



# Home Buyers Guide

ORLANDO NEST



real

REAL BROKER

# Some Services Include

**Property Search:** Assist clients in finding suitable properties by conducting a comprehensive search based on their preferences, including location, budget, size, and features

**Market Analysis:** Provide market insights and data to help clients make informed decisions regarding property value, trends, and potential investment opportunities.

**Property Tours:** Arrange and accompany clients on property tours, offering insights, answering questions, and highlighting the pros and cons of each home.

**Negotiation:** Act as a skilled negotiator on behalf of the buyer to secure the best possible purchase terms, including price, contingencies, and repairs.

**Transaction Coordination:** Oversee the entire buying process, ensuring that all necessary paperwork, inspections, and deadlines are met, streamlining the transaction.

**Local Expertise:** Leverage your knowledge of the local market and neighborhoods to guide buyers in selecting the right community and property.

**Access to Listings:** Provide exclusive access to the Multiple Listing Service (MLS) and other resources to find properties before they hit the broader market.

**Contract Expertise:** Explain complex contract terms and conditions, ensuring buyers understand their rights and obligations throughout the transaction.

**Communication:** Maintain open and transparent communication with clients, keeping them informed at every stage of the process.

and more.....

# The Process



# *What are my costs???*

## *Earnest Money*

Earnest money is essentially a "deposit" you put down on a potential new home when you submit an offer. It is typically 1%-3% of the purchase price.

## *Down Payment*

This is the initial upfront payment you make when buying a home. It is typically a percentage of the purchase price, with 20% being a standard benchmark to avoid private mortgage insurance (PMI).

## *Appraisal*

An appraiser assesses the property's value, and you're responsible for the appraisal fee. Average cost is about \$400.

## *Home Inspection*

All buyers are recommended to have a home inspection done when purchasing a home. The average cost of a home inspection is \$450.

## *Property Taxes*

You may need to pay a portion of the property taxes upfront or at closing, depending on your loan terms and local tax regulations.

## *Closing Costs*

These include various fees, such as attorney fees, title search fees, recording fees, and more. Closing costs typically range from 2% to 5% of the purchase price.

## *Discount Points*

You may choose to pay discount points to lower your mortgage interest rate. Each point is equal to 1% of the loan amount.

## *Miscellaneous Costs*

Budget for any unforeseen expenses that may arise during the home-buying process.

## *Agent Compensation*

Often paid by the seller, so there is no direct cost to you as the buyer.



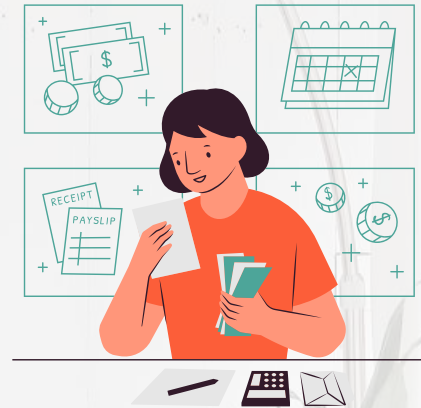
# Determining your

# Budget

## Assess Your Financial Situation

The first step in establishing your home-buying budget is to take a close look at your financial situation. Here's what you should consider:

- **Income:** Calculate your household's total monthly income, including your salary, any additional income sources, and that of your co-borrower if applicable.
- **Expenses:** Make a comprehensive list of your monthly expenses, including rent, utilities, groceries, transportation, insurance, debt payments, and discretionary spending.
- **Savings:** Review your savings and investments to determine how much you can comfortably allocate toward a down payment.



## Calculate Your Debt-to-Income Ratio (DTI)

Your DTI ratio is a crucial factor that lenders consider when approving your mortgage application. It measures your monthly debt payments compared to your monthly income. The lower your DTI, the better your chances of securing a mortgage with favorable terms.

### **To calculate your DTI:**

1. Add up your monthly debt payments (credit card, student loans, car loans, etc.).
2. Divide this total by your gross monthly income (before taxes).
3. Multiply the result by 100 to get your DTI as a percentage.

Lenders typically prefer a DTI below 43%, but lower is better.

## Determine Your Down Payment

Decide how much you can comfortably allocate as a down payment. While the standard down payment is 20% of the home's purchase price, many lenders accept lower percentages. However, a larger down payment often results in better loan terms, lower monthly payments, and reduced interest costs over the life of the loan.



## Factor in Additional Costs

When budgeting for a home purchase, consider the following additional costs:

- **Closing Costs:** These include fees for appraisals, inspections, title insurance, and more. Typically, they amount to 2% to 5% of the home's purchase price.
- **Property Taxes and Insurance:** Research the property taxes and insurance costs in your desired area to estimate these ongoing expenses.
- **Home Maintenance:** Budget for ongoing maintenance and repairs, which can average 1% to 2% of the home's value annually.

## Get Pre-Approved for a Mortgage

Consult with a mortgage lender to get pre-approved for a mortgage. This process involves the lender assessing your financial situation and providing a preliminary loan amount and interest rate. It not only helps you understand what you can afford but also strengthens your position as a serious buyer in the eyes of sellers.



## Consider Your Long-Term Goals

Remember that buying a home is a long-term commitment. Consider your financial goals and whether your budget aligns with them. Factor in any future life changes, such as starting a family, changing careers, or pursuing further education.

# What is Mortgage

# Pre-Approval

**Mortgage pre-approval is a preliminary assessment by a lender that determines how much you can borrow and at what interest rate. It involves a detailed examination of your financial health, creditworthiness, and ability to repay a home loan. Once pre-approved, you'll receive a letter from the lender indicating the maximum loan amount for which you qualify.**

## Benefits of Mortgage Pre-Approval

- **Know Your Budget:** Perhaps the most significant advantage of pre-approval is clarity about your budget. You'll have a realistic price range to work with, helping you avoid the disappointment of falling in love with a home that's beyond your means.
- **Enhanced Credibility:** When you make an offer on a home with a pre-approval letter, sellers take you more seriously. They see you as a well-qualified buyer who is financially prepared to complete the transaction.
- **Negotiating Power:** Armed with a pre-approval, you can negotiate confidently. Sellers are more likely to accommodate your terms when they see that financing is secure.
- **Faster Closing:** Pre-approval expedites the mortgage process. Since much of the documentation and verification work is already complete, you can close on your new home more quickly.

## How to Get Pre-Approved for a Mortgage:

- **Choose a Lender:** Start by selecting a reputable lender or mortgage broker. Consider seeking recommendations and comparing loan options.
- **Gather Financial Documents:** You'll need to provide financial documentation, including pay stubs, W-2 forms, tax returns, bank statements, and information about your debts and assets.
- **Credit Check:** The lender will check your credit report and score. A good credit score improves your chances of getting pre-approved with favorable terms.
- **Submit an Application:** Complete a mortgage application with your chosen lender. You can often do this online or in person.
- **Wait for Pre-Approval:** The lender will review your financial information and issue a pre-approval letter if you meet their criteria. This letter will specify the maximum loan amount and terms.
- **Shop with Confidence:** Armed with your pre-approval letter, you can confidently begin shopping for a home within your budget.

## Keep in Mind

- **Rate Lock:** Be aware that a pre-approval doesn't guarantee your interest rate. Rates can change between pre-approval and closing, so ask your lender about rate-lock options.
- **Shop Wisely:** While you may be pre-approved for a certain amount, consider your own comfort level and financial goals when choosing a home.
- **Renew When Necessary:** Pre-approval typically lasts for a few months. If you haven't found a home within that time, you may need to renew the process.

# The Wise Choice: *Hiring a Real Estate Agent to Find Your Dream Home*

**The journey to finding your dream home is an exciting and life-changing endeavor. While it's possible to embark on this quest alone, enlisting the services of a seasoned real estate agent can make the process not only more efficient but also more enjoyable. Here are the numerous benefits of hiring a real estate agent to assist you in your search for the perfect home.**

## **Expertise and Local Knowledge**

One of the most significant advantages of working with a real estate agent is their expertise and deep knowledge of the local housing market. Agents are well-versed in market trends, property values, neighborhoods, and school districts. They can help you navigate the intricacies of your chosen area, ensuring that your search is focused on neighborhoods that align with your preferences and needs.

## **Access to Comprehensive Listings**

Real estate agents have access to a comprehensive database of property listings, including both publicly listed homes and exclusive listings that may not be readily available to the general public. This access allows them to efficiently match your criteria with available properties, saving you valuable time in the home search process.

## **Skilled Negotiation**

Negotiating the terms of a home purchase can be a complex and delicate process. Real estate agents are skilled negotiators with experience in securing favorable deals for their clients. They can advocate on your behalf, ensuring that your best interests are represented during price negotiations, contingencies, and other crucial aspects of the transaction.

## **Property Evaluation and Inspection**

Real estate agents can assist you in evaluating properties for their suitability and condition. They can recommend trusted home inspectors who will thoroughly assess the property and provide you with valuable insights into any potential issues. This information is invaluable when making an informed decision about a home purchase.

## **Coordination and Organization**

The process of finding and buying a home involves multiple steps, from viewing properties to arranging inspections, obtaining financing, and completing paperwork. Real estate agents act as coordinators, ensuring that every step is executed seamlessly. They help manage timelines and deadlines, reducing the stress associated with the transaction.

## **Legal Expertise**

Navigating the legal aspects of a real estate transaction requires a thorough understanding of contracts, disclosures, and local regulations. Real estate agents are well-versed in these areas and can help you navigate the complex legal landscape to ensure a smooth and legally sound transaction.

## **Tailored Home Search**

Real estate agents take the time to understand your unique preferences and requirements for a home. They tailor your home search to align with your criteria, eliminating homes that don't meet your needs and presenting you with options that are genuinely worth considering.

## **Support and Guidance**

Buying a home is a significant life event, and it can be an emotional journey. Real estate agents provide valuable support and guidance throughout the process. They address your questions and concerns, offering reassurance and expert advice at every turn.

Time to go

# Hunting

The house hunting process is an exciting and pivotal part of the journey toward homeownership. It's a time filled with anticipation, dreams, and the promise of a new beginning. Whether you're a first-time homebuyer or a seasoned homeowner, understanding the steps and strategies for successful house hunting is crucial. Here are some tips to help you find the perfect home.

## **Needs VS Wants**

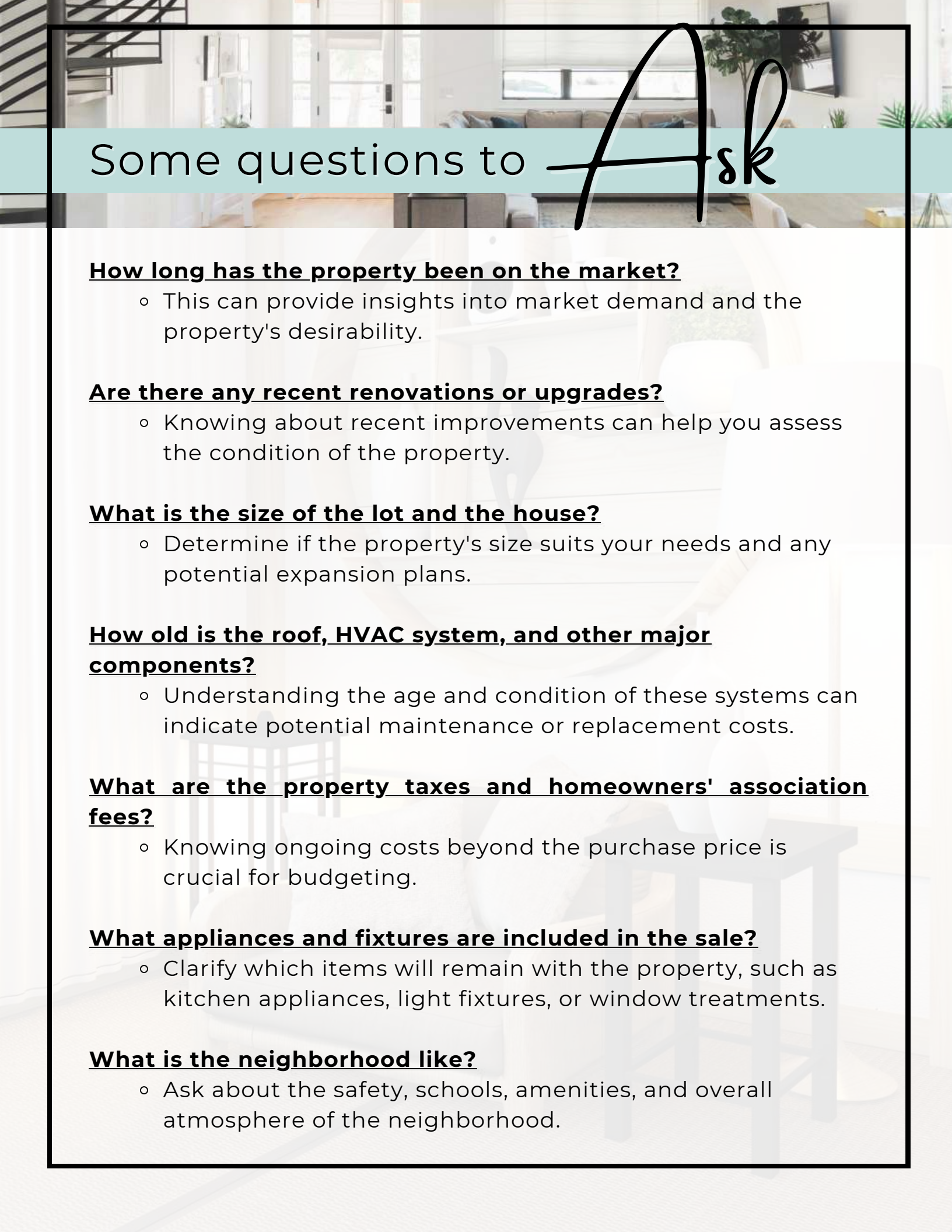
It is very important to differentiate between a **NEED** and a **WANT**. As a home buyer it is important to have a clear picture of what you are looking for in a home. Keep in mind: bedrooms, bathrooms, square footage, and neighborhoods. Additional items may include: HOAs, amount on taxes, etc.

## **Some things to consider on your list of needs**

**City &  
Neighborhoods  
Bedroom/Bathrooms  
Lot Size  
1 or 2 Stories  
Pool or No Pool**

**Amenities  
Garage Size  
HOA  
Storage Space  
Fenced in Yard**





# Some questions to Ask

## **How long has the property been on the market?**

- This can provide insights into market demand and the property's desirability.

## **Are there any recent renovations or upgrades?**

- Knowing about recent improvements can help you assess the condition of the property.

## **What is the size of the lot and the house?**

- Determine if the property's size suits your needs and any potential expansion plans.

## **How old is the roof, HVAC system, and other major components?**

- Understanding the age and condition of these systems can indicate potential maintenance or replacement costs.

## **What are the property taxes and homeowners' association fees?**

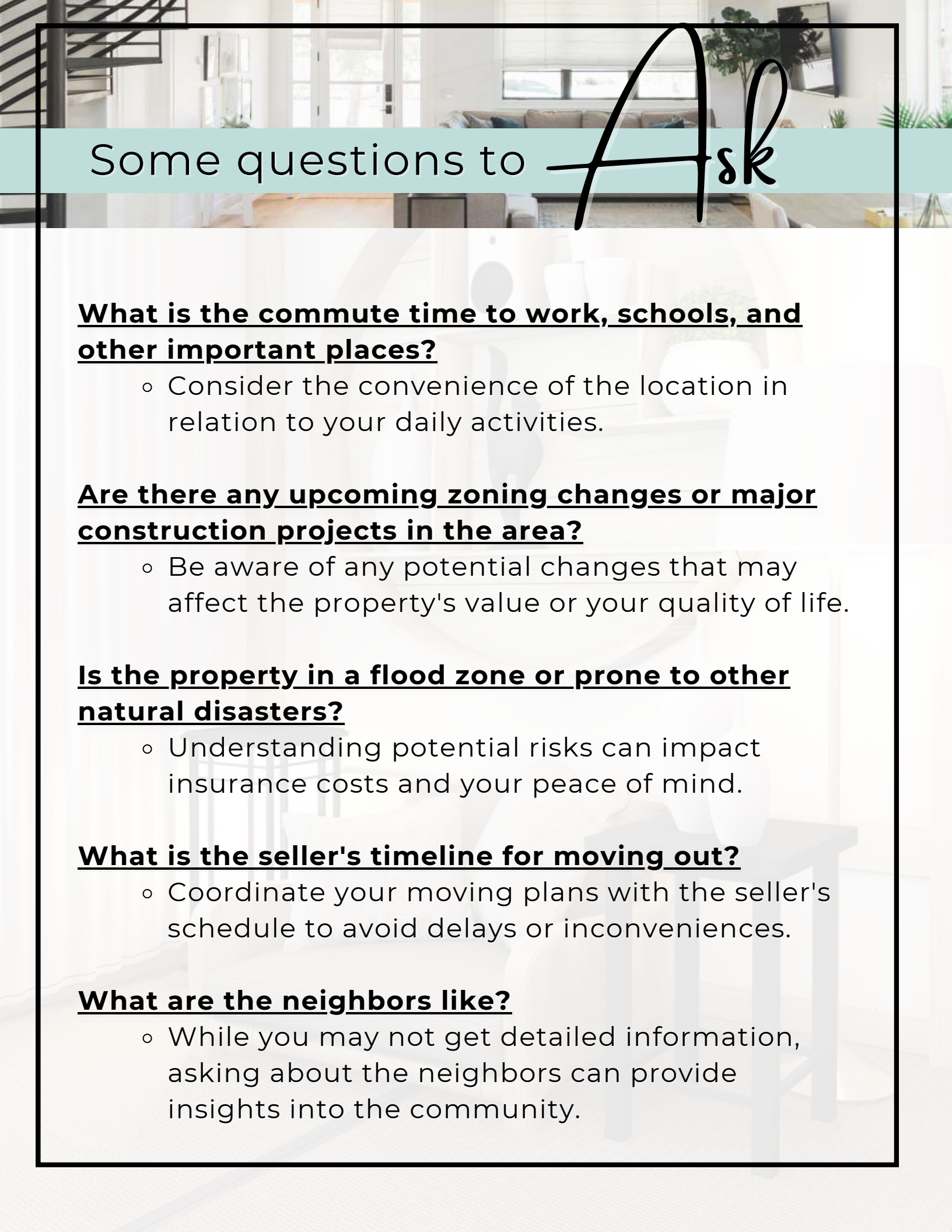
- Knowing ongoing costs beyond the purchase price is crucial for budgeting.

## **What appliances and fixtures are included in the sale?**

- Clarify which items will remain with the property, such as kitchen appliances, light fixtures, or window treatments.

## **What is the neighborhood like?**

- Ask about the safety, schools, amenities, and overall atmosphere of the neighborhood.



# Some questions to Ask

## **What is the commute time to work, schools, and other important places?**

- Consider the convenience of the location in relation to your daily activities.

## **Are there any upcoming zoning changes or major construction projects in the area?**

- Be aware of any potential changes that may affect the property's value or your quality of life.

## **Is the property in a flood zone or prone to other natural disasters?**

- Understanding potential risks can impact insurance costs and your peace of mind.

## **What is the seller's timeline for moving out?**

- Coordinate your moving plans with the seller's schedule to avoid delays or inconveniences.

## **What are the neighbors like?**

- While you may not get detailed information, asking about the neighbors can provide insights into the community.



# Craft a Winning

# Offer

## Step 1: Understand the Market

Before you make an offer, it's crucial to have a clear understanding of the local real estate market. Research recent sales in the area, known as comparables (comps), to gauge the property's fair market value. Your real estate agent can help you gather this information and provide insights into market conditions.

## Step 2: Calculate Your Offer Price

Based on your research and budget, calculate the offer price you're willing to make. Consider factors such as the property's condition, location, upgrades, and any additional costs, like repairs or renovations. Be prepared to negotiate, so start with an offer that leaves room for discussion.

## Step 3: Review Contingencies

Contingencies are conditions that must be met for the sale to proceed. Common contingencies include:

- **Financing Contingency:** Ensures you're approved for a mortgage.
- **Appraisal Contingency:** Requires the property to appraise for at least the offer price.
- **Inspection Contingency:** Allows for a professional inspection to identify any issues.
- **Home Sale Contingency:** Depends on selling your current home before closing on the new one.

Discuss these contingencies with your real estate agent to tailor them to your needs and the property in question.



# Craft a Winning

# Offer

## Step 4: Work with Your Real Estate Agent

Your real estate agent is your most valuable resource during the offer process. They'll help you draft the offer, ensuring it adheres to local laws and regulations. Your agent will also communicate with the seller's agent and provide guidance throughout the negotiation.

## Step 5: Submit Your Offer

Once you and your real estate agent have finalized the offer, it's time to submit it to the seller. Be prepared for a waiting period while the seller reviews offers from various buyers. The seller may accept your offer as-is, reject it, or counteroffer.

## Step 6: Negotiate and Counteroffer

Negotiation is a standard part of the offer process. Expect counteroffers from the seller, which you can either accept, reject, or counter-counteroffer. Your real estate agent will advise you on the best course of action based on the seller's response.

## Step 7: Secure Financing

Once your offer is accepted, work closely with your lender to finalize your mortgage. Complete all necessary paperwork and meet any conditions required for approval.

# Escrow Timeline

*Offer Accepted, Now What?*

## **offer accepted**

- ☐ within 72 hours- Transfer Earnest Money Deposit
- ☐ Order home inspection
- ☐ Pick up Buyer's Packet From Escrow
- ☐ ASAP- Your lender will order appraisal

## **contingency period**

- ☐ Receive home inspection report & decide how to move forward
- ☐ Have home appraisal completed
- ☐ Complete underwriting for loan approval
- ☐ Complete & return buyer's packet

## **complete contingency period**

- ☐ Final loan approval
- ☐ Release all contingencies

## **finish line**

- ☐ Final walk through of property
- ☐ Lender sends closing disclosure
- ☐ Sign closing documents & loan is funded
- ☐ Receive your keys!
- ☐ Sale is recorded with the county





# I nspections

## Why is the Home Inspection Period Important?

1. **Uncover Hidden Issues:** Even a well-maintained home can have hidden issues that may not be apparent during a casual viewing. An inspection can reveal structural, electrical, plumbing, or other problems that need attention.
2. **Negotiation Leverage:** The findings of the inspection can provide valuable leverage for negotiating repairs, concessions, or a lower sale price with the seller. It ensures transparency in the transaction.
3. **Budget Planning:** Armed with the inspection report, buyers can make informed decisions about their investment. They can budget for necessary repairs or upgrades after the purchase.

## What Does the Inspection Cover?

A typical home inspection covers various aspects of the property, including:

**Structural Components:** The inspector examines the foundation, walls, roof, and overall structural integrity of the home.

**Mechanical Systems:** This includes assessing the HVAC system, plumbing, electrical wiring, and appliances.

**Exterior Features:** The inspector checks for issues with siding, windows, doors, and the condition of the property's drainage.

**Interior Features:** They evaluate the condition of walls, ceilings, floors, and the presence of any safety hazards.



### **Choosing a Home Inspector:**

Selecting a qualified and experienced home inspector is crucial.

Consider the following when making your choice:

- **Credentials:** Look for inspectors with relevant certifications and memberships in professional associations.
- **Experience:** Inquire about the inspector's experience, especially with homes similar to the one you're purchasing.
- **Sample Reports:** Ask to see sample inspection reports to gauge their thoroughness and clarity.

### **The Inspection Report:**

After the inspection is complete, the inspector will provide a detailed report outlining their findings. This report will include information about any issues discovered, along with recommendations for repairs or further evaluation by specialists. Buyers can then use this report to decide how to proceed with the purchase.

Next Steps:

1. **Negotiate Repairs:** If significant issues are found, buyers can negotiate with the seller to address these concerns, either by making necessary repairs or adjusting the sale price.
2. **Renegotiation:** Depending on the severity of the issues, buyers may have the option to renegotiate the terms of the contract or even walk away from the deal if the problems are insurmountable.
3. **Repairs and Reinspection:** After an agreement is reached, repairs are made, or credits are provided, a reinspection may be necessary to ensure that all agreed-upon work has been completed satisfactorily.

# Title Search



## **What Does a Title Search Involve?**

1. **Reviewing Public Records:** A title search begins with a thorough review of public records, including deeds, mortgages, tax records, court records, and more.
2. **Identifying Ownership:** The search aims to identify the current property owner and verify that they have the legal right to sell the property.
3. **Checking for Liens:** Liens, which can include unpaid taxes or unpaid contractors, are examined to ensure they are cleared before the sale.
4. **Searching for Encumbrances:** Any restrictions or encumbrances on the property, such as easements or restrictions on land use, are scrutinized.

## **Why Is the Title Search Important?**

1. **Ownership Assurance:** The title search ensures that you are purchasing a property with a clean and marketable title, meaning there are no disputes or claims on the property.
2. **Lender Requirements:** Most lenders require a clear title before approving a mortgage loan. A title search satisfies this requirement.
3. **Peace of Mind:** Knowing that the property's title is clear provides peace of mind, as you won't have to worry about unexpected legal issues after the purchase.

# Appraisal

## How Does an Appraisal Work?

1. **Property Inspection:** The appraiser visits the property to assess its condition, size, features, and overall quality.
2. **Market Analysis:** They compare the property to similar properties in the area to gauge its value in the current market.
3. **Report Generation:** The appraiser compiles their findings into a detailed appraisal report, including an estimated property value.

## Why Is the Appraisal Important?

1. **Loan Approval:** Lenders use the appraisal to determine how much they are willing to lend for the property. It ensures that you don't overpay for the home.
2. **Protecting Investment:** An appraisal provides confidence that the property is worth the price you are paying, safeguarding your investment.
3. **Negotiation Leverage:** If the appraisal comes in lower than the sale price, it can provide leverage for negotiating a lower purchase price or requesting repairs.

# Closing!!!!



The closing, also known as settlement or escrow, is the process where the property's title is transferred from the seller to the buyer. It's the culmination of weeks or even months of hard work and anticipation. Here's how to prepare:

## **Schedule a Final Walkthrough:**

Arrange a final walkthrough of the property a day or two before the closing. This ensures that the property is in the agreed-upon condition, and any negotiated repairs have been completed.

## **Secure Funds for Closing Costs:**

Calculate the total closing costs, which may include lender fees, attorney fees, property taxes, and insurance. Ensure you have the necessary funds ready for payment at the closing.

## **Verify Loan Approval:**

If you're financing your home with a mortgage, ensure that your loan has been approved, and you have a clear understanding of the loan terms and conditions.

## **Budget for Additional Expenses:**

Be prepared for potential additional expenses, such as homeowner's insurance premiums and property tax prorations.

## **Ask Questions:**

Don't hesitate to ask questions during the closing. This is your opportunity to clarify any uncertainties and ensure you understand the details of the transaction.

Time to

# Celebrate!





# Real Estate

# Terms

## ***APPRAISAL***

An assessment of a property's value conducted by a licensed appraiser.

## ***BUYER'S AGENT***

A real estate agent who represents the buyer's interests during the transaction.

## ***CLOSING COSTS***

Expenses, including fees and taxes, associated with completing the real estate transaction.

## ***CONTINGENCY***

Conditions that must be met for the sale to proceed, such as a satisfactory home inspection or financing approval.

## ***EARNEST MONEY***

A deposit made by the buyer to demonstrate their commitment to the purchase.

## ***EQUITY***

The difference between the home's market value and the remaining mortgage balance.

## ***TITLE INSURANCE***

Insurance that protects the buyer and lender against any legal claims on the property's title.

## ***UNDERWRITING***

The process by which a lender evaluates a borrower's creditworthiness and the loan application.

## ***ANNUAL PERCENTAGE RATE (APR)***

The APR is the actual cost of your mortgage loan stated as a yearly rate.