



BUYER'S RESOURCE GUIDE

STEPS TO A HOME PURCHASE

STEP 01

- LENDER PRE-APPROVAL
- PREVIEW HOMES
- WRITE OFFER & NEGOTIATE PRICE

STEP 02

- HOME INSPECTION
- TERMITE INSPECTION
- POST INSPECTION REPAIR REQUEST (IF APPLICABLE)

STEP 03

- SURVEY
- TITLE SEARCH
- APPRAISAL ORDERED BY LENDER

STEP 04

- FINAL COMMITMENT LETTER BY LENDER
- SCHEDULE HOMEOWNERS INSURANCE
- FINAL AMOUNT NEEDED FOR CLOSING

STEP 05

- SCHEDULE UTILITY TRANSFER
- FINAL WALK THROUGH
- CLOSING

Step 1

DETERMINE HOW MUCH YOU CAN AFFORD

Lenders typically recommend homes with a cost no more than three to five times your annual household income, with a 3.5% - 20% down payment and moderate amount of other debt.

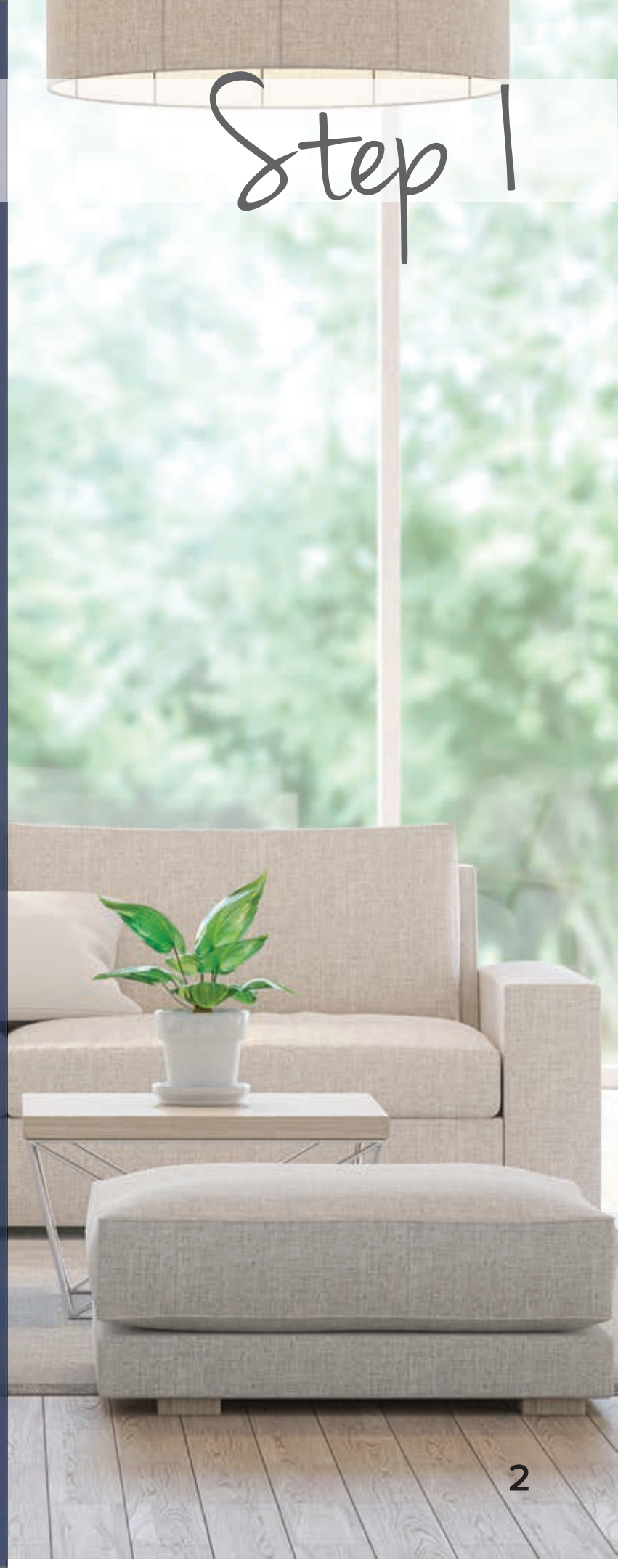
GET PRE-QUALIFIED AND PRE-APPROVED

Initially, you'll provide some financial information to your lender, such as your income and amount of savings.

For pre-approval, your lender will need W-2 statements, paystubs, bank account statements, and to run a credit check.

PREVIEW HOMES & WRITE AN OFFER

After touring homes in your price range, I'll assist you in writing an offer on the right home. We'll present a fair offer based on the value of comparable homes in the area. We may need to negotiate this offer with the sellers until accepted.



Step 2

HOME INSPECTION

The immediate step after making an offer and having it accepted is to complete any inspections that the offer was contingent upon. If one of the contingencies was a home inspection, you'll have a certain number of days to complete this after the offer is accepted.

TERMITE INSPECTION

When purchasing a home, most lenders require a termite inspection to know if the property has been damaged by termites or other wood-destroying insects. If the home has any structural damage, the lender will require the property be treated and repaired.

POST INSPECTION REPAIR REQUEST

(If applicable)

This form will be used after the home inspection if there are any counter-offers to the seller, asking that items considered defective or problems relating to the safety of the home are corrected before closing.



Step 3

APPRAISAL

An appraisal is an estimate of the value of a property. Although the primary goal is to justify the lender's investment, the appraisal can also protect you from overpaying.

Your lender will hire the appraiser and charge you a fee for the service prior to closing.

TITLE SEARCH

Title is the right to own, possess, use, control, and dispose of the property. When purchasing a home, you are buying the seller's title to the home.

Before the closing, a title search will be conducted for any problems that might prevent you from a clear title to the home.

You will also want to determine how you wish to hold title to the property, especially if you're buying with a spouse, partner, family member, or colleague.

SURVEY

A survey is a way to formally define the boundaries of a property. Surveys determine or confirm land boundaries and identify other types of restrictions and conditions that apply to the legal description of a property.



Step 4

FINAL COMMITMENT LETTER

After the lender approves your loan, you will get a commitment letter that stipulates the loan terms and terms of the mortgage agreement. This final commitment letter will include the annual percentage rate and the monthly costs to repay the loan. It will also include any loan conditions prior to closing.

HOMEOWNER'S INSURANCE

Lenders also require proof of insurance on a home before issuing a mortgage. Payments toward a homeowner's insurance policy are usually included in the monthly payment of the mortgage.

FINAL AMOUNT FOR CLOSING

You won't know your final cost for closing until the last couple of days. You'll find the summary of costs on the ALTA Settlement Statement.



Step 5

CLOSING

THE CLOSING PROCESS FINALIZES THE PURCHASE OF YOUR HOME AND MAKES EVERYTHING OFFICIAL. ALSO KNOWN AS THE SETTLEMENT, CLOSING IS WHEN YOU RECEIVE THE DEED TO YOUR HOME. PRIOR TO CLOSING, YOU SHOULD CHANGE ALL UTILITIES INTO YOUR NAME, AND COMPLETE A FINAL WALKTHROUGH TO CHECK FOR ANY OUTSTANDING ITEMS.

A FEW THINGS TO BRING TO CLOSING

- A valid government issued photo ID
- Cashier's check for the total amount due
- Outstanding documents for the title company or mortgage loan officer

WHAT TO EXPECT

The attorney or title company will look over the purchase contract to: identify what payments are owed and by whom; prepare documents for the closing; conduct the closing; make sure taxes, title searches, real estate commissions, and other closing costs are paid; ensure that the buyer's title is recorded, and ensure the seller receives any money due.

YOUR COST

Some of the most common fees include:

- Escrow fees
- Recording and notary fees
- Title search and title insurance
- Origination, application, and underwriting fees from lender
- Appraisal fees
- Local transfer taxes
- Survey fee, if applicable
- Homeowners Insurance
- Home Owners Association fees, if applicable

AFTER CLOSING

Make sure to keep copies of all closing documents for tax purposes.



TIPS FOR USING AN ATTORNEY FOR BUYING REAL ESTATE

WHY?

Buyers may wonder why to use an attorney if they already have a contract with the seller. An attorney who practices real estate law will provide the buyer with experienced insight and expertise, giving them peace of mind during the closing process.

An attorney may provide the following:

DOCUMENT REVIEW

Contacts the seller's attorney to ensure the title commitment (which discloses all liens and titles existing on the property) is reviewed.

Reviews all documents prepared by the seller's attorney for closing, including the deed (which conveys the title to the buyer).

CLOSING FIGURES REVIEW

Verifies closing figures from the seller's attorney. These figures include all expenses concerning the sale and satisfaction of liens and encumbrances on the property.

Obtains the most recent tax information and tax assessment for the property to prepare closing figures.

LEGAL ADVICE

Provides legal advice in any negotiations post-contract, including inspection issues.

Remains available through the closing process and attends the closing to review all documents presented to the buyer.

TIPS FOR MORTGAGE FINANCING

Always check with your lender before doing any of the following prior to closing on your home:

MAKING A BIG PURCHASE:

Avoid making major purchases, like buying a new car or furniture, until after you close on the home. Big purchases can change your debt-to-income ratio that the lender used to approve your home loan and could throw the approval into jeopardy.

OPENING NEW CREDIT:

Do not open any new credit cards or get a loan without speaking to your lender first.

MISSING ANY PAYMENTS:

Pay your bills on time to keep your credit score from dropping.

CASHING OUT:

Avoid any transfers of large sums of money between your bank accounts or making any undocumented deposits, both of which could send “red flags” to your lender.

KEEP THE SAME JOB:

Be kind to your boss and keep your job. Don't begin looking for a new job right now, unless it's a second job to make extra money.



BUYER'S REAL ESTATE GLOSSARY

Active: An “Active” status means that a home is currently available for sale.

Active Contingent: When a home is listed as “Active Contingent” or “Active with Contingencies,” it means the seller has accepted an offer from a buyer and a Purchase and Sale Agreement exists, but that certain conditions (or contingencies) must be satisfied before the sale can be finalized. These conditions may include a home inspection or getting approved for a mortgage loan. Once these conditions are met, the home is no longer listed as Active Contingent.

Addendum: An addendum is a document added to a the parties’ Purchase and Sale Agreement that includes additional contract terms not included in the agreement. Depending on its language, the addendum can override terms in the Purchase and Sale Agreement.

Back-Up Offer: When a home has a status of “Backup Offer,” it means the seller has accepted an offer from a buyer but is still accepting offers from other buyers. Sellers accept backup offers if they think the current offer may fall through.

Binder/Escrow Deposit: Money placed in trust by a home buyer when he or she makes an offer to purchase a home. The deposit is held by the real estate representative, lawyer, or title company until the sale is complete. Your binder/escrow deposit will be applied towards your closing cost. If you back out of the sale due to a failed contingency (e.g., inspection report), you can recover your earnest money in full. If you back out of the sale for reasons not covered by contingencies, you will forfeit your earnest money.

Buyer’s Agent: A buyer’s agent is a licensed real estate agent who represents the buyer in a transaction. The buyer’s agent has authority to act on behalf of the buyer in negotiating a Purchase and Sale Agreement with the seller’s agent.

Buyer’s Agency Agreement: A buyer’s agency agreement, also known as a buyer’s representation agreement, is an agreement signed by a prospective buyer that authorizes a licensed brokerage firm, and usually a specific real estate agent at the brokerage firm, to represent the buyer in buying a home. Prospective buyers sign buyer’s agency agreements to confirm their commitment to working with a brokerage firm or an agent and to assure the firm or agent that they will be compensated if a sale occurs.

Buyer’s Market: A buyer’s market is one in which the supply of homes significantly exceeds demand. Since supply is greater than demand, the price of homes is pushed lower, making them more attractive to buyers. In contrast, a seller’s market is one in which there are more buyers and relatively fewer homes for sale, which leads to multiple-offer situations that drive up prices.

Contingencies: A contingency is an event or condition that must occur before the deal can close. Typically, a buyer will reserve the right to recover the escrow binder if the contingency is not satisfied. For example, if a buyer submits an offer that includes an inspection contingency, the buyer has a specific period during which the buyer can inspect the home and, if it is unsatisfactory, rescind the offer. So long as the buyer complied with the terms of the contingency, she can usually recover her earnest money.

Counteroffer: If your original offer to the vendor is not accepted, the vendor may counteroffer. A counteroffer usually changes something from your original offer, such as the price or closing date.

Deed: A deed is a legal document filed with the county that documents the transfer of home ownership. The seller signs a deed in favor of the buyer when the deal closes. After recording, the original deed is provided to the buyer and the seller receives a copy.

Down payment: The portion of the price of a home that is not financed by the mortgage loan and which you must pay out of your own savings or other eligible sources before you can get a mortgage.

Expired: When a homeowner contracts with an agent to sell a home, the listing agreement has a set expiration date. A listing expires when this expiration date has passed without the property being sold, and without the homeowner renewing the listing contract with the real estate agent. Similarly, potential buyers will often include offer expiration dates when submitting offers to sellers. If the offer expiration date passes before the seller accepts, the offer “expires” and can no longer be accepted by the seller.

Fair Market Value: Fair market value is the home price that a buyer and seller in an arm’s-length transaction would be willing to agree upon on the open market. For example, if a son buys a home from his mother at an unusually low price, that price is not the fair market value because it was not an arm’s-length transaction. The mother would sell the home at a much higher price if she sold it on the open market to an unrelated buyer.

Homeowners Association (HOA): A homeowners association (HOA) is a nonprofit organization that manages a shared housing complex, such as condos, co-ops, and other planned developments. All owners within the complex will usually be members of the HOA, and an elected HOA board will be responsible for enforcing the community rules and providing building maintenance. Most of these rules are contained in the HOA Covenants, Conditions, and Restrictions (CC&Rs), which a buyer usually receives within one week after the buyer’s offer is accepted. The HOA provides funding for repairs, grounds maintenance, and security by collecting money from homeowners, usually in the form of monthly dues.

Purchase and Sale Agreement: A Purchase and Sale Agreement (PSA) is a written contract to buy and sell real estate which contains all of the agreed-upon terms for the transaction, such as the final sale price, closing date, closing agent information, escrow amount and contingencies.

Pending: A home’s status is changed to “Pending” or “Pending Offer” once it’s set to close and all contingencies have been satisfied or waived. This is when the lender and the escrow agent or attorney process the loan and title documents to make sure the deal closes on time. Sometimes the sellers may still accept backup offers on pending listings, but it’s best to contact your agent to find out if it’s possible to submit this type of offer.

Walkthrough: A walkthrough is the final inspection of a home by the buyer before closing. Buyers complete a final walkthrough to make sure any agreement to make repairs or do other things with regard to the property have been fulfilled before the closing papers are signed. A walkthrough can happen a few days to a few hours before closing. If something isn’t right, the buyer should ask the seller to fix the problem before the sale is closed.

**THE DECISION TO BUY A HOME IS ONE OF THE BIGGEST
DECISIONS YOU WILL MAKE SO MAKE SURE YOU GET IT RIGHT
THE FIRST TIME!**



Angela Stewart | Stewart Realty & Mgmt., LLC.
☎ 352-871-7333 ✉ angela@stewartrml.com
www.stewartrml.com

**AS YOUR AGENT, I GO ABOVE
AND BEYOND TO HELP!**

**Consistently providing you with the expert guidance,
you deserve throughout the home buying process.**