nadeska Alexis:

It's important. You could be the guy in the neighborhood, which is awesome. So we do have a team of experts joining us on the podcast so they can answer any questions you have. So if there's any question at all that you might have, even about your home further down the road. It could be about equity, it could be more about the upgrades you should or shouldn't do. If you have any question, I would love to hear that so I could take it back to our experts.

Joe Karlsson:

Okay. So I live alone and I've been talking, I have a partner and trying to figure out if they moved in. And I know there's these things called, I think they're home, I can't remember. There's a homeownership agreement. It's basically like figuring out the terms of moving in with somebody who owns a home, and they're not the existing homeowners. Like equity and splitting the bills and that sort of thing too. I'm trying to figure out what's a good way to do that and how to handle equity, because I'm working on the house right now. I paid for it. I'm putting a lot of money into fixing it. So if they moved in, there'd be a lot of equity mismatch from the initial price and the sale price. So I'm just trying to figure out how that potentially could work.

Nadeska Alexis:

That's a really, really great question. All right. I'm definitely taking that one back to the experts. Joe, thank you so much. I hope you have an amazing year in the house. Have fun doing all of your repairs. And please, we need the tour once you're done.

Joe Karlsson:

Absolutely. Follow me on Twitter, it's the best place to get tours.

Nadeska Alexis:

I love how Joe tapped into his network to find referrals and get advice. He did a really great job of putting together a team that had his back. Ryan Serhant joins me now to talk a little bit more about why these relationships matter and how to nurture them.

All right. So Ryan, it's really good to have you back on season two of the podcast.

Ryan Serhant:

Thank you for having me. I'm happy to be here. I love being asked back, right? That means we did a great time the first time.

Nadeska Alexis:

Exactly. You did an excellent job. So we have a lot more questions for you this time around. And of course, since the last time you and I spoke, honestly, the housing market hasn't cooled down too much. And a lot of buyers, especially first time buyers are feeling pressured to move very, very quickly if they see a home that they like. So I'm curious if you've seen any sort of big shift to buyers conducting a lot of the home buying process online since there's so many tools available for that now.

Ryan Serhant:

I mean, I have seen a shift. The market has started to, I wouldn't say soften, it started to normalize. What we saw in 2020 was an abrupt halt, a screeching halt as life came to a stop, and then everything became really, really crazy and overheated. And that led through last year, right? And now this year people are going back to normal in part because a lot of people that needed to buy bought already, and a lot of other people are now looking at really high prices or prices that have raised in some places as much as 50% over the numbers that we were talking about in 2019. They're looking at double interest rates now compared to what they could have done a year ago. And buyers are saying, you know what? Maybe I just take a second, but rents are incredibly high. So it's almost like, well, where are you going to go? Rental numbers are very, very high. So your monthly payment to own a home in the United States now is just, it's gotten higher than it was. And so, it's pushing some buyers to move faster and to get off the fence, and pushing other buyers to say, you know what, I guess I'm just going to renovate my kitchen. I'll live.

Nadeska Alexis:

I'll survive for now. Yeah, well, so those people that it's pushing to get off the fence, because like you mentioned, people looking at mortgage rates, if your monthly rate is lower than renting and you can afford the down payment, it might make sense to take that leap. And a lot of them are browsing, and some people are getting to the point where they might even try to put an offer on a house without even seeing it in person. And I think that's more appealing probably to younger buyers who are used to making those transactions online. But I'd love to go through some of the pros and cons to this approach with you. First of all, are there any pros to putting an offer on a house without seeing it or going through that entire process without really having a face-to-face or a phone call with a broker?

Ryan Serhant:

Yeah, I mean, the pros can be that you can move much faster than anybody else who's going to need to get in their car and drive to the house and set up the appointment or get on an airplane and go and you see it. If you are comfortable with the property, if you know the location, you know the area, and you understand the downside risks of potentially closing on something you haven't seen, then move forward as quickly as you possibly can. The pros can help you win deals if you're willing to move that quickly. And depending on your market, and how offers are done, most times there is a due diligence period where you can get your money back, right? You have either three day, seven day, 10-day due diligence periods, right? Escrow periods, where then, okay, now you've won it. Now let's go and get a home inspection.

Now let's go and take a look at it. Now let's go and see what it is, what it actually is like, and maybe the corner's too loud, I don't know.

Nadeska Alexis:

So how are you currently advising your clients? So we're going to talk of course about some of the benefits of working with a real estate agent. As you mentioned, rates are climbing, prices are dropping a little bit. How are you advising them to move forward?

Ryan Serhant:

I'm advising everybody to move as quickly as you can.

Nadeska Alexis:

Still?

Ryan Serhant:

I don't think rates go materially lower. I don't think we're going to see two and a half percent, 30-year fixed for a long time. I think that if you can get a great deal today, you're not buying the time, right? You're buying the home. You're going to live here for a long time, and if rates do go down, then great. Guess what? You can refinance. It'll be amazing, right? Banks love refis. Go for it. But you should not pass up a great home or the opportunity to better your life, to get that extra bedroom, to get into that school district, to move, to have fun, to do a design project because you're afraid of the future. You might buy the same house next year, but you're probably going to pay more per month to own it. So why wait?

Nadeska Alexis:

Why wait? All right. That's really, really good advice, and this is good advice that you would get from working with a broker and not necessarily just figuring out everything yourself online, but if you are working with a broker and you're unhappy with that person, what are the signs? How does a first time buyer know when it's really time to try someone new and not really keep pushing on with the relationship that's not making them happy?

Ryan Serhant:

Consumers have the right to work with whoever they want. If you don't like your agent, do not work with them. I think you want somebody who's in your corner, who knows what to look for, who knows to tell you, I know you like this house and I know you think it's a good deal. I think you're going to grow out of it in a year. And I've seen this happen with lots of my clients, you're going to get stuck. So let's not buy this. Right? You want to work with an agent who is going to have your back, and is going to help you think about the things that you might not think about, because this is not what you do all day. Great real estate agents sell houses every hour. They know what to look for, they know what the good deals are, and you want that type of person there.

Nadeska Alexis:

So even if you do find what you feel like is right now, the home of your dreams, things change. Life changes. Tell me some of the benefits you feel of keeping in touch with your real estate agent past that purchase.

Ryan Serhant:

Yeah, I think it's the real estate agent's job to keep in touch with you. If you're a home buyer or a home seller. Even a loan officer, right? It's the real estate agent's job to keep in touch with everybody else. A huge part of my business is on our follow back process. Right? I believe in the three F's, follow up, follow through with what you say you're going to do, and then always follow back. You're touching base.

So you want to stay in touch with your realtor to know, hey, just keep me posted on what the comps are. Like, what's closed? Send me an email every couple months, touch base with me. And a lot of great realtors become great friends for people. And as you're buying a home, I'm telling you, if this is the first home you've ever bought, you're going to become addicted. It is a fun process. It can be very stressful, but you kind of like the adrenaline. And your realtor is the person who's going to be there and help feed the addiction a little bit. And they might be the ones to also tell you, hey, so glad we kept in touch. I have a buyer who might be interested in buying your house, and I think the market's going to turn in a year or so. If you're thinking about selling in the next year or two, this might be something you want to do. Can I show your home next Tuesday at five? If you're keeping in touch with your realtor, they're going to keep in touch with your investment.

Nadeska Alexis:

Wow, that's incredibly helpful. And say there's someone who did go that route of purchasing and doing the entire process online without necessarily working with a broker, but maybe they're in the market for a new property or they're just keeping their options open. Is there a way for them to build a relationship with a broker without necessarily being actively ready to buy in the next few months?

Ryan Serhant:

Oh yeah. I mean, I have plenty of quote unquote clients who have never bought or sold anything with me.

Nadeska Alexis:

Oh, great.

Ryan Serhant:

But one day they will, and my hope is that they'll buy or sell through me. I am a purveyor of information, and all I do is think about real estate. So I love talking to people who own homes, or will one day buy one, because I know that that's my investment of my time into that future client.

Nadeska Alexis:

All right, so Ryan, we do have a question from one of our homeowners who's going to be featured on this season of the podcast.

Ryan Serhant:

Awesome.

Nadeska Alexis:

So because prices have been so high, people have been really creative about finding new ways into homeownership. For example, some people obviously purchasing with friends even, or maybe they



already own a home and they want to add a future spouse. So this question is about homeownership agreements, and this is from Joe Karlson. So his question, what's the best way to figure out the terms of adding someone to the home's title, and then sorting out the equity mismatch later?

Ryan Serhant:

Wow, that's a good question. I will be honest, I've never done that before. There are companies that can help you do it, but I would always consult an attorney. Right? If you're going to co-own a home and co-own an investment with any other individual, that is something that you're going to want to discuss with an attorney to make sure that your rights are protected. Right?

And then I would also ask, is this an investment? Is this a rental property? Is this a vacation home, a second home, in which case you want to use it, but you're not going to use it all the time. So it makes sense for you to buy it with somebody else. Because it's not about the purchasing, right? It's about what happens after that. So if you are co-purchasing with somebody or co-owning, what if they then decide, oh, they're moving to South America, they don't need this, they're going to sell it. Are you okay with them selling that portion to anybody? Do you want to stay in it? Do you want to have the right of first refusal to buy back that percentage? All of that stuff has to be figured out, but that would be my advice, to always consult an attorney and do your research.

Nadeska Alexis:

All right. Thank you. That's really good advice and some great insight. We'll take that back to Joe.

And so we have another, it's a bit of a standalone segment. So you touched on some of this already, but just for the sake of this segment, okay. So Ryan, another question for you when it comes to money matters, how can having a strong relationship with an agent benefit you financially during the buying process?

Ryan Serhant:

A strong real estate agent is going to save you money during the buying process, because unless you are also a real estate agent who's bought and sold many properties, or has helped clients do it, I promise you, you do not know everything that you need to know when spending hundreds of thousands, if not millions of dollars. A great realtor will negotiate a great deal for you and will be able to tell you what's standard and what's not standard. They'll be able to tell you, hey, here's what I think we can get, right? They're going to have the information. They're going to say, hey, here's a trend that's happening right now in this market. Everybody is getting X, Y, and Z. So I'm going to make sure I get that for you too, because the agent wants to be your best friend. They want you to think about them and refer them for the rest of your life. As you have your housewarming party, the agent wants to be there with cake and meet all your friends who wish they had their own houses. That's how the real estate agent builds their career and builds their entire business.

So in the buying process, the agent is there to help you get the home you want, negotiate the best deal, and to save you money and to protect you. And an attorney is also there to protect you as well. So I always tell people to make sure you review a contract with an attorney, make sure you know what you're getting into, make sure you understand all of the upside and all the downside, right? I think that's what we learned from 2008 with the subprime mortgage collapse. Don't sign anything that you're not fully aware of. Always read the thin print and work with professionals. There's a reason they're called professionals, they know what they're doing.

Nadeska Alexis:

Absolutely. As you mentioned, an agent is really helpful when it comes to negotiation, which is a very intimidating step in the buying process. So I'm curious when it comes to making the offer, which is really that first huge step you're taking forward, how much input do you usually give your buyer? I know some agents will give some advice, but really try to defer. Do you usually come up with a number that you think makes sense for them or do you try to leave that to the buyer?

Ryan Serhant:

Oh no, we never leave it to the buyer. Oh my goodness. Oh [inaudible 00:23:30]. No, my job is to work with a client and give them as much information and educate them as best as I possibly can on where I think this trades and then lead them to the best starting price.

Now listen, there are properties where we sell where I know that it's under priced and it's going to sell at the ask or over, and I know that if I know that, other people know that. So we should start above if you want this, or we should start at least at the asking price and push for acceptance. I work with clients all the time where they see things that they like, and I know that they've been on the market for a while, so we have a lot more flexibility, right? We can ask for contingencies, we can offer 10% off. We can ask for closing delays. There's a lot you can do.

And with a lot of people today who are potentially saving up money, oftentimes you can do a rent with an option to purchase, right? Or you can do a delayed contract with an occupancy agreement. There's lots of ways to, so to speak, skin the cat when purchasing or when moving.

Now, when there's no inventory and it's the only house that's come on the market in the entire week, unfortunately you're not going to have those options. But then I would tell you, why are you looking just in that neighborhood? There's other neighborhoods, there's other places, there's other markets, and don't fall in love with any one particular property, right? That's just going to set you up for heartbreak and disappointment, right? You should like what you're buying. You should understand the investment potential.

Nadeska Alexis:

Taking on a fixer upper obviously is not a cheap endeavor, but at this point, if a buyer's looking, they're not finding too much inventory, at which point should you be flexible with taking on some renovations, but also being mindful of your budget?

Ryan Serhant:

And again, it all comes down to the deal, right? If you're looking at a house that's a million dollars or a house that's 800,000, and they're about the same, but the \$800,000 house could look like a million dollar, 1.2 million house with \$150,000 worth of work, and you're willing to spend the cash and put in the time and the effort and the headache to do that work, then maybe that's the better deal, to be honest. But if you don't have that time and you're really busy at work and you just had your 17th kid, then maybe it makes more sense just to buy the house that's fully finished. You can just move in and put that dining table together and then just be done. It really depends.

I am a big believer in value add. Every property I've ever bought I've done work to, because doing renovations and doing work is a total pain, and it's not for everybody, which means that fully finished product is for almost everybody, right? People don't know what they want until you show it to them. So once you fix up your property and you want to sell it, or you want to rent it out, that potential purchaser or tenant's going to walk in and say, oh, this looks great. Just make sure you do it the right way, right?

Make sure you do it the right way. Don't be penny wise and pound foolish when it comes to renovations.

You have no idea how many properties I've walked through where the seller tells me that their home is so beautiful and worth so much money, and they did so much work. And then I walk through and I'm like, so where's the work? Like oh, well, we redid half the kitchen four years ago. Well, what about the other half? Oh, we didn't think it was necessary. I'm like, yeah, but now you've got white oak cabinetry on the right side, and you've got maple cabinetry on the left side, and you've got new appliances here, but then these drawers are creaky here. This whole kitchen now needs to be gut renovated, and how come you then didn't touch the bathrooms? Like, oh, well, the bathrooms are fine, but they're totally fine. They're like new. I'm like, that's not the same. So if you're going to do it, actually do it. Don't not do it.

Nadeska Alexis:

Great advice. Ryan, thank you so much. As I mentioned, great to have you back. You always have incredible insight for us.

Ryan Serhant:

Thank you for having me.

Nadeska Alexis:

Of course. Hopefully you'll be back for season three.

Ryan Serhant:

Awesome.

Nadeska Alexis:

Whether you're going through the home buying process online or you're doing it in a more traditional way, I think it's really clear from our Homeowner Joe's experience and from Ryan Serhant's advice that building relationships can benefit you in multiple ways. So join me next time as we take a deep dive into all the financial considerations surrounding home buying and homeownership. Until then, you can learn more by visiting [beginnertobuyer.com](http://beginnertobuyer.com). And of course, you can always check out season one as well. Beginner to Buyer was created by Magnet Media and Chase Home Lending. Our executive producers are Ashley Bobo and Akosh Vaswani. Our lead producer is Pamela Lawrence, and our media editor is Matthew d'Pietro.

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