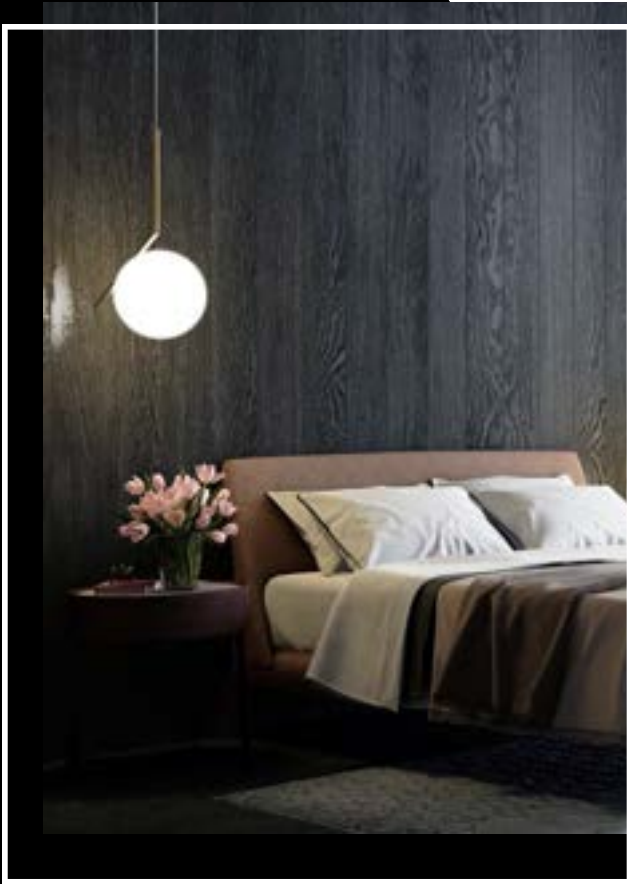




A BUYER'S GUIDE

ROADMAP TO YOUR DREAM HOME



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Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.

- Franklin D. Roosevelt



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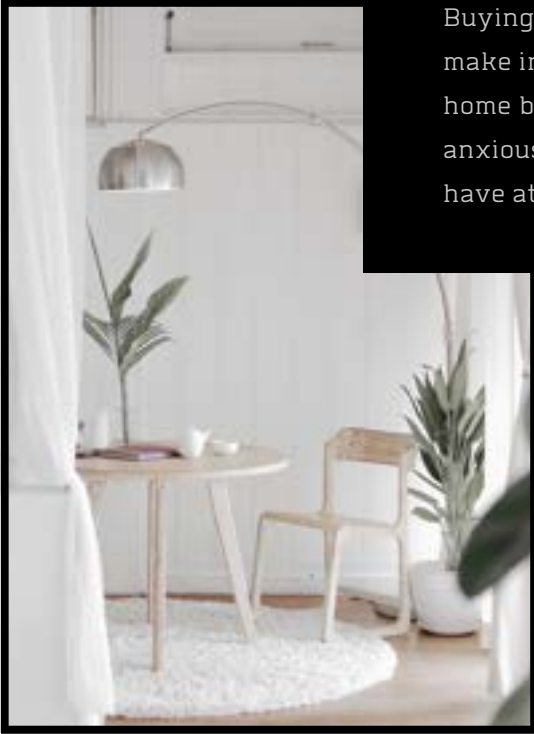
HOME BUYING PROCESS

PACKING & MOVING

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Home Buying Process



Buying a home is one of the biggest, most important investments you'll make in your life. It could also be stressful, especially if you're a first time home buyer or if you don't quite understand the process. Before you start anxiously shopping for properties, make sure you're ready and that you have at least the basic understanding to make it as smooth as possible.

Get your finances in order.

The first step is to fully understand your finances. It is important and necessary to help you determine your budget or how much home you can afford.

Get a pre-approval letter from your lender.

A pre-approval letter will prove that you are a serious buyer with the means of purchasing property. It also provides you with an exact monthly budgeting tool to set you up for success.

Commit to your real estate agent.

Your agent will dedicate their time and experience to finding and helping you get into your new home.

Start your home search.

Preview homes that meet your search criteria.

Make an offer on your home.

Put an offer in, negotiate the offer and get the home under contract.

Schedule a home inspection.

Get a home inspection done on the property.

Get a home appraisal.

Have your lender order an appraisal on the home.

Do a final walk-through of the home.

Walk through the home a final time before closing to ensure any repairs are completed and the home is in order.

Close on your loan.



01



Review Your Finances

REVIEW YOUR CREDIT REPORT AND KNOW YOUR CREDIT SCORE

Start with your credit report, a local loan originating professional can assist you in this. **Do not skip this step.** You should know exactly where you stand as most lenders and loan programs have minimum requirements that must be met. You may also see errors on your credit report that need to be addressed and/or disputed which may take time to correct. Lean into your resources in finding a valued loan partner so that there are no surprises through your financing and buying journey.

CREATE A REALISTIC BUDGET

Next, create a budget - a financial plan that helps track and control your spending and allows you to save money. A budget shows you exactly how much money you make and how you spend your money. If you manage your budget, you'll spend less than you make, allowing you to save for your home purchase.

SAVE FOR DOWN PAYMENT AND CLOSING COSTS

For down payment, most loan programs allow a minimum of 3-5% down and some require none, such as government-backed programs offered by the VA and USDA. However, there are benefits to putting a larger down payment so consider putting down more towards your home. *consult with your loan partner to find out specifics for your financial and buying situation*

For closing costs, expect to pay between 3-5% of the purchase price. These costs are incurred to facilitate the purchase transaction and include lender fees, title fees, recording fees, etc.

02

Get a Pre-Approval

A pre-approval is not a commitment to lend; it is simply how much your lender is willing to lend to you - pending forthcoming details, such as the value of the home and the specifics of your loan. It allows you to look for a home with greater confidence and demonstrates to the seller that you are a serious buyer.

Pre-approval letters have an expiration date so be sure to ask your lender how long your letter will remain valid.

To get pre-approved, you'll complete your lender's loan application, providing them with important information about your credit, debts, work history, residential history, and down payment. This information helps your lender evaluate your "4 Cs" to determine how much you may be qualified to borrow.

The "4 Cs" refers to the four lending criteria lenders use to evaluate the strength of a loan:

- Capacity - Your current and future ability to make your payments. (Income)
- Capital - The money, savings and investments you have that can be sold quickly for cash. (Down payment and closing costs)
- Collateral - The home that you would like purchase and use as security for the loan
- Credit - Your history of paying bills and other debts on time

If your lender determines you qualify for a loan, you'll receive a pre-approval in writing that outlines the maximum amount you can borrow. Remember, it's a maximum, and not necessarily the amount you should borrow. You'll want to stay within your budget and comfort level.

Not sure where to start? Head back over to my website and click the button!

PRE-QUALIFY →

Your Credit Report

This is a record of money borrowed, history of repayment, and how much open credit is available to you. Lenders rely heavily on this information as it signifies your creditworthiness and the likelihood that you'll repay your mortgage. Your credit report details:

- A list of debts and a history of how you've paid them, including credit cards, car loans, and student loans.
- Any bills referred to a collection agency
- Public-record information such as tax liens and bankruptcies
- Inquiries made and if you were given credit based on your inquiry.

03 Commit to Your Agent



As you set out to find the right home for you, be sure to select an experienced, trusted professional who will help you make informed decisions and avoid any pitfalls.

Your real estate agent will be your "wingman," helping you navigate each step of the homebuying process while being readily available to answer your questions. Your agent's job is to help you find a home that meets your needs and budget requirement. Your agent can also provide information on neighborhoods, schools, property tax rates and more and will handle negotiations with the seller when you're ready to put an offer on a home.

04

Start The Search

You and your agent should discuss the first rule of real estate - Location,

It's a key factor on what you can afford, how long your daily commute will be and your designated school district. Ask yourself: Where do I want to live?

Before you begin looking for a home, talk with your real estate agent about what you want in a home, why you want to buy and where you'd like to live.



House Hunting *Tips and Tricks*



Bring your house hunting checklist with you and ask questions.



Know where you want to live, scope out the neighborhood and evaluate the school district.



Bring a camera and take pictures.



Keep an open mind.



Focus on the things you can't change such as the size of the home or number of bedrooms. (Don't focus on the things you can change such as the paint color).

Where do you want to live?



Urban or suburban:

Do you want the convenience and walkability of city life? Or do you want a larger home with a yard, away from the hustle and bustle of urban living?

Proximity to your job:

Are you willing to make an hour-long drive to work or do you want a short commute? Consider your current job and future opportunities.

Access to public transportation:

Do you need access to public transportation to get to and from work, school, or your primary health care provider?

Your Home *Wishlist*

Determine your "must-haves" and your deal breakers. Think about your household now and how your needs may change in the future. It is easy to get overwhelmed with so many possibilities so consider creating a homebuying wish list to narrow down your choices.

05

Make an Offer

Through this phase, you'll work closely with your real estate agent. They'll help determine a fair offer price while making sure you stay within range of what you can afford. They'll also handle all contract negotiations with the seller's agent.

Determine the price

You've found the perfect home, have your pre-approval letter in hand and are ready to make an offer. Now what? Your real estate agent will be by your side, helping you determine a fair offer price based on their experience and the following home, market, and budget considerations:

- Recent sales prices of similar homes in the same neighborhood
- The condition of the home
- The competition (seller's vs. buyer's market)
- What you are willing to pay and can comfortably afford

Decide on contingencies

Contingencies are clauses in the sales contract that would allow buyers to walk away with their earnest money if certain specific conditions are not met. Common contingencies include financing, title, home inspection, appraisal and sale of prior home contingency.



Submit the offer

Next, your agent will draw up the purchase agreement to submit to the seller's agent. The offer will include the purchase price and terms and conditions of the purchase, including:

- Target closing date
- Provisions for certain fees
- A deadline for the sellers to accept or counter your offer
- Any contingencies (e.g. appraisal contingency)

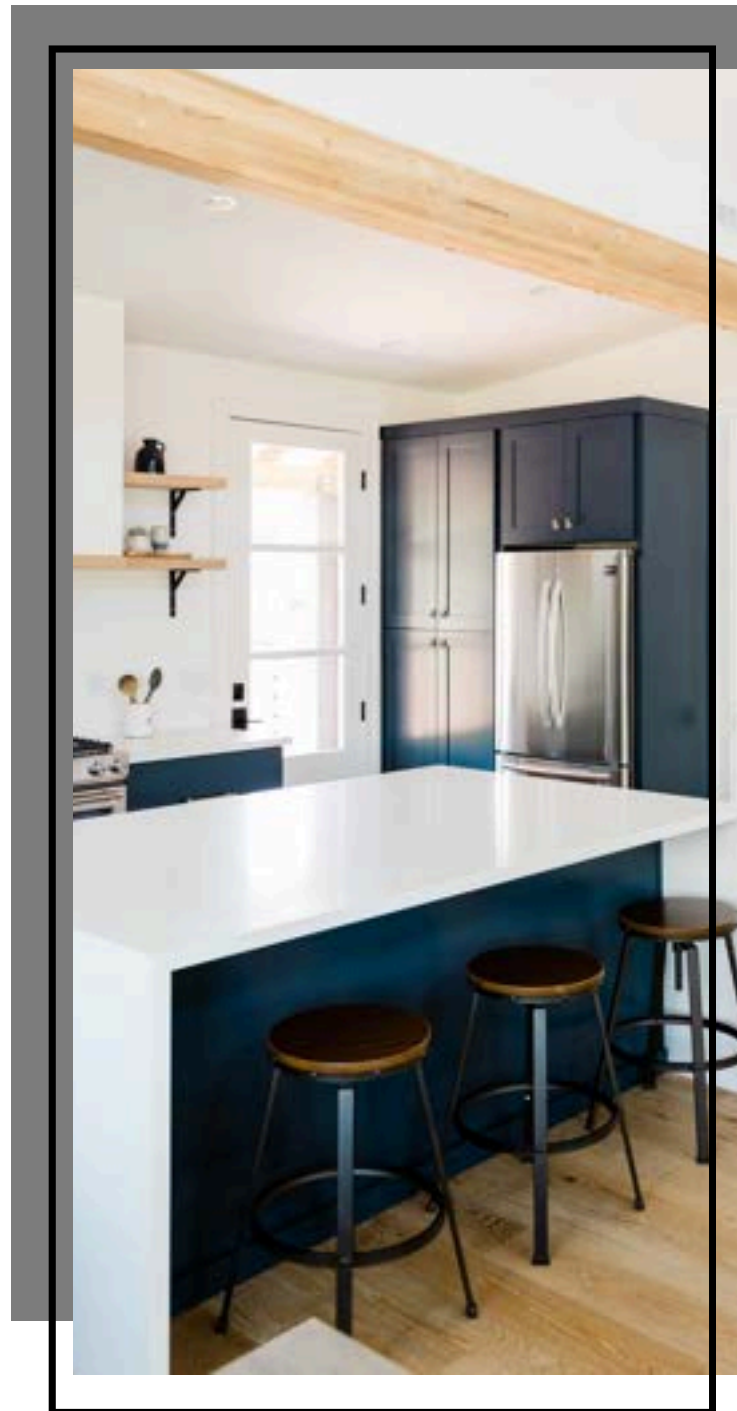
Negotiate the offer

Oftentimes, the seller will counter the offer, typically asking for a higher purchase price or to adjust the closing date. In these cases, the seller's agent will submit a counteroffer to your agent, detailing the desired changes.

Following the counter offer, you have the option to accept, reject, or counter again. Your agent will play a large role during this part of the process, communicating all changes with the seller's agent.

Finalize the contract

The contract is considered final when both parties sign the written offer.



In your written offer, it is highly recommended that you make the home purchase contingent on the appraisal and inspection.

Buyer Tip

06

Schedule an Inspection

Once your offer is accepted, the next step is to get the home inspected. The inspection is not a requirement but is highly advised as it protects you from underlying issues with the home that you can't detect.

Home inspections give you the opportunity to have the home thoroughly examined by a professional before you spend your hard-earned money buying it. It can be well worth it for both peace of mind and the potential cost of trouble avoided. You can choose your own inspector and your real estate agent should be able to recommend several well-qualified home inspectors if you need assistance.

What can you expect from the inspection?

Your home inspector will climb atop the roof and crawl deep into the attic. Their job is to protect your investment and find any issues with the home, including:

- The roof
- Plumbing
- Electrical components
- Appliances
- Heating and air conditioning systems
- Ventilation
- Windows
- The fireplace and chimney
- The foundation

After inspection, your home inspector will provide you with a detailed report on the overall condition of the house, including outlining any issues and necessary or recommended repairs.

Having a home inspection contingency in your purchase contract is important because if any major issues are noted in the inspection report, you can renegotiate the sales price, require the seller to make repairs, or back out of the offer altogether.



07 Get an Appraisal

Even if you've been pre-approved, you still need to take a few additional steps to officially submit the mortgage application. If you decide to apply for your loan with the same lender that did your pre-approval, they already have some of the documents you'll need for your application. Likely, you'll need to provide updated financial statements. If you decide to move forward with another lender, they will tell you the list of documents needed to complete your application.

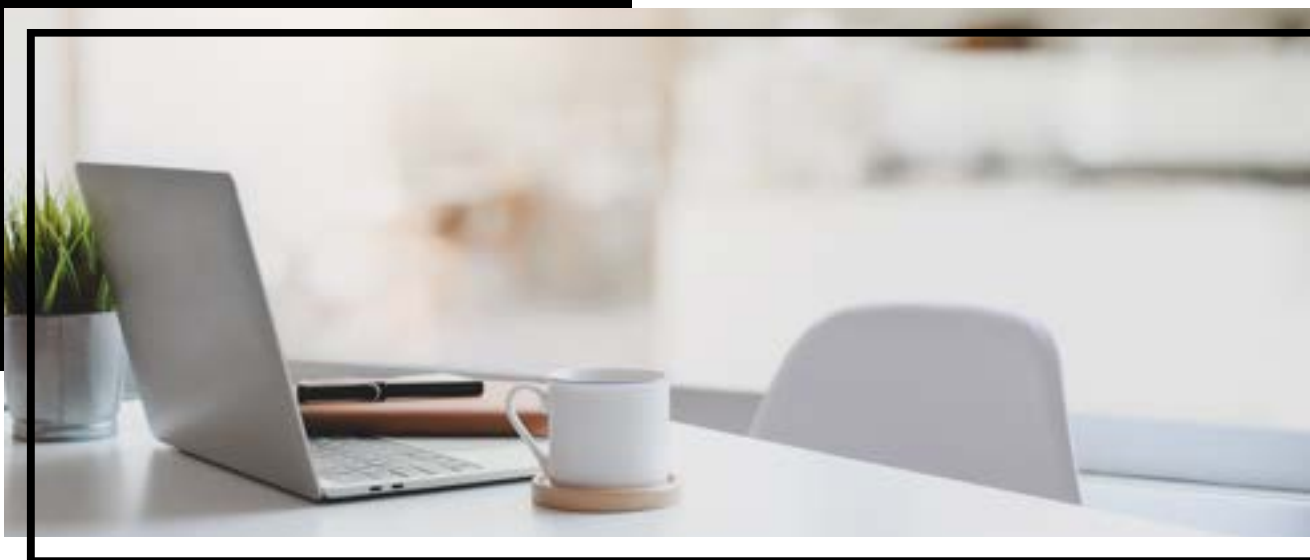
Once you've selected your lender, an appraisal report will be ordered. Your lender will hire the appraiser, so there's not much for you to do here. (Your real estate agent should work with the seller's agent and the appraiser to schedule the appraisal).

Appraised Value?

If the appraisal matches your offer price: You should be clear to close.

If the appraisal comes in above your offer price: Even better! This means not only are you clear to close, but you're purchasing the home for a price below market value, giving you instant equity.

If the appraisal comes in low: Your lender won't approve the full loan amount, as in their eyes, you're overpaying for the property. You'll need to either make up the difference between the appraised value and the offer price in cash or try to re-negotiate the offer price with the seller. If you believe the appraisal was incorrect, you can try to request a new appraisal from your lender.



08 Final Walk-Through

You should do a final walkthrough in your new home before you close, even if you're 100% committed to the property. This time allows you to ensure that the seller has made any agreed upon repairs and has cleared out the property. You should also double-check the home's systems one last time to ensure they are in working order. If everything looks good, it's time for you to confidently move toward closing.



09 Close on Your Loan

Three days before closing, your lender is required to give you the Closing Disclosure (CD), which tells you what you need to pay at closing and summarizes your loan details. Once you've reviewed the CD, it's time to attend your closing. Bring a valid ID, a copy of your CD and proof of funds. You'll sign a settlement statement, which lists all costs related to the home sale, the mortgage note, and the mortgage deed of trust to secure the mortgage note. This is when you will also pay your down payment and closing costs.

After the closing finishes, you're officially a homeowner.

Congratulations!

Packing & Moving

You're officially a homeowner! Now what? It's time to settle into your new home but do you hire movers or do it yourself? As you weigh your options, you'll want to consider both budget and logistics such as distance and time.

Estimate your costs

Professional moving companies have different prices so be sure to get at least three estimates from recommendations by friends, family or trustworthy consumer sites. You'll want to make sure the company is licensed and insured.

If you're thinking of moving yourself, consider the following costs:

- Rental truck (fees typically include the hours used and miles driven)
- Boxes and other moving materials
- Dolly, hand truck and moving straps
- Food, drinks, money or other things of value when asking friends to help

Sort and clear belongings

You'll want to begin this new journey with a fresh start. Go through your belongings and purge what you don't need. This will lighten your load and cost you less when you move. You can donate your things and maybe get a tax deduction or sell them. Either way, it's one less thing to pack.

Pack and move

Start acquiring boxes way before your move so you don't have to pay for them at the last minute. Check out neighborhood online chat rooms for free packing material. Here's what you'll need:

- Boxes
- Packing paper
- Bubble wrap / plastic wrap
- Packing tape
- Moving blankets
- Tools/ screwdriver set
- Markers
- Paper towels
- Ziploc bags (to house furniture hardware)
- Scissors



Buyer Tips

Now that you understand the steps to buying your home from beginning to end, you're well on your way to homeownership. Let's add to this by also understanding best practices during the process. Learning from other people's experiences will help you make wise decisions and will ensure you're doing everything in your power to see it through to closing.

Do's

- ✓ Do check your credit report
- ✓ Do set a realistic budget
- ✓ Do get pre-approved for a home loan
- ✓ Do maintain your credit
- ✓ Do research the neighborhoods
- ✓ Do expect a final credit check before closing

Don'ts

- ✗ Don't make big purchases on credit
- ✗ Don't buy or lease a car
- ✗ Don't co-sign for someone's debt
- ✗ Don't quit or change jobs
- ✗ Don't make unusually large deposits



Real Estate Terms

Real estate is full of jargon and chances are that you will come across terminology that is unfamiliar to you. This is understandable especially if you're a first time homebuyer. Nevertheless, a list of common real estate terms and easy to understand definitions have been outlined here for your reference as you move forward with your home purchase.



Annual Percentage Rate (APR):

The cost of a loan or other financing as an annual rate. The APR includes the interest rate, points, broker fees, and certain other credit charges a borrower is required to pay.

Appraisal

A professional analysis used to estimate the value of the property. This includes examples of sales of similar properties.

Bridge Loan

A short-term loan secured by the borrower's current home (which is usually for sale) that allows the proceeds to be used for building or closing on a new house before the current home is sold. Also known as a "swing loan."

Buydown

A way for a borrower to obtain a lower interest rate by paying discount points at closing.

Cap

For an adjustable-rate mortgage (ARM), a limitation on the amount the interest rate or mortgage payments may increase or decrease.

Closing

The process of completing a financial transaction. For mortgage loans, the process of signing mortgage documents, disbursing funds and transferring ownership of the property. In some jurisdictions, closing is referred to as "escrow," a process by which a buyer and seller deliver legal documents to a third party who completes the transaction in accordance with their instructions. See also Settlement.

Commitment Letter

A binding offer from your lender that includes the amount of the mortgage, the interest rate and repayment terms.

Concession

Something given up or agreed to in negotiating the sale of a house. For example, the sellers may agree to help pay for closing costs.



Contingency

A condition that must be met before a contract is legally binding. For example, home purchasers often include a home inspection contingency; the sales contract is not binding unless and until the purchaser has the home inspected.

Counter-offer

An offer made in response to a previous offer. For example, after the buyer presents their first offer, the seller may make a counter-offer with a slightly higher sale price.

Debt-to-income Ratio

The percentage of gross monthly income that goes toward paying your monthly housing expense, alimony, child support, car payments, and other debts.

Deed

The legal document transferring ownership or title to a property.

Discount Point

A fee paid by the borrower at closing to reduce the interest rate. A point equals one percent of the loan amount.

Down Payment

A portion of the purchase price, usually between 3-20%, not borrowed and paid up front in cash. Some loans are offered with zero down-payment.

Earnest Money Deposit

The deposit to show that you are committed to buying the home. The deposit usually will not be refunded to you after the seller accepts your offer, unless one of the sales contract contingencies is not fulfilled.

Escrow

An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. For example, the deposit of funds by a borrower to pay taxes and insurance premiums when they become due.



Gift Letter

A letter that a family member writes stating that s/he has given you a certain amount of money as a gift and that you don't have to repay it. You can use this money towards a portion of your down payment.

Homeowner's Insurance

A policy that protects you and the lender from fire or flood, which damages the structure of the house; a liability, such as an injury to a visitor; or damage to your personal property.

Homeowner's Warranty

Insurance offered by a seller that covers certain home repairs and fixtures for a specified period of time.

Homeowner's Association

An organization of homeowners residing within a particular area whose principal purpose is to ensure the provision and maintenance of community facilities and services for the common benefit of the residents.

Loan Origination

The process by which a loan is made, which may include taking a loan application, processing and underwriting the application, and closing the loan.

Loan-to-Value (LTV) Ratio:

The relationship between the loan amount and the value of the property, expressed as a percentage. For example, a \$100,000 home with an \$80,000 mortgage has an LTV of 80 percent.

Lock-In Rate

A written agreement guaranteeing a specific interest rate for a certain amount of time. Also called "rate lock."

Mortgage Insurance (MI)

Insurance that protects lenders against losses caused by a borrower's default on a mortgage loan. MI is typically required if the borrower's down payment is less than 20 percent of the purchase price.



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*The major fortunes in America
have been made in land.*

- John D. Rockefeller

Origination Fee

A fee paid to a lender or broker to cover the administrative costs of processing a loan application.

PITI

An acronym for the four primary components of a monthly mortgage payment - principal, interest, taxes, and insurance.

Principal

The amount of a loan that has not yet been repaid to the lender. This does not include the interest paid to borrower the money.

Ratified Sales Contract

A contract that shows both buyer and seller have agreed to the offer. This offer may include sales contingencies.

Settlement

The process of completing a loan transaction at which time the mortgage documents are signed and recorded, funds are disbursed and the property is transferred to the buyer.

Termite Inspection

An inspection to determine whether a property has termite infestation or termite damage. In many parts of the country, a home must be inspected for termites before it can be sold.

Title

The right to and the ownership of property. A title or deed is used as proof of ownership.

Title Insurance

Insurance that protects lenders and homeowners against legal problems with the title.

Walk-Through

A common clause in the sales contract that allows the buyer to examine the property before closing.

