



First Time Home Buyers Strategy Guide

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MAGNOLIA
REALTY



Buyer Strategy Guide

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Introduction

You might be thinking, "Is it worth hiring an agent?" "What are you going to do to help me find my perfect home for the best price, in the least amount of time, and with the fewest frustrations?"

Most agents will tell you:



"We'll send you listings in the MLS."



"We'll tour any home you'd like."



"And we'll communicate with listings agents."

This Buyer's Guide will establish your expectations so you understand the process, what to expect from me and most importantly, how I earn my commission.

Presentation Goal

- Discuss important information.
- Get to know each other better.
- Answer all of your questions.
- Determine if I am the REALTOR® for you.

Meet Greg

Growing up in Montgomery, Greg has lived most of his life in Central and East Alabama. Greg attended Auburn University and earned his degree in Mechanical Engineering in 1999. After graduation, he worked in various design, manufacturing, and quality engineering roles. He has always enjoyed all aspects of the real estate industry – being engaged in renovations, rental management, and investment. By combining these interests with the attention to detail, negotiation skills, and eye for design he gained from his years of engineering, his decision to make real estate his career by joining Magnolia Realty was an easy one.

Greg is involved with Embrace Church in Auburn, serving as the Finance Chairperson and part of the Building Team for their new church home, as well as with his sons' boy scout troop.

Greg holds real estate designations as an Accredited Buyer's Representative (ABR), Seller Representative Specialist (SRS), as well as his Mortgage Originator's License (MLO)





About Magnolia Realty

Magnolia Realty is an Auburn-based full-service, real estate sales and property management company. We provide personal, boutique-style real estate and property management services that are simple and straightforward. We focus on individualized, personal relationships with our clients to make their home buying or selling process as easy as possible.

Magnolia Realty works with buyers, sellers, tenants, investors and HOAs in helping them achieve their real estate-related goals. We are members of the National Association of Realtors, Lee County Association of Realtors and the Alabama Real Estate Commission. Magnolia Realty is a family-owned company serving the area for over 18 years.

Contact Information



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Key Items to Discuss

- How To Start
 - Decide to Buy
 - Select a Realtor
 - Review Your Budget
 - Talk to a Mortgage Company
 - Pre-Qualification
 - Loan Products
- Finding Your Perfect Home!
 - Get Automatic Notifications
 - Tour Homes
 - Mortgage Pre-Approval
 - Find **YOUR** Home!
 - Make an Offer
 - Earnest Money
 - Counter Offers
- Closing the Deal
 - Work through Mortgage Process
 - Estimated Closing Costs
 - Appraisal
 - Escrow
 - Points
 - Home Inspection
 - Insurance
 - Professional Service Fees

Benefits of Working With a REALTOR®



As a REALTOR®, I am a member of the National Association of REALTORS® and subscribe to its strict Code of Ethics. When you're selling a home, here's what an agent who's a REALTOR® can do for you.

Act as an expert guide.

Selling a home typically requires a variety of forms, reports, disclosures, and other legal and financial documents. I am well-versed in managing real estate transactions, helping you avoid stress, delays and costly mistakes.

Offer objective information and insights.

I will look at your home search with an unbiased eye, providing you with the information you need to enhance marketability and maximize price. I am also a great source when you have questions about valuation, appraisals, types of financing, and much more.

Deliver property marketing power.

Well-written ad copy, broad exposure, correct pricing, and presentation are all trademarks of properties I list. A large share of my sales can be attributed to my responsiveness to other industry professionals.

Stand in your corner during negotiations.

There are many factors up for discussion in any real estate transaction –from price to repairs to possession date. I will always look at the transaction from your perspective, helping you navigate the fine points to deliver the promised results.

Lots of Documents!

- RECAD Disclosure
 - *Required by Alabama law*
 - *Defines different agreements between agent and client*
- Magnolia Disclosure
 - *Required by Alabama law*
 - *Defines Magnolia's available agreements between agent and client*
- Dual Agency and other dual-interest situations
- Written Agreements
 - Buyer Agency Agreement
 - Required prior to offer being made
- Contract to Purchase

My Legal Duties

As a REALTOR®, I subscribe to a strict Code of Ethics and am also bound by License Law and Alabama and federal laws. These are the foundation of the work I do representing you throughout the transaction.

To My Customers

- Honesty
- Accounting
- Reasonable skill and care
- Disclosure of material facts
- Confidentiality

Additional To My Clients

- Obedience
- Loyalty
- Disclosure
- Diligence

Real Service Real Results Real Estate Pledge

I am not in the Real Estate Sales business.

I am a **Service Provider** in the problem solving, exceed expectations, love-your-clients business.





Representation

I will **always** represent your interests with utmost care and integrity!

- I will review with you how my duties may modify if the seller is a client or a customer from my brokerage
- If the seller is a client of mine, state law and my brokerage policy provide clear direction
- If this occurs, you will know in advance and your informed consent will be required

What I Can't Do

- Make any decisions for you
- Hide or misrepresent any material facts
- Discriminate in any way or violate Federal Fair Housing Laws
- Betray any client's confidential information (including to listing agents)
- Collect undisclosed kickbacks or rebates
- Identify the "safe" neighborhoods
- Choose your community
- Pretend to have skills I don't

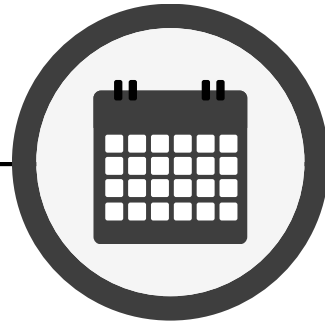
Buying vs. Renting

Years	Rent Payment	Mortgage Payment	Monthly Difference	After Tax Savings	Yearly Difference	After Tax Savings
1	800	1000	-200	-50	-2400	-600
2	840	1000	-160	-10	-1920	-120
3	882	1000	-118	+32	-1416	+384
4	926	1000	-74	+76	-888	+912
5	972	1000	-28	+122	-336	+1464
6	1021	1000	+21	+171	+252	+2052
7	1072	1000	+72	+222	+864	+2664
8-30	Source: Ginnie Mae		Savings increase every year			

The chart shows a cost comparison for a renter and a homeowner over a 7 year period. The renter starts out paying \$800 per month with annual increases of 5%. The homeowner purchases a home for \$110,000 and pays a monthly mortgage of \$1,000. After 6 years, the homeowner's payment is lower than the renter's monthly payment. With the tax savings of homeownership, the homeowner's payment is less than the rental payment after 3 years.



Create a Budget



Before beginning the lending process, create a budget that includes where you want your income to go. Based on your lifestyle (travel, athletics, shopping, childcare, etc.) determine your ideal mortgage payment amount.

Include an emergency savings fund for unexpected home repairs, needs or wants, such as a new sofa!

Mortgage Pre-Approval

As soon as you are serious about finding that perfect home, it's time to talk to your mortgage company about loans and to go through a Pre-Approval process.

This will tell exactly how much loan money you can get based on your financial information, such as W-2s, bank statements and your credit score. You will have to provide Income and Asset Documentation and your credit will be pulled.

These are typically good for 90 days. You will receive a Verified Approval Letter once it has been completed.

Ask mortgage company about First Time Homebuyer's offerings that might be available to you depending on income levels and possibly where you end up buying a house.



Top 10 of What Not To Do!

1. Do not apply for new credit cards
2. Do not close out credit cards/loans
3. Do not buy or lease a new auto
4. Do not co-sign on a loan
5. Do not move money between bank accounts (or make large deposits)
6. Do not change jobs (or quit a job)
7. Do not buy new furniture or major appliances for your new home
8. Do not run a credit report on yourself except directly with the credit agency
9. Do not attempt to consolidate bills
10. Do not forget to pay your bills!

Know Your Credit Score

FICO® Score	Rating	What FICO® Scores in this range mean
800+	Exceptional	<ul style="list-style-type: none">• Well above the average score of U.S. consumers• Demonstrates to lenders you are an exceptional borrower
740 - 799	Very Good	<ul style="list-style-type: none">• Above the average of U.S. consumers• Demonstrates to lenders you are a very dependable borrower
670 - 739	Good	<ul style="list-style-type: none">• Near or slightly above the average of U.S. consumers• Most lenders consider this a good score
580 - 669	Fair	<ul style="list-style-type: none">• Below the average score of U.S. consumers• Though many lenders will approve loans with this score
< 580	Poor	<ul style="list-style-type: none">• Well below the average score of U.S. consumers• Demonstrates to lenders that you are a risky borrower

Many mortgage lender's minimum credit score is 580, but other qualifications play a big factor in approvals and rate as well.

If there is more than one applicant, the credit will be based on the middle credit score of the applicant with the lower/lowest score.

In order to have the income earned by an individual counted in the debt-to-income ratio, they have to be included on the application.

Debt-to-income requirements:

- FHA: Below 56%
- Conventional: Below 50%

To see how to check your credit score, visit:
<https://thepointsguy.com/credit-cards/check-credit-score-for-free/>

Components of a Mortgage

Components of a mortgage payment

Principal _____

Interest _____

Taxes _____

Insurance _____



For illustrative purposes only

Principal

The original balance of money loaned, excluding interest. Also, the remaining balance of a loan, excluding interest. Interest is calculated based upon principal

Interest

The charge, in dollars, for the use (loan) of the money

Taxes

The property tax is based on the value of the home. Taxes are due once a year. Depending on the amount of down payment, the lender may request an account be set up in which a portion of the monthly payment is credited so that funds will be available when the tax bill is due.

Insurance

An insurance policy that pays for loss on the home from certain hazards. Insurance is due once a year. The lender may request an account be set up in which a portion of the monthly payment is credited so that funds will be available when the insurance bill is due.

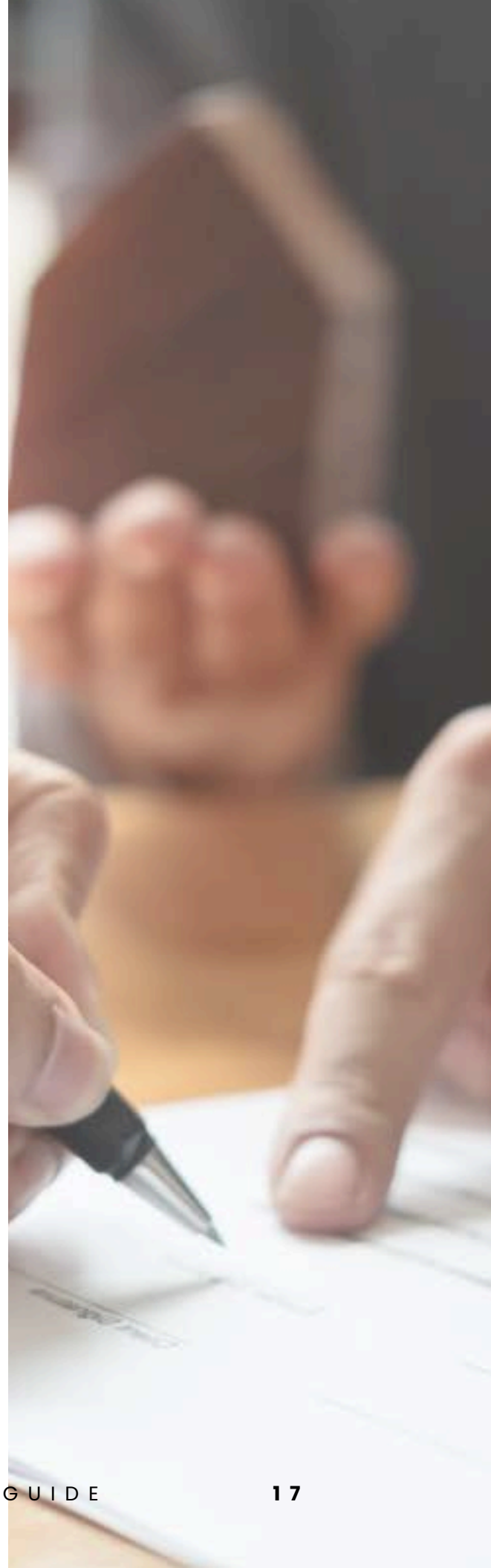
PMI (Private Mortgage Insurance)


Depending on the amount of the down [payment, PMI may be required. Because loans with small down payments involve substantially more risk for the lender, they need protection in case the loan goes into foreclosure. Because of this insurance, lenders are able to offer loans with lower down payments.

Mortgage Terms

- Fixed vs. Adjustable Rate Mortgages
- Conventional vs FHA vs VA loans
- What are Points?
- When can I lock my rate?
- What are closing costs?

See my Home Buyers FAQ Tool at the end to help answer these types of questions





Let's Find You a House!

Have the Homes Come to You

Your REALTOR® can create a personalized search for you in our MLS so you can be one of the first to know when something new hits the market or changes price.

List your needs, nonnegotiable, and nice-to-haves. This will allow you to set your expectations and focus your list of homes to consider.

Touring Homes

Take notes and ask questions!

Remember you might need to make sacrifices on your “nice-to-haves” to get your perfect home.

Be careful what you say inside or near a home – there are eyes and ears everywhere these days (Ring doorbells/security cameras)

Open Houses, New Construction, FSBO

- You are fine to go out on your own, or I'll be happy to attend with you
- Let the agent-on-duty know you are represented by a buyer's agent
- Be careful of what information you let the seller or seller's agent

Make an Offer

After you've found "the one" it's time to make an offer. Your REALTOR® will help you put together a written purchase offer to present to the seller's agent or homeowner. The offer will include your offered sales price, any items you'd like to remain in the home, and contingencies in the terms of your offer and the time frame for inspection and closing.

** Note: Be weary of on-line sites that list homes "values" based on AI programs*

Negotiations & Contracts

At this stage, you must be prepared to negotiate or even walk away if the terms aren't right. The seller will accept, counter or decline your offer. If accepted, you move on to the next step. If the seller makes a counteroffer, you either accept or make a new offer. If the offer is refused, you can make a new offer or start looking for another home. Your REALTOR® will be there to help!

Earnest Money

- A deposit made to a seller that represents a buyer's good faith to purchase a home. The money gives the buyer extra time to get financing and conduct the title search, property appraisal, and inspections before closing. In many ways, earnest money can be considered a deposit on a home.
- Usually 1% - 3% of the home purchase price
- It goes towards the down payment of the house (not an additional expense)
- If buyer breaks the contract, will lose their earnest money, but buyer can get it back if the inspection doesn't go well and a few other times



Count-Down to Closing

Odds and Ends

- Home Inspection
 - Very important
 - Not always looking for potential deal breakers, but small issues and repairs that need to be fixed or negotiated
 - Buyer will pay for
- Appraisal
 - Mortgage company usually requires and schedules. Might pay ahead of time
- Turn on Utilities
- Obtain Homeowner's Insurance
 - Consider Bundling with your Auto Insurance for best rate
 - Will you have a monitored security system?
 - Home Policy limitations and endorsements to consider
 - Consider getting renter's insurance now to help your homeowner's rate later

Closing

At closing, you will transfer funds and ownership. Once ALL closing documents have been signed and any additional fees paid, the home is YOURS! CONGRATS! Be prepared (unless discussed with seller prior to closing) to receive keys the day of closing. All logistics regarding your move should take place BEFORE closing day.

Client Testimonials



While I was a student at Auburn University, it was my dream to find the perfect home in Auburn after I graduated and Mr. Powell made that dream become a reality!!! He went above and beyond to help me throughout the whole home-buying process as a first time homebuyer and I'm so glad that I chose him as my realtor because I wouldn't have it any other way!! If you are looking to buy a house in the Auburn/Opelika area, then he is your guy!

S. Dhar

"I would highly recommend Greg to anyone who is considering buying, renting, or selling a home. He made this process so much easier for me! I am eternally grateful to Greg for all of his time, attention, and hard work that ensured I was able to have a new home!"

M. Sexton

"Greg was amazing!! It was our very first home purchase and Greg made it a walk in the park. We were so nervous about the process but all of that was put to rest by his knowledge and expertise! He answered all of our questions with ease and promptness. Thanks so much for all of your help, Greg! We are so happy to call a place home."

D. Howard

