

A Guide to the Home-Buying Process

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Welcome!

You are about to embark on the exciting journey of finding your ideal home. Whether it is your first home or your tenth home, a retirement home, or an investment property, I will make your home-buying experience fun and exciting. I can help you find the ideal home with the least amount of hassle; and I am devoted to using my expertise and the full resources of my office to achieve these results!

Purchasing a home is a very important decision and a big undertaking in your life. In fact, most people only choose a few homes in their lifetime. I am going to make sure that you are well equipped and armed with up-to-date information for your big decision. I am even prepared to guide you through every phase of the home-buying process. This packet gives you helpful information during and after your transaction.

Please keep this packet with you during your home-buying process. There are pages that contain important phone numbers and dates and areas for notes to help you stay organized.

So let's take an exciting journey together! I look forward to meeting your real estate needs every step of the way!



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Home Buyer Best Practices

A real estate transaction “can” be a complicated process. I recommend the following best practices to my customers:

1. Obtain a loan pre-approval prior to looking at homes. It’s better to know up front what you qualify for before you get your heart set on a home out of your reach. The pre-approval letter must be submitted to the Seller with any offer.
2. Review a blank contract (enclosed in this packet). This allows you to get your questions answered up front pertaining to standard terms of any offer you submit.
3. Review the Seller’s Property Disclosure prior to making an offer. Seller’s (who have occupied the property) are required to supply this to disclose any known defects. Knowledge is power when it comes to submitting an offer!
4. Obtain a Home Warranty. Whether negotiated to have the Seller pay or you pay for one on your own – great peace of mind for at least the first year you own the home that you will not have any major expenditures. A home warranty pamphlet is included in this packet for your review.
5. Get the property inspected by a licensed professional inspector. This will let you know the condition of the major systems of the home and if further investigation is needed.



HOW MUCH CAN YOU AFFORD?

Use the following to chart to determine your monthly principal and interest payments at various interest rates for either a 15 or 30-year term.

Interest Rate Factors Per \$1,000					
Interest Rates	Term 15 Years	Term 30 Years	Interest Rate	Term 15 Years	Term 30 Years
4	7.40	4.77	8	9.56	7.34
4 ¼	7.52	4.92	8 ¼	9.70	7.51
4 ½	7.65	5.07	8 ½	9.85	7.69
4 ¾	7.78	5.22	8 ¾	9.99	7.87
5	7.91	5.37	9	10.14	8.05
5 ¼	8.04	5.52	9 ¼	10.29	8.23
5 ½	8.17	5.68	9 ½	10.44	8.41
5 ¾	8.30	5.84	9 ¾	10.59	8.59
6	8.44	6.00	10	10.75	8.77
6 ¼	8.57	6.16	10 ¼	10.90	8.96
6 ½	8.71	6.32	10 ½	11.05	9.15
6 ¾	8.85	6.48	10 ¾	11.21	9.33
7	8.99	6.65	11	11.36	9.52
7 ¼	9.13	6.82	11 ¼	11.52	9.71
7 ½	9.27	6.99	11 ½	11.68	9.90
7 ¾	9.41	7.16	11 ¾	11.84	10.09

1. Find the appropriate interest rate from the chart above.
2. Look across the column to the appropriate term to determine your interest rate factor.
3. Multiply the interest rate factor by your loan amount in \$1,000s.



An Example

Interest Rate = 6 ½

Desired term = 15 years

Interest rate factor per \$1,000 = 8.71

Mortgage = \$200,000

Monthly Principal & Interest = \$1,742 (8.71 x 200)

Add your monthly insurance premium and your property tax to your principal and interest to determine your total monthly payment. I am providing this information as a guide. I strongly recommend that you contact our mortgage specialist.



THE TEN COMMANDMENTS

When applying for a Real Estate Loan

1. Thou shalt **not** change jobs, become self-employed or quit your job.
2. Thou shalt **not** buy a car, truck or van (or you may be living in it)!
3. Thou shalt **not** use charge cards excessively or let your accounts fall behind.
4. Thou shalt **not** spend money you have set aside for closing.
5. Thou shalt **not** omit debts or liabilities from your loan application.
6. Thou shalt **not** buy furniture.
7. Thou shalt **not** originate any inquiries into your credit.
8. Thou shalt **not** make large deposits without first checking with your loan officer.
9. Thou shalt **not** change bank accounts.
10. Thou shalt **not** co-sign a loan for anyone.



Home Buying Process

1. Select a Realtor®

You will be spending a lot of time with your Realtor of choice so make sure you feel comfortable with them.
2. Obtain your pre-approval (if obtaining a loan)

In our market, a pre-approval and/or proof of funds is required when submitting an offer on a property.
3. View Properties

Use the enclosed checklist to compare features and rate each property. Depending on how many homes you see in a day – after the 3rd property, they all tend to look alike after awhile!
4. Make Offer
5. Negotiation
 - a. Offer not accepted (back to #3)
 - b. Offer accepted – now the fun begins!
6. Paperwork
 - a. Finalize contract and addendums
 - b. Pay the earnest money
 - c. Submit contract and any other documents required to lender
7. Schedule Inspections
 - a. Home: The inspector will check out most major components of the home and advise if further investigation is required.
 - b. Pest/Termite: Required if obtaining a loan.
 - c. Wind Mitigation/4 Point Inspection: Required for insurance in order to receive any discounts.
 - d. Survey: Required if obtaining a loan and good to have if planning on installing a fence or adding a pool.



- e. Others as needed (i.e. pool, roof, a/c, septic or well).
- 8. Obtain insurance quotes.
- 9. Contact utility companies.
- 10. Arrange for movers
- 11. Initiate wire transfer for balance of funds needed to close.
- 12. Closing day

MOVE IN TO YOUR NEW HOME!!!



Estimated Costs to Purchase a Home

Each transaction is different – but here are some costs that may be associated with your transaction.

Prior to Closing

- Home Inspection \$350 - \$450 (depending on size of home)
- Pest Inspection \$100
- Wind Mitigation / 4 point Inspection \$200 each
- Survey \$300 - \$400 (depending on size of the property)

Paid at Closing (usually)

- **Lender Costs.** These vary by lender but usually include fees for credit report, appraisal, points, processing fees, etc. Your lender will give you a good faith estimate.
- **Insurance.** If obtaining a loan, this can be collected at closing and the first year plus 3 months reserve is usually collected. Cost of insurance depends on location, size of home and whether flood insurance is required.
- **Property Taxes.** In Florida, property taxes are paid in arrears and due Nov. 1st (for full discount). You will receive a credit on the closing statement for any portion of the year the Seller owned the property.
- **Title Insurance and related charges** (if buyer pays). Title insurance is a promulgated rate based on sales price. Using an example of a sales price of \$200,000:

Title Policy	\$1,075
Title Search	\$85
Closing Fee	\$300 - \$400

If obtaining a loan, add the following:

Lender policy	\$25.00
Endorsements	\$50.00
Florida Form 9	\$113.00

- Local and State government taxes (if obtaining a loan).
 - Doc Stamps on the Mortgage: .35 per \$100 of the loan
 - Intangible Tax on the Note: .20 per \$100 of the loan



MLS Printout Abbreviations

ADOM:	Adjusted days the property has been on the market
CDD:	Community Development District
CDOM:	Cumulative days the property has been on the market
HOA:	Home Owners Association
Homestead:	Whether the taxes listed are with a homestead exemption
Sq.Ft. Heated:	Total air conditioned
Special Sale:	Short Sale, None (regular sale) or REO (Bank Owned property)
Total Sq.Ft.:	Total air conditioned and not



REAL ESTATE DICTIONARY

Assessed Value. The valuation placed on a property by a public tax assessor for purposes of taxation.

BPO. Broker Price Opinion. This is a term lenders use for a CMA (Comparable Property Analysis).

Chain of Title. An analysis of the transfers of title to a piece of property over the years.

Clear Title. A title that is free of liens or legal questions as to ownership of the property.

Community Development District. Special purpose taxing and development districts to promote housing development through use of tax-free bonds that developers use to lower the initial cost of these residential communities. Developers issue bonds to pay for initial infrastructure (sewers, roads, water supply, grading, utilities, etc.). Bonds are eventually paid off by residents over periods of 10-30 years and are included in annual property taxes.

Contingency. A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.

Easement. A right of way giving persons other than the owner access to or over a property.

Effective Age. An appraiser's estimate of the physical condition of a building. The actual age of a building may be shorter or longer than its effective age.

Encroachment. An improvement that intrudes illegally on another's property.

Fair Market Value. The highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

Fannie Mae (FNMA). The Federal National Mortgage Association, which is a congressionally chartered, shareholder-owned company that is the nation's largest supplier of home mortgage funds.

Federal Housing Administration (FHA). An agency of the U.S. Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. The FHA sets standards for construction and underwriting but does not lend money or plan or construct housing.

FHA Mortgage. A mortgage that is insured by the Federal Housing Administration (FHA). Along with VA loans, an FHA loan will often be referred to as a government loan.

Fixture. Personal property that becomes real property when attached in a permanent manner to real estate.

Foreclosure. The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt.

Government National Mortgage Association (Ginnie Mae). A government-owned corporation within the U.S. Department of Housing and Urban Development (HUD). Created by Congress on October 1, 1968, GNMA performs the same role as Fannie Mae and Freddie Mac in providing



funds to lenders for making home loans. The difference is that Ginnie Mae provides funds for government loans (FHA and VA).

Grantee. The person to whom an interest in real property is conveyed (i.e. Buyer).

Grantor. The person conveying an interest in real property (i.e. Seller).

Joint Tenancy. A form of ownership or taking title to property which means each party owns the whole property and that ownership is not separate. In the event of the death of one party, the survivor owns the property in its entirety

PITI. This stands for principal, interest, taxes and insurance.

Right of Survivorship. In joint tenancy, the right of survivors to acquire the interest of a deceased joint tenant.

Tenancy in Common. As opposed to joint tenancy, when there are two or more individuals on title to a piece of property, this type of ownership does not pass ownership to the others in the event of death.

