

# BUYER'S GUIDE

Let's find your dream home!



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## CONTENTS

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Let's Find Your Dream Home!

The Home Buying Process

Preparing to Buy

But 1st, Get Pre-Approved!

Pre-Qualified vs Pre-Approved

Which Loan is Right for You?

Questions to Ask Lenders

Home Loan Application Checklist

Finding Your Dream Home

House Wants & Needs List

House Hunting Tips

Making an Offer

Negotiations

Under Contract & In Escrow

What Not to Do

Final Steps Before Closing

Homeowners Insurance

Title Insurance

Cleared to Close

Closing Day

Success Stories

LET'S FIND YOUR DREAM HOME!

*We're here to guide you through the process,  
Every step of the way.*





# THE HOME BUYING PROCESS



# PREPARING TO BUY



DETERMINE HOW MUCH YOU CAN SPEND



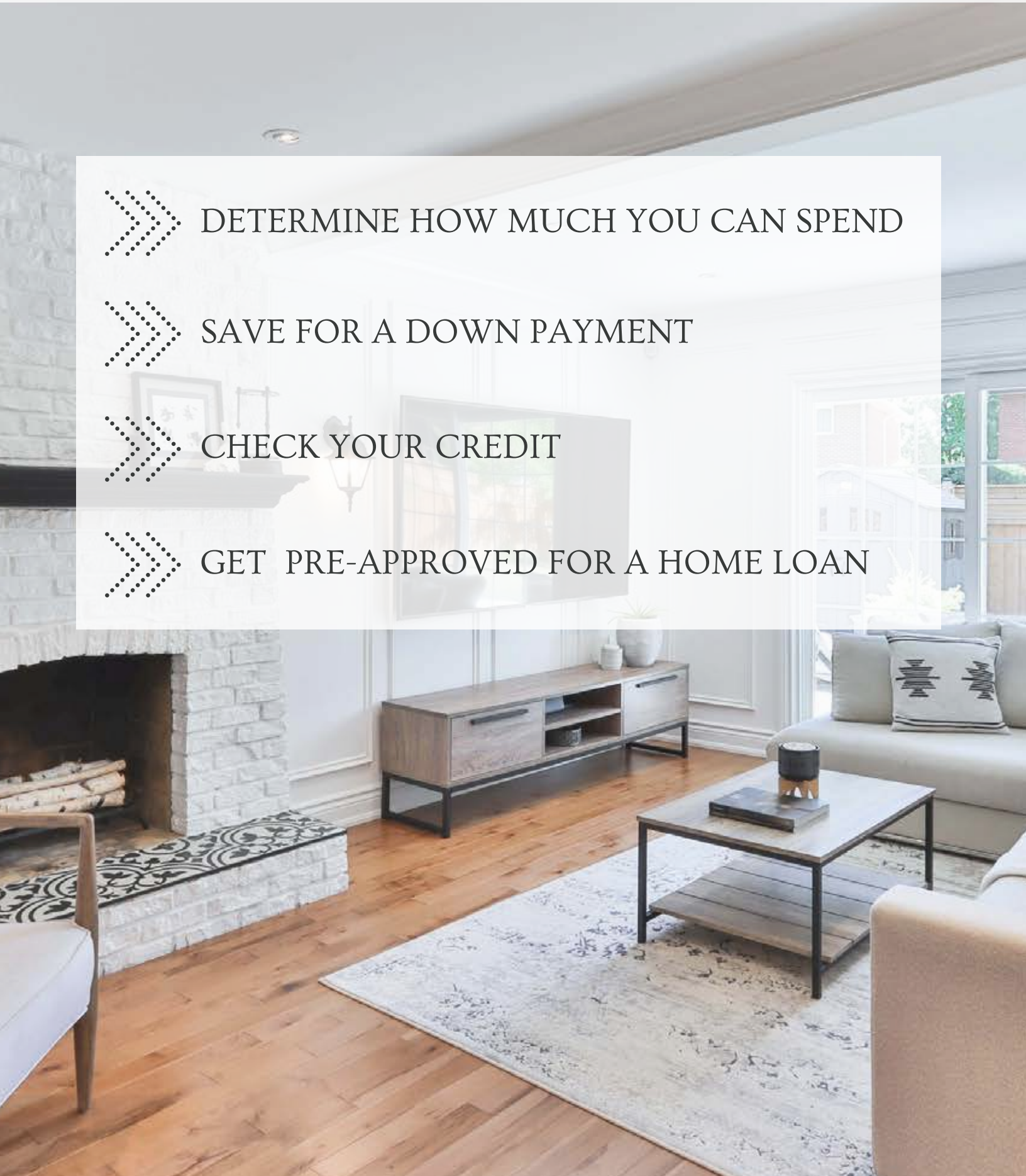
SAVE FOR A DOWN PAYMENT



CHECK YOUR CREDIT



GET PRE-APPROVED FOR A HOME LOAN





# BUT 1ST, GET PRE-APPROVED!

*House shopping is an exciting time!  
Get pre-approved for a loan first so you can  
be ready to make an offer when you find a  
home you love.*



# PRE-QUALIFIED VS PRE-APPROVED

What's the difference between being pre-qualified and pre-approved?

## Pre-Qualified

In order to be pre-qualified, a lender may or may not check your credit score and won't require documentation, only going off what you tell them. This will give you an idea of what you could qualify for, but when you're serious about buying, you'll need to get pre-approved.

## Pre-Approved

To be pre-approved, the lender will pull your credit and ask you for documentation to verify your finances. Before making an offer on a house, it is best to get pre-approved to show sellers your offer is serious and that a lender has already approved you for enough money to purchase the home.



# WHICH LOAN IS RIGHT FOR YOU?

## CONVENTIONAL LOAN

The most common type of home loan, which is offered through private lenders.

## FHA LOAN

Loans designed for those with high debt-to-income ratios and low credit scores, and most commonly issued to first-time homebuyers. Offered by FHA-approved lenders only and backed by the Federal Housing Administration.

## VA LOAN

Loans designated for veterans, spouses, and reservists, offered through private lenders and guaranteed by the U.S. Department of Veteran Affairs.

## USDA LOAN

Loans for homebuyers in designated rural areas, backed by the U.S. Department of Agriculture.

TYPE OF LOAN	DOWN PAYMENT	TERMS	MORTGAGE INSURANCE	MINIMUM CREDIT SCORE
CONVENTIONAL	3 - 20%	15-30 Years	On down payments under 20%	620
FHA	3.5 - 20%	15-30 Years	For 11 years or life of the loan	500
VA	None	15-30 Years	None	640
USDA	None	15-30 Years	None	640



# QUESTIONS TO ASK WHEN CHOOSING A LENDER

Interviewing lenders is an important step in determining what type of home loan is best for you. Not all lenders are the same, and the type of loans available, interest rates, and fees can vary. Here are some questions to consider when interviewing lenders:

- Which types of home loans do you offer?
- What will my interest and annual percentage rates be?
- Do I qualify for any special programs or discounts?
- What estimated closing costs can I expect to pay?
- What is your average loan processing time?



# HOME LOAN APPLICATION DOCUMENTS CHECKLIST

To determine loan eligibility, lenders typically require the following types of documents from each applicant:

## INCOME:

- Federal tax returns: last 2 years
- W-2s: last 2 years
- Pay stubs: last 2 months
- Any additional income documentation: pension, retirement, child support, Social Security/disability income award letters, etc

## ASSETS:

- Bank statements: 2 most recent checking and savings account statements
- 401(k) or retirement account statement and summary
- Other assets: statements and summaries of IRAs, stocks, bonds, etc.

## OTHER:

- Copy of driver's license or ID and Social Security card
- Addresses for the past 2-5 years and landlord's contact info if applicable
- Student loan statements: showing current and future payment amounts
- Documents relating to any of the following if applicable: divorce, bankruptcy, collections, judgements or pending lawsuits



# FINDING YOUR DREAM HOME

Create a list of what you want in your new home. Include must haves as well as what you would like to have but aren't deal breakers.







# HOUSE HUNTING TIPS



## INVESTIGATE THE AREA

Drive around neighborhoods that interest you to get a feel of the area, how the homes are cared for, what traffic is like, etc.



## ASK AROUND

Talk to family, friends and co-workers to see if anyone might know of a house for sale in an area you're interested in. One of them may even know of someone that's thinking about selling but hasn't put the house on the market yet.



## KEEP AN OPEN MIND

Finding your dream home isn't always an easy task! Have a priorities list but keep an open mind when viewing houses.



## TAKE PICTURES & NOTES

When you visit multiple houses it gets difficult to remember specific details about each one. Take photos and notes while touring houses so that you can reference them later when comparing the properties that you've seen.



## BE READY TO MAKE AN OFFER

When you find a home you want to buy, keep in mind there may be others interested in it as well. Be ready to make a solid offer quickly in order to have the best chance at getting that home.

# MAKING AN OFFER

When we have found a home that you're interested in buying, we will quickly and strategically place an offer. There are several factors to consider that can make your offer more enticing than other offers:

## PUT IN A COMPETITIVE OFFER

We will decide on a reasonable offer price based on:

- › Current market conditions
- › Comparable properties recently sold in the area
- › The property value of the house
- › The current condition of the house

## PAY IN CASH VS. LOAN

Paying in cash versus taking out a loan offers a faster closing timeline and less chances of issues arising, making it more appealing to sellers.

## PUT DOWN A LARGER DEPOSIT

An offer that includes a larger earnest money deposit presents a more serious and competitive offer.

## ADD A PERSONAL TOUCH

Include a letter to the sellers with your offer, letting them know what you love about their home. Adding this personal touch can give you an advantage over other offers by making yours stand out from the rest.

## OFFER A SHORTER CLOSING TIMELINE

An offer with a shorter timeframe for closing is generally more attractive to sellers over one with an extended time period with a house sale contingency. A typical closing timeframe is 30-45 days.



# NEGOTIATIONS

A seller can accept or decline your offer, or come back with a counter offer. If they send you a counter offer, be prepared to negotiate to come up with reasonable terms for both parties. This process can go back and forth until an agreement is made.





# UNDER CONTRACT & IN ESCROW

Once you and the seller have agreed on terms, a sales agreement is signed and the house is officially under contract and in escrow. Here are the steps that follow:

## PUT YOUR DEPOSIT INTO AN ESCROW ACCOUNT

Your earnest money deposit will be put into an escrow account that is managed by a neutral third party (typically a title company or bank) who holds the money for the duration of the escrow period. They will manage all the funds and documents required for closing, and your deposit will go towards your down payment which is paid at closing.

## SCHEDULE A HOME INSPECTION

Home inspections are optional but highly recommended to make sure that the home is in the condition for which it appears. Inspections are typically completed within 10-14 days after signing the sales agreement.

## RENEGOTIATE IF NECESSARY

The home inspection will tell you if there are any dangerous or costly defects in the home that need to be addressed. You can then choose to either back out of the deal completely, ask for the seller to make repairs, or negotiate a lower price and handle the repairs yourself.

## COMPLETE YOUR MORTGAGE APPLICATION

Once you've come to an agreement on the final offer, it's time to finalize your loan application and lock in your interest rate if you haven't done so already. You may need to provide additional documentation to your lender upon request.

## ORDER AN APPRAISAL

An appraisal will be required by your lender to confirm that the home is indeed worth the loan amount. The appraisal takes into account factors such as similar property values, the home's age, location, size and condition to determine the current value of the property.



# WHAT NOT TO DO DURING THE HOME BUYING PROCESS

It's extremely important not to do any of the following until after the home buying process is complete:

- Buy or Lease a Car
- Change Jobs
- Miss a Bill Payment
- Open a Line of Credit
- Move Money Around
- Make a Major Purchase



Any of these types of changes could jeopardize your loan approval. It's standard procedure for lenders to also do a final credit check before closing.

# FINAL STEPS BEFORE CLOSING

## Insurance Requirements

Most lenders require both homeowner's insurance and title insurance. See following pages for more detailed information on each of these.

## Closing Disclosure

At least 3 days before closing, lenders are required to provide you with a Closing Disclosure with your final loan terms and closing costs for you to review. Closing costs for the buyer typically range from 2-5% of the purchase price, which can include lender fees, lender's title insurance, and HOA dues if applicable.

## Final Walk Through

Within 24 hours of closing we will do a final walk through of the home before signing the final paperwork. This last step is to verify that no damage has been done to the property since the inspection, that any agreed upon repairs have been completed, and that nothing from the purchase agreement has been removed from the home.

*Next Step: Closing!*



# HOMEOWNERS INSURANCE

## WHY DO YOU NEED HOMEOWNERS INSURANCE?

Homeowners insurance protects your home and possessions against damage and theft and is required by lenders before finalizing your loan. Policies vary and are completely customizable, so it's recommended to get quotes from multiple companies to compare price, coverage and limits.

## WHAT DOES THIS INSURANCE COVER?

Homeowners insurance typically covers destruction and damage to the interior and exterior of a home due to things like fire, hurricanes, lightning, or vandalism. It also covers loss or theft of possessions, and personal liability for harm to others.

## WHAT DOESN'T IT COVER?

Most policies do not cover flood or earthquake damage, and you may need to purchase an additional policy for this type of coverage.

## WHAT ARE POLICY RATES BASED ON?

Rates are mostly determined by the insurer's risk that you will file a claim. The risk is based on your personal history of claims, frequency and severity of claims, past history of claims on the home, as well as the neighborhood statistics and the home's condition.

## HOW CAN YOU QUALIFY FOR DISCOUNTS?

Many insurance companies offer discounts to seniors, and also to customers who have multiple policies with them, like auto or health insurance. Having a security system, smoke alarms and carbon monoxide detectors can also lower annual premium rates. When getting quotes, be sure to ask each company about their discounts and cost savings options.

# TITLE INSURANCE

## WHAT IS TITLE INSURANCE?

Title insurance protects the lender and/or homeowner from financial loss against claims regarding the legal ownership of a home.

## HOW DOES TITLE INSURANCE COVERAGE WORK?

There are two types of title insurance: one for lenders and another for homeowners. Lender's title insurance is required by lenders but it does not cover you. A separate homeowners policy is needed to protect yourself from a claim on your home, and from being held financially responsible for possible unpaid property taxes from previous owners.

## IS A TITLE SEARCH SUFFICIENT?

While most lenders require a title search, the title insurance ensures that if anything is missed during the search, those insured will be protected if any legal issues arise.

## HOW MUCH DOES TITLE INSURANCE COST?

Title insurance is a one-time fee that is paid at closing, which costs between \$500-\$3,500 depending on the state, insurance provider and the purchase price of the home. Some companies will offer a discount if you bundle the lender's and owner's policies, but typically the buyer purchases the lender's policy and the seller pays for the owner's policy.



# CLEARED TO CLOSE

Closing is the final step of the buying process. On the day of closing, both parties sign documents, funds are dispersed, and property ownership is formally transferred from the seller to the buyer.



# CLOSING DAY

*Congratulations, you made it to Closing!*

On the day of closing you'll be going over and signing the final paperwork, and submitting a cashier's check (or previously arranged wire transfer) to pay the remaining down payment and closing costs.

## ITEMS TO BRING TO CLOSING:

- ✓ Government Issued Photo ID
- ✓ Homeowner's Insurance Certificate
- ✓ Certified Funds or Cashier's Check
- ✓ Final Purchase Agreement

*Enjoy your new home!*



# SUCCESS STORIES

“

We are no strangers to the excellence that Philidor Brady & Co. Realty bring and we knew that they were the right choice in the search of our new home. Communication is never a problem. The knowledge they have will amaze. We found our new construction home and the process was the smoothest transaction for such a big purchase item. We hope to see Philidor Brady & Co. Realty around for many many years and trust they will be available when our needs for a home increase to new levels. - *Alvin and Latasha Sinardo*



”



“

Knowledgeable, professional, sharp, and persistent! Philidor Brady & Co. has been helpful with the selling of our townhome and the purchase of our second home. Very grateful for the opportunity to have work with them and will definitely work with them again. Two are always better than one!



- *Dafinie Garcon*

”

“

Moving from CT to FL was nerve wrecking alone but working with Philidor Brady & Co they made it easy, comfortable and a pleasant experience...

- *Dena Ramirez*



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*Buy with Confidence*

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