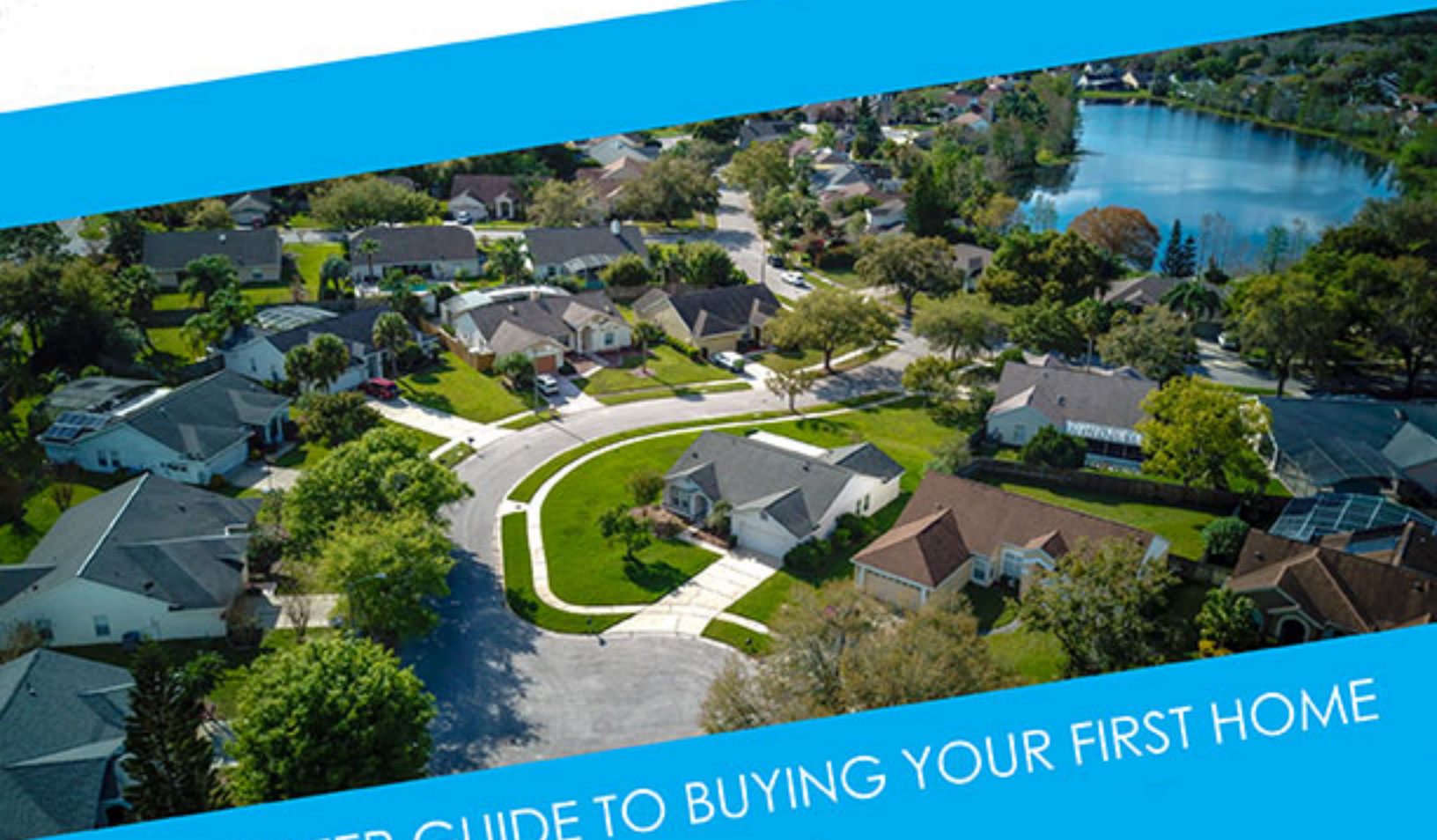


# FIRST TIME **BUYERS** GUIDE



STEP BY STEP GUIDE TO BUYING YOUR FIRST HOME

BROUGHT TO YOU BY



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# THE HOME-BUYING PROCESS

## STEP BY STEP

Buying your first home can seem like an overwhelming task, but rest assured with our step by step guide you will be educated so you're informed every step of the way.

### WHY WORK WITH A BUYER'S AGENT?

↓ A Buyer's agent is going to be your personal **guide to help** navigate you through the entire process from start to finish. Best of all a Buyer's agent does everything at **no cost to you**. You see when a Seller goes to Sell their home with a real estate professional, they agree to pay a commission to the listing agent, who in turn shares their commission with the Buyer's agent.

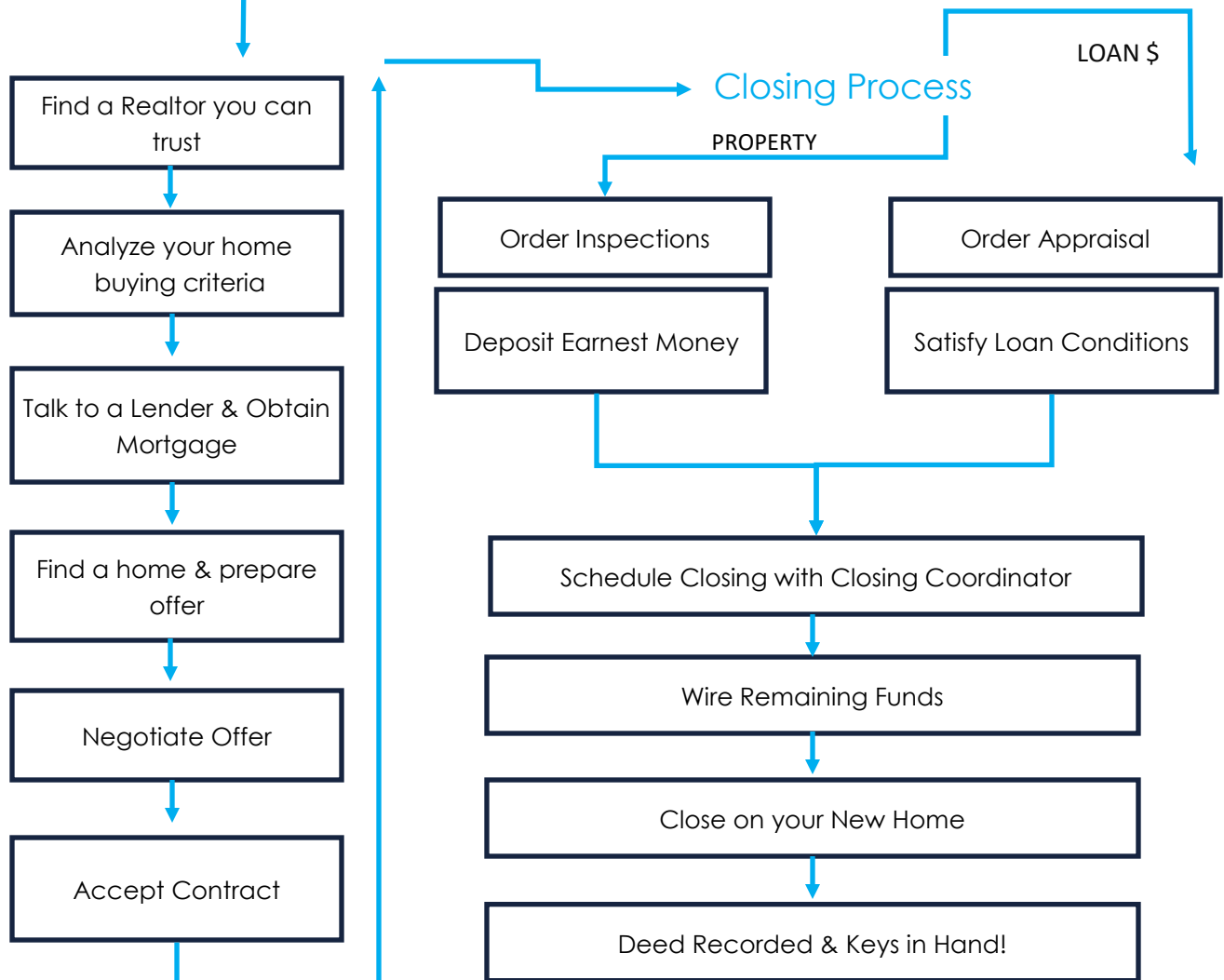


→ A Buyer's agent has the ability to show you any home whether it's listed by another realtor, builder, or for sale by owner. Our local Central Florida Realtors all work together sharing current housing inventory through the Multiple Listing Service or MLS for short. There are quite a few advantages to working with a Buyer's agent

- Providing you with leadership and sound advice through every step of the process.
- Help identify your wish list in order to find the perfect home for you.
- Ability to access all current homes for sale as well as identify new properties to the market.
- Use their professional skill set to help negotiate the best terms possible saving you money.
- Working with your schedule to arrange times to tour properties together.
- Protecting you from potential legal issues and repercussions.

# AN EASY STEP BY STEP GUIDE OF YOUR ENTIRE HOME BUYING JOURNEY

Start Here!





# YOUR DREAM HOME WISHLIST

When searching for a home every Buyer has different wants and needs. It's crucial for your Buyer agent to be made aware of exactly what you are looking for in order to save time and avoid showing properties that don't meet your specifications. Using this wish list is a great way to set up some initial criteria to give your Buyer's agent somewhere to start.

Your Budget: \_\_\_\_\_

Location/Community: \_\_\_\_\_

Type of home: ☐ Single Family ☐ Townhome ☐ Condo ☐ Highrise

School District: \_\_\_\_\_

Your min number of:

Bedrooms: \_\_\_\_\_ Bathrooms: \_\_\_\_\_

Square Ft: \_\_\_\_\_

Ideal Features & amenities (ex: pool, fenced yard, garage)

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Other important factors:

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# THE PRE-APPROVAL

# PROCESS



Getting pre-approved is the key to unlock the doors to start searching for a home. A pre-approval is based upon documentation provided to the lender that has been verified by the lender determining your budget. A pre-approval is a requirement in today's real estate market with presenting a Seller with an offer. It gives the Seller confidence in accepting your offer knowing that your lender has already reviewed your financial statements.

**THERE ARE A FEW DIFFERENT  
LOAN PROGRAMS AVAILABLE IN  
TODAY'S MARKET AND  
CHOOSING THE RIGHT ONE  
FOR YOU IS KEY!**

## TYPES OF LOANS

### FHA

An FHA loan is a government insured loan by the Federal Housing Administration designed for low-to-moderate income borrowers. As of 2019 you can borrow up to 96.5% of the value of a home meaning you will only be required to make a down payment of 3.5%. You will need a credit score of at least 580 to qualify. If your credit score is between 500 and 579, you can still get an FHA loan provided you make a 10% down payment. A key difference for a FHA loan is that your down payment can come from savings, a financial gift from a family member, or a grant for down-payment assistance.

# TYPES OF LOANS

## USDA HOME

In order to be eligible for many USDA loans, household income must meet certain guidelines. Also, the home to be purchased must be located in an eligible rural area as defined by USDA. USDA loans can allow a borrower to finance up to 100% of the home's value with zero down payment and low private mortgage insurance when compared to other government and conventional options.

## CONVENTIONAL

A conventional mortgage is any type of home buyer's loan that is not offered or secured by a government entity, such as the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), or the USDA Rural Housing Service, but instead is available through or guaranteed by a private lender (banks, credit unions, mortgage companies) or the two government-sponsored enterprises, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Typically, these loans require at least 5% of the home's value as a down payment, although generally 20% down payment is preferred to avoid paying private mortgage insurance. Interest rates tend to be higher on these loans as compared to government back loans like FHA. These loans have stricter guidelines regarding debt-to-income ratio and credit scores. This type of loans is better suited for Buyer's that have a sizable savings and are looking to lock in low interest rates and avoid paying private mortgage insurance.

## VETERAN'S AFFAIRS

The Veterans Affairs or VA is a loans program available to active duty, veterans, and disabled veterans to qualify for a mortgage with no money down. There are purchase price limitation as of 2019 of \$484,350 for most major US cities. Specific city limitations can be checked in the VA's website. This is a great loan program for members of the military to purchase a property with very little out of pocket expenses.

# AVOID MISTAKES

## WHAT TO DO & NOT TO DO BEFORE BUYING A HOME

### DO

- Gather all important financial documents including tax transcripts, bank statement, pay check stubs, and other documents showing proof of income.
- Save as much money as possible as your financial status will be checked periodically throughout the process.
- Keep everyone in the loop if you expect to receive a large gift or depositing a large amount of money outside of your typical transactions. Also, if there is a large expense or loss of income during the process be sure to let your lender know.

### DON'T

- Make any big purchase like a car, appliances, furniture, or anything else that can negatively impact your loan qualification status.
- Quit or change your job. This may seem self-explanatory but even if it's for the good wait until after closing to make any changes in your current employment status.
- Avoid using credit cards or opening new credit accounts. It's always a good idea to keep your credit balances at or below 40% of the credit limits to maintain your credit score. Avoid having any soft or hard pulls on your credit score to avoid a drop in your score.



# FINDING YOUR DREAM HOME

## HOME HUNTING TIME!

Finding your dream home will take persistence and patience and the team at FL Pro Brokers understands that. We are not here to rush your decision and will make sure we find you the perfect home no matter how long it takes! Your agent will help you get set up with a home searching using real time data direct from the Multiple Listing Service (MLS). They will review active homes with you that meet your criteria. Your agent will schedule showings for you to view properties you are interested in touring. Evaluate and advise you with all pertinent information for you to make an informed decision.



## MOST COMMON WAYS TO SEARCH FOR A HOME

### Multiple Listing (MLS)

The Multiple Listing Service or MLS for short is the most accurate and real time resource for your home search. This is where all real estate professionals go to list homes, they are marketing for sale. Your agent will get you set up with direct access through an online portal, so you can search just like the professionals do. Don't worry the real estate professional at FL Pro Brokers know you live a busy schedule, so we will get you set up on an automated search that will email you properties that meet your criteria as soon as they hit the market.

### New Construction Communities

New home communities and builder homes are a great option available to Buyer is the Central Florida market. FL Pro Brokers has relationships with many of the area's top builders giving us leverage when it's time to negotiate. If touring these communities without your agent be sure to let any builder representative or agents know that you are already working with your preferred and trusted agent. Using your Buyers agent ensures you are protected throughout the entire transaction and we can typically negotiate key incentives and upgrades for our Buyers.

### Third Party Website:

When it comes to third party websites, they can be a valuable tool. Sometimes homeowners will list their properties directly on to these various websites like zillow.com, trulia.com, or hotpads.com to try and find a Buyer. It's always advantageous for you to alert your agent if you have located a property of interest on one of these websites, so they can do the proper research.

### For Sale By Owners:

Advantageous home owners sometimes decide to list their property themselves as a For Sale By Owner. Understand that the homeowner has their best interest at heart and it is always advised to use a Buyer's agent for your best interests.

# WRITING YOUR OFFER

So, you have found the home of your dreams and are ready to make your offer to the Seller. Making an offer doesn't guarantee the Seller will choose to work with your offer. That's why it's important to trust the expertise and experience of your agent negotiate the best terms possible while trying their hardest to ensure the Seller selects your offer.

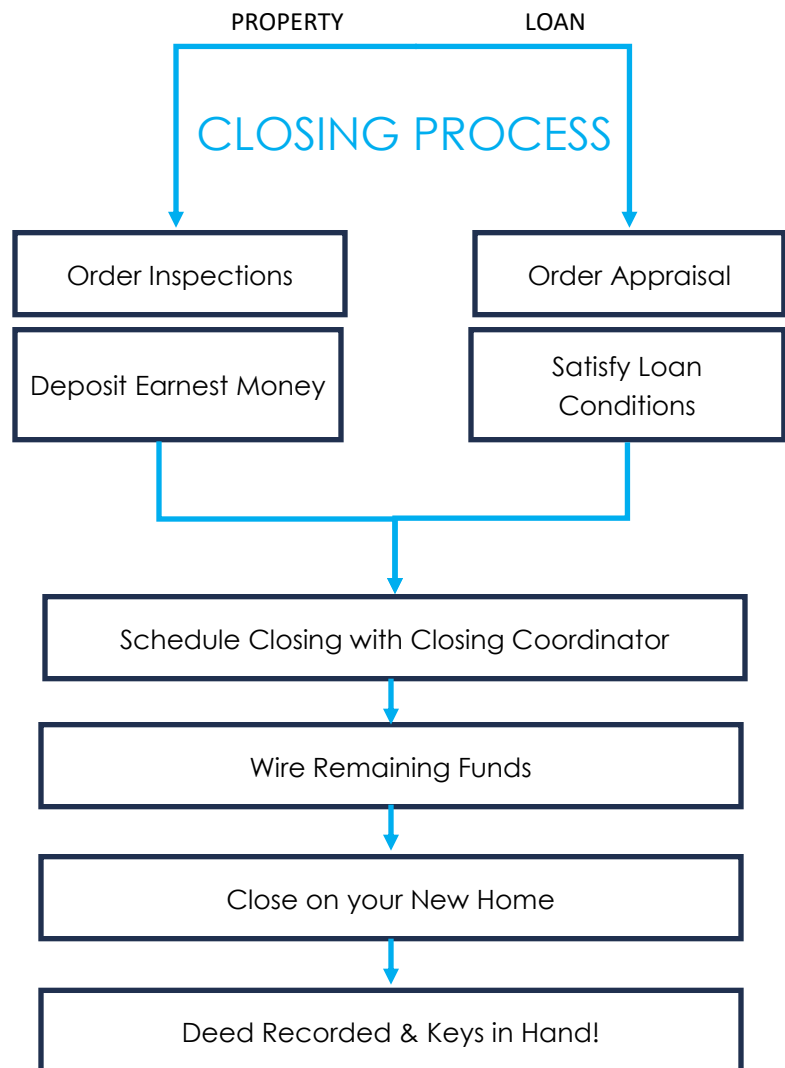
***When submitting an offer these are all the possible items we can negotiate on your behalf:***

- Purchase Price
- Amount of escrow deposit
- Closing date
- Inspection period timeframe
- Closing cost credit
- Contract contingencies
- Appraisal stipulation
- Appliances/ Fixtures



**Your offer has been accepted where do we go from here?**

Getting an offer accepted is a big win, but there are still quite a few hurdles to overcome.



# WHAT TO EXPECT DURING HOME INSPECTION

It is always highly recommended to have a prospective home inspected by a state licensed professional. The inspector is a 3<sup>rd</sup> party who is hired by the Buyer to conduct a thorough inspection of the home and make them aware of any repairs or material defects that may affect the property. There are 4 specific type of inspections that cover all different aspects of the home.

## **A General Inspection:**

A general inspection is a limited examination of the overall condition of the home including plumbing, electrical, air conditioning & heating, roof, foundation, and structure. All existing appliances in the home will also be tested for proper working order.



## **A Four Point Inspection:**

The Four Point Inspection cover the main four points of the house being the (1) Roof, (2) Electrical wiring and panel, (3) Plumbing, (4) HVAC (heating, ventilation, and air conditioning). This report is typically required by insurance companies especially on homes 30 years or older.

## **Wind Mitigation:**

Wind Mitigation inspection focuses on the construction features that have been proven to mitigate loss in the event of a major storm or hurricane. During this inspection, the inspector, will be looking for secondary water barrier on the roof, the presence of roof to wall attachments such as hurricane straps or clips, and if there are storm shutters or opening protection on the property. If your prospective property has these certain features insurance companies often provide significant reductions in monthly premiums.

## **WDO/ Termite:**

Wood Destroying Organism (WDO) are inspections to evaluate the presence of these insects or organisms in the home. Conducted by state-certified specialists, they provide homebuyers and lenders with accurate and detailed information regarding any termite infestations and any damage caused by insects or organism.

LAST, BUT NOT LEAST—

# APPRAISAL

The appraisal is one of the most important steps in the home buying process. The appraisal is an un-

biased estimate of the fair market value of what a home is worth. A state-certified appraiser is the only individual who can conduct a home appraisal acceptable to all federally regulated lenders. If an appraisal comes in at or above the contract price, then the transaction can continue forward without any recourse. If the appraisal comes in below the contract price your agent will need to help negotiate the difference from the Seller in order for the lender to agree to move forward with funding the sale.



*What is the purpose?*

The reason appraisals are necessary is to protect the Buyer and the lender.

Buyers want to be sure they are not paying over fair market value for a home. Lender wants to ensure that the amount of the loan the Buyer is requesting is appropriate with the fair market value of the home.



## CLOSING DAY IS COMING ...

# NOW WHAT?

So, you have almost crossed the finish line, but closing is still a few days away. There are still a few hurdles to overcome. Three days prior to closing your lender will provide you with the Closing Disclosure to review and sign. This will provide an in-depth break down of all the terms of your loan including the cash needed to close. These funds will be wired directly to the title company at least 24 hours before closing.



A final walk through of the home is **always recommended** to ensure the property is in the same condition as original seen and inspected. Your agent will attend the walk through with you and address any concerns you may have about closing.

The closing typically takes place at the title company. There you can expect to sign documents pertaining to the purchase and your loan. You will receive information on how to make your first loan payment and when it's due. Also, be sure to ask about filing for homestead exemption to save on your property taxes. After all documents are signed the keys will be officially released to your new home!



# THE CLOSING PROCESS



**CONGRATS ON  
YOUR NEW  
HOME!**

Schedule Date & Time to  
Sign Closing Documents

Schedule Movers or Truck

Schedule Utility Service

Wire Cash-To-Close

Final Walk Through

Sign Documents at  
Closing

Keys Released &  
Deed Recorded