

Tips for Home Buyers

Useful information about
buying a home



Joe Brown

Table of Contents

1. How a real estate transaction works
2. 16 Questions to ask when choosing a lender
3. Homeowner Assistance
4. Florida Heroes Program
5. Define your Dream Home
6. 5 Step Buyer's Don't want to skip
7. The Hidden Costs of Home Ownership
8. Avoid these 7 things before closing on your house

HOW A REAL ESTATE TRANSACTION WORKS



Before making an offer, smart buyers apply to at least three lending sources to determine how much they can afford to spend and the best interest rate.

OFFER PRESENTED
Buyer's Realtor presents buyer's offer to seller's Realtor, who conveys it to seller.

GOOD FAITH DEPOSIT
Along with the offer, buyer submits "earnest money," or good faith, deposit to cement the deal. Deposit is held in escrow to be applied toward the down payment.

SALES AGREEMENT EXECUTED

PURCHASE NEGOTIATION
Working through their Realtors, seller and buyer negotiate final sales price, sales terms and any contingencies buyer may request, such as whether sale is contingent on inspections, appraisal, attorney's review, etc.

SELLER'S DISCLOSURE
Seller discloses issues that may materially affect the value of the property and which are not readily evident.

LOAN APPLICATION PROCESSED
Lender conducts extensive review of buyer's credit report, employment, source of down payment, property appraisal, etc.



TITLE SEARCH
Concurrent with the loan process, closing agent confirms seller has clear right to sell property and establishes facts, such as whether there are restrictive covenants on the use of the property.

CLOSING DOCUMENTS ISSUED
Lender provides loan estimate and closing disclosure detailing all terms and costs.



CONTINGENCIES SATISFIED
Once financing is complete and other hurdles are removed, contingencies may drop off.

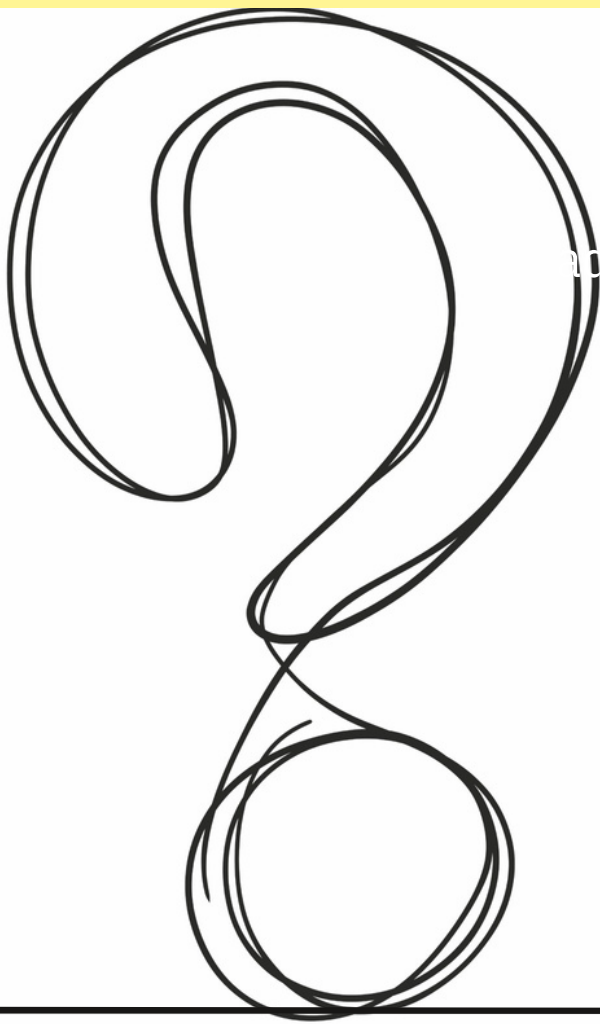


FINAL WALK-THROUGH
1-2 days before closing, buyer confirms that the home is in the same condition as when purchase offer signed and all elements that are to be conveyed are still in place.



16 Questions to Ask When Choosing a Lender

Loan terms, rates and products can vary significantly from one lending company to the next. Plus, how do you handle closings in the age of COVID-19?



General questions:

- What are the most popular mortgages you offer? Why are they so popular?
- Are your rates, terms, fees and closing costs negotiable?
- Do you offer discounts for inspections, homeownership classes or automatic payment set-up?
- Will I have to buy private mortgage insurance? If so, how much will it cost and how long will it be required?
- What escrow requirements do you have?
- What kind of bill-pay options do you offer?
- Do you do remote closings?
- Explain the process of closing with social distancing.

Loan-specific questions:

- What would be included in my mortgage payment (homeowner's insurance, property taxes, etc.)?
- Which type of mortgage plan would you recommend for my situation?
- Who will service this loan—your bank or another company?
- How long will the rate on this loan be locked-in? Will I be able to obtain a lower rate if the market rate drops during the lock-in period?
- How long will the loan approval process take?
- How long will it take to close the loan?
- Are there any charges or penalties for prepaying this loan?
- How much will I be paying in total over the life of this loan?

HOMEOWNERSHIP ASSISTANCE

Need help buying a home? You may qualify for one of these programs.

HUD-approved housing counseling agencies: Housing counseling agencies offer guidance on homebuying, renting, reverse mortgages, and default and foreclosure prevention.

hud.gov/states/florida/homeownership/hsgcounseling

USDA Rural Housing Service: Direct loans and grants for building, purchasing or repairing homes.

rd.usda.gov/programs-services

Florida Association for Community Action: Local agencies provide low-income homeowners emergency home repair and weatherization assistance.

faca.org

HUD's Community Development Block Grants (CDBG): Recipients may offer homebuyer assistance in your area.

hud.gov/states/florida/community/cdbg

Florida Housing Finance Corporation: Call (800) 814-HOME (4663) for info on first-time homebuyer programs, lower interest rate loans and purchase assistance.

floridahousing.org

HUD's HOME Investment Partnership Program: Provides funding to local agencies to help you purchase or repair your home.

hud.gov/states/florida/community/home

Habitat for Humanity: Habitat for Humanity is a nonprofit organization that helps people in your community and around the world build or improve a place they can call home. Donate, volunteer and raise your voice in support of decent and affordable housing.

habitat.org

State Housing Initiatives Partnership (SHIP) Program: Recipients could be eligible for home repair or replacement, downpayment assistance, rental housing assistance and other affordable housing assistance.

floridahousing.org/buyers-renters/local-housing-programs



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Florida Heroes Program

Hometown Housing

The Florida Hometown Heroes Housing Program makes homeownership affordable for eligible frontline community workers by providing down-payment and closing-cost assistance to first-time, income-qualified homebuyers so they can purchase a primary residence in their communities.

Eligible borrowers can receive up to 5% of the total loan amount (maximum of \$25,000) in the form of a 0%, non-amortizing, 30-year deferred second mortgage.

HOW TO QUALIFY:



STEP

Are you a first-time homebuyer?

1:

Are you currently employed full time in one of the eligible occupations? See the at tinyurl.com/FL-hometown-heroes

STEP

Contact a Realtor® to help secure your down-payment assistance.

2:

Your Realtor will connect you with an approved loan officer.

STEP

Learn more about the Florida Hometown Heroes Housing Program at floridahousing.org/hometownheroes Source: Florida Housing



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Define Your Dream Home

Hunting for a new home? Make the most of your time by defining exactly what you want before you get started: 3 = Vital, 2 = Very Important, 1 = Neutral, 0 = Not important



LOCATION PREFERENCES RATE		
Neighborhoods _____	_____	_____
School district _____	_____	_____
Near public transportation _____	_____	_____
Near airport _____	_____	_____
Near expressway _____	_____	_____
Near shopping _____	_____	_____
Great views _____	_____	_____

TYPE		
Single-family/condo/townhome _____	_____	_____
Minimum/maximum property age _____	_____	_____
Willingness to renovate _____	_____	_____
Architectural style _____	_____	_____
Open floor plan _____	_____	_____

SIZE & MAKEUP		
Minimum # of bedrooms _____	_____	_____
Minimum # of bathrooms _____	_____	_____
Eat-in kitchen _____	_____	_____
Family room _____	_____	_____
Formal dining room _____	_____	_____
Formal living room _____	_____	_____
Garage (number of cars) _____	_____	_____
Outdoor space (size/use) _____	_____	_____
Laundry room _____	_____	_____

AMENITIES		
Wood floors/carpeting _____	_____	_____
Heating/cooling system types _____	_____	_____
Fireplace _____	_____	_____
Pool _____	_____	_____
Other special needs/preferences: _____	_____	_____

Source: National Association of Realtors

5

STEPS BUYERS DON'T WANT TO SKIP—EVEN IN A HOT MARKET

Florida is one of the hottest housing markets in the U.S., making buying a home challenging. Here are five tips for finding the best real estate deals in Florida and having a smooth closing:

1

View properties in person to make sure you see any aspects of a home not included online. Touring listings with an experienced real estate agent, who can spot potential concerns, is always wise. If you must rely on a virtual showing, you can have an agent visit the property and make a purchase offer contingent upon a satisfactory professional home inspection.

2

Be cautious when buying a home remotely, so you don't fall prey to any scams, such as fake listings or overpriced properties.

3

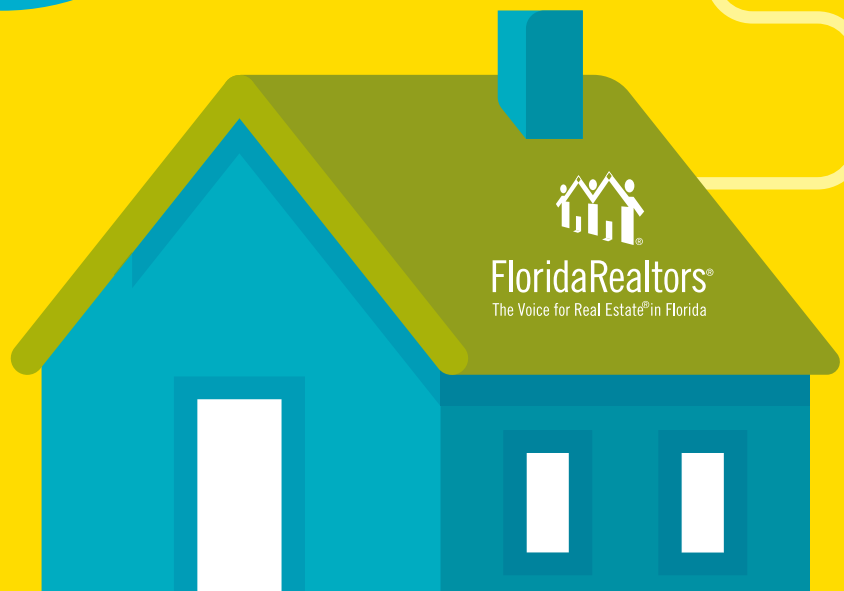
Use trusted financial institutions for making necessary payments, such as a good-faith deposit to a brokerage with a purchase offer. Online payment apps, such as PayPal and Venmo, don't offer the same protections as a traditional bank with FDIC insurance.

4.

Make sure your finances are in order before spending too much time searching for your dream home. Getting a mortgage preapproval is best so you know how much you can borrow and at what terms. It may also carry weight with a potential seller evaluating multiple purchase offers. Also, make sure your credit is healthy so you qualify for a mortgage with the lowest interest rate possible, which can save thousands of dollars over the life of your loan.

5

Use an experienced real estate agent who understands the market where you want to buy a home. They can help you navigate the potentially complex process of making offers, negotiating terms, completing contingencies and getting to the closing table. The right agent can help you get an offer accepted when competing with other buyers in a hot real estate market.



5 HIDDEN COSTS OF HOMEBUYING

44% OF HOMEBUYERS report they weren't aware of all the costs associated with buying a home.

Top expenses that new homebuyers sometimes forget to factor in:

LOSING COSTS

These range between 2% to 5% of the loan amount.
The national average is about \$6,000.



MOVING COSTS

The national average cost of moving is about \$1,400 with a range from \$800 to \$2,150. (That's for a two-person moving team completing a local move of less than 100 miles. The average cost of a long-distance move: between \$2,200 and \$5,700.)



POTENTIAL RENOVATIONS

A 2017 survey found that new homeowners spent an average of \$10,601 on furniture, appliances, and home repairs — in the first year.



HOME INSPECTIONS

These typically run from \$300 to upward of \$600 depending on the location and size of the home.



TITLE INSURANCE

The average cost of title insurance is around \$1,000 per policy, but that amount varies widely from state to state and depends on the price of your home.



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SOURCES: realtor.com, Forbes, National Association of Homebuilders

STOP!

AVOID THESE 7 THINGS BEFORE CLOSING ON YOUR NEW HOME



You've found your dream home, your offer is accepted and your closing date is 20 days away. We know your mind is on furnishing your house and buying supplies. And you're probably a little overwhelmed with all that goes into moving. Don't jeopardize your chance at a successful closing by making one of these errors.



Here's what NOT to do before closing on your new home:



1 Change jobs



2 Increase debts



3 Apply for new credit

4 Move money

without a paper trail



5 Skip a payment or make a late payment for a bill

6 Spend your savings



7 Buy big-ticket items



Lenders will continue to check your credit, income and job stability up to just before closing to see if anything has changed that may impact you qualifying.

Source: Pat Zaby, Betterhomeowners.com

Thank you for checking out this ebook.

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