REALTYPROKIT

BUYER'S GUIDE

PRACTICAL GUIDE FOR FIRST-TIME HOMEBUYERS

REALTYPROKIT

Before you buy: understanding the home buying process.

- Get to know your agent
- Your buyer's questionnaire
- The step by step buying process
- House hunting
- Common myths about buying a home
- Inspection and more
- Closing time
- Buyer mistakes to avoid
- Real estate terms to know

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GET TO KNOW YOUR REAL ESTATE AGENT

Hello, my name is Carline Riche Lopez, and if you're reading this, you're probably thinking about buying your first home. I'm so glad you're here!

Buying your first home is one of the biggest decisions you'll ever make, and my goal is to help make the process as simple and stress-free as possible with this step-by-step guide.

My real estate journey began in Florida in 1996. After helping buyers and sellers for a decade. In 2009, life took me to the Boston area, where I gained valuable insight into relocation and different housing markets. In 2020, I returned to Florida, renewed my real estate license, and have been helping first-time home buyers, relocating families, and sellers throughout Central Florida ever since.

As an active Licensed Florida Real Estate Agent, I'm honored to share my experience with you. Every buyer is unique, with different goals, needs, and dreams. I look forward to helping you discover yours and guiding you on your journey to home-ownership.

Welcome to your journey home!

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Buyer's

QUESTIONNAIRE

DESIRED LOCATION

Look and feel of preferred area.

PRICING & FINANCING

What is your price range? If you need financing, are you pre-qualified yet?

Your paragraph text

TIME FRAME

Are you leasing? When does your current lease end?

INTERIOR

Number of Bedrooms? Bathrooms? Total square feet? Other interior requirements?

EXTERIOR

Lot size? Garage? Pool? Pet needs? Other exterior requirements?

COMMON MYTHS ABOUT BUYING A HOME

Buying a home comes with a lot of well meaning advice, some of it outdated, some of it just plain wrong. Let's clear up the five biggest myths that hold first-time buyers back.

MYTH 1: YOU NEED 20% DOWN TO BUY A HOUSE

The reality: Conventional loans go as low as 3% down. FHA loans require just 3.5%. VA and USDA loans can require nothing at all. The 20% figure is what lets you avoid private mortgage insurance, not a requirement to qualify for a loan.

MYTH 2: BUY AS MUCH HOUSE AS YOUR LENDER APPROVES

The reality: Lenders calculate the maximum loan you qualify for based on income and debt ratios. They don't account for your lifestyle, savings goals, retirement plans, or unexpected expenses. The smart number is usually 70-80% of what they'll approve, leaving room to actually live your life.

MYTH 3: PRE-QUALIFICATION AND PRE-APPROVAL ARE THE SAME THING

The reality: Pre-qualification is an informal estimate based on what you tell the lender. Pre-approval involves the lender verifying your income, credit, and assets. In a competitive market, sellers prefer pre-approval letters with the offer.

MYTH 4: RENTING IS JUST THROWING MONEY AWAY

The reality: Renting buys flexibility, eliminates maintenance costs, and frees up cash for other investments. When you're not yet financially or geographically settled, renting can be the smarter financial choice. Buying makes sense when you're ready.

MYTH 5: YOU DON'T NEED A REAL ESTATE AGENT

The reality: A skilled buyer's agent saves you far more than the commission.The agent brings negotiation experience, market knowledge, contract guidance, and access to off-market properties. With recent industry changes regarding commission negotiations, buyers are advised to work with an agent to help them navigate all the legalities when buying their first home. The value an experienced agent provides is real and measurable.

In a competitive market, sellers may ask for proof of pre-approval. This document can help strengthen your offer! Make sure to get a pre-approved letter before we start viewing homes.

Financing Tips

GET YOUR CREDIT IN CHECK

Make sure you're financially prepared for homeownership. Do you have a lot of debt? Plenty saved for a down payment? What about closing costs? Ask yourself "how much house can I afford?" before you go further. Additionally, know that lenders look closely at your credit score when determining your eligibility for a mortgage loan. Check your credit score and do anything you can to improve it, such as lowering outstanding debt, disputing any errors and holding off on applying for any other loans or credit cards.

FIND THE RIGHT LENDER

Just like you want to get the home that best suits your needs, you'll want to find a lender that best suits you. I suggest you consider using a broker to help you find a lender, talk to your agent, I am here to help, ask friends and family for referrals, and compare at least three lenders.

BE PREPARED

A lender will need information from you in order to get you pre-approved and through the home buying process. Here are a few things to have ready for them:

W-2 forms from the past two years·
Pay stubs from the past 30 days·
Federal tax returns from the past two years·
Proof of other sources of income·
Recent bank statements·
Details on long-term debts such as car or student loans·
ID and Social Security number

*If you're self-employed, you may have to provide extra proof of your financial stability, including having a higher credit score or large cash reserves, and possibly providing business tax returns.

STEP BY STEP

Buying

01

CONSULTATION
Meet with your Real Estate Agent! Discuss what you are looking for.

02

PRE-QUALIFIED
If you need financing get pre-approved by a lender or bank.

03

HOME SEARCH!
Your agent will narrow down options for your review.

04

MAKE AN OFFER!
Negotiate the offer and get it accepted! Contingent on inspection.

05

HOME INSPECTION
Discuss Results, decide if any repairs are needed and if you want to move forward.

06

APPRAISAL &
TITLE SEARCH
The bank or lender orders the appraisal, title search and final financing is set.

07

CLOSING
Sign papers and pop the bubbly! Congratulations, you are home owner.

THE INITIAL PROCESS

1. CONSULTATION

2. PRE-APPROVAL

This is a quick necessary process the helps narrow down and determine how much you can afford!

Lenders typically recommend a home that costs no more than three to five times your annual household income, with a 20% down payment. However, there are MANY different financing structures that they can make work for you!

Did you know?

88% of all Buyers work with Realtors!

HOUSE HUNTING

3. FINDING "THE ONE"

I will tailor listings based on your criteria. I funnel all properties and pick the best to view, and will filter out the homes that will not work.

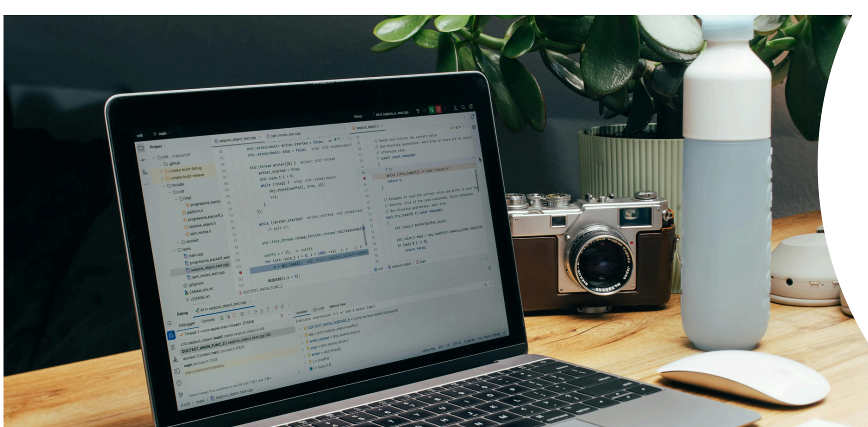
Most buyers look at approximately 10 properties and are then ready to make an offer. At that time, if you have not found a home you are looking for, it's HIGHLY recommended that we sit down and review your criteria to make sure that we are still looking for the right house!

Once you find one you love... it's time to determine the market value of that property. I will compare that home to others that have sold and from there we will determine the value for the home!

Now is the exciting time! When you are ready to write an offer, I will walk you through the contract. It is important to write a fair offer or you can run the risk of the seller not responding or even losing the property to another buyer making an offer.

- Write the Offer
- Negotiate the Offer
- Satisfy Conditions

4. MAKING AN OFFER



INSPECTIONS AND MORE

5. HOME INSPECTIONS

The immediate step after your offer is accepted is to schedule a home inspection. You will have a certain number of days to complete this inspection after the offer was accepted. This also includes termite inspection if you are in an area where you would be affected.

Your home inspection letter will verify that all items considered defective or problems relating to the safety of the home corrected prior to closing.

6. APPRAISAL, TITLE SEARCH & LENDER LETTER

The title is right to own, possess, use and control of a property. When purchasing a home you are buying a sellers title to the home. Before closing a title search is done to ensure there are no liens, or problems that might prevent a clean title for you to close on the home.

An appraisal, is an estimate of the property value. The approval is not only to justify the lender's investment, but to help keep the buyer from overpaying on a property. Your lender will typically hire an appraiser and charge you the fee at closing.

Final commitment lender's letter approves your home loan! You will receive a letter and loan term to your mortgage agreement. Your final letter will include your annual percentage rates, monthly fees, and repayment info for the loan.

CLOSING TIME

7. THE CLOSING

The closing process finalizes the purchase of your home.

A FEW THINGS TO BRING

- A valid government issued photo ID
- Cashier's check payable for the total amount due
- Any outstanding documents for the title company or loan officer

CLOSING COSTS

Closing costs are an assortment of fees separate from agent commissions that are paid by both buyers and sellers at the close of a real estate transaction. In total, fees typically total 4% - 9% of the total purchase price and can include:

- Escrow Fees
- Recording fees
- Application and underwriting fees
- Appraisal Fees
- Local Transfer Taxes
- Homeowners Insurance
- Homeowners Association Fees

Buyer Mistakes

AVOID THESE MISTAKES WHEN BUYING YOUR HOME

GETTING TOO EMOTIONAL

Think it's impossible? It's actually not. Once you decide to buy a home, start thinking of yourself as a businessperson and investor rather than just a future homeowner. In fact, forget that you're the "Buyer" altogether. By looking at the transaction from a purely financial perspective, you'll distance yourself from the emotional aspects of buying the property. While it is important to factor in certain emotional aspects, don't let it cloud the process. Real estate IS an investment. Don't let emotions distract you from that.

SHOPPING BEFORE GETTING PRE-APPROVED

It's more fun to look at homes than it is to talk about your finances with a lender. So that's what a lot of first-time home buyers do: They visit properties before finding out how much they are able to borrow. Then, they are disappointed when they discover they were looking in the wrong price range (either too high or too low) or when they find the right home, but aren't able to make a serious offer. How to avoid this mistake: Talk to a mortgage professional about getting pre-qualified or even preapproved for a home loan before you start to seriously shop for a place. The pre-qualification or preapproval process involves a review of your income and expenses, and it can make your bid more competitive because you'll be able to show sellers that you can back up your offer.

EMPTYING YOUR SAVINGS

If you buy a previously owned home, it almost inevitably will need an unexpected repair not long after. Maybe you'll need to replace a water heater or pay a homeowner's insurance deductible after bad weather. How to avoid this mistake: Save enough money to make a down payment, pay for closing costs and moving expenses, and take care of repairs that may come up. Lenders will give you estimates of closing costs, and you can call around to get estimates of moving expenses.

CHOOSING THE WRONG LENDER

Shopping for a mortgage is like shopping for a car or any other expensive item: It pays to compare offers. Mortgage interest rates vary from lender to lender, and so do fees such as closing costs and discount points. But according to the Consumer Financial Protection Bureau, almost half of borrowers don't shop for a loan. How to avoid this mistake: Apply with multiple mortgage lenders. A typical borrower could save $430 in interest just in the first year by comparing five lenders. All mortgage applications made within a 45-day window will count as just one credit inquiry.

REAL ESTATE TERMS

Buyers Need to Know

APPRAISAL

A DETERMINATION OF THE VALUE OF SOMETHING, IN THIS CASE, THE HOUSE YOU PLAN TO BUY. A PROFESSIONAL APPRAISER MAKES AN ESTIMATE BY EXAMINING THE PROPERTY, LOOKING AT THE INITIAL PURCHASE PRICE, AND COMPARING IT WITH RECENT SALES OF SIMILAR PROPERTY.

CLOSING COSTS

ALL SETTLEMENT OR TRANSACTION CHARGES THAT HOME BUYERS NEED TO PAY AT THE CLOSE OF ESCROW WHEN THE PROPERTY IS TRANSFERRED. THESE TYPICALLY INCLUDE LENDER'S FEES AND POINTS OR PREPAID INTEREST, A PRORATED SHARE OF THE PROPERTY TAXES, TRANSFER TAXES, CREDIT CHECK FEES, HOMEOWNERS' AND TITLE INSURANCE PREMIUMS, DEED FILING FEES, REAL ESTATE AGENT COMMISSIONS, INSPECTION AND APPRAISAL FEES, AND ATTORNEYS' FEES.

APPRECIATION

INCREASE IN THE VALUE OR WORTH OF AN ASSET OR PIECE OF PROPERTY THAT'S CAUSED BY EXTERNAL ECONOMIC FACTORS OCCURRING OVER TIME, RATHER THAN BY THE OWNER HAVING MADE IMPROVEMENTS OR ADDITIONS.

MLS

A COMPUTER-BASED SERVICE, COMMONLY REFERRED TO AS MLS, THAT PROVIDES REAL ESTATE PROFESSIONALS WITH DETAILED LISTINGS OF MOST HOMES CURRENTLY ON THE MARKET. THE PUBLIC CAN NOW ACCESS MUCH OF THIS KIND OF INFORMATION THROUGH WEBSITES LIKE

ZONING

THE LOCAL LAWS DIVIDING CITIES OR COUNTIES INTO DIFFERENT ZONES ACCORDING TO ALLOWED USES, FROM SINGLE-FAMILY RESIDENTIAL TO COMMERCIAL TO INDUSTRIAL. MIXED-USE ZONES ARE ALSO USED. ZONING ORDINANCES CONTROL SIZE, LOCATION, AND USE OF BUILDINGS WITHIN THESE DIFFERENT AREAS AND HAVE AN EFFECT ON TRAFFIC, HEALTH, AND LIVABILITY.

CONTINGENCY

A PROVISION IN A CONTRACT STATING THAT SOME OR ALL OF THE TERMS OF THE CONTRACT WILL BE ALTERED OR VOIDED BY THE OCCURRENCE OF A SPECIFIC EVENT, USUALLY BY SPECIFIC DATES LEADING UP TO THE

ESCROW

THE HOLDING OF FUNDS OR DOCUMENTS BY A NEUTRAL THIRD PARTY PRIOR TO CLOSING YOUR HOME SALE. THIS IS TYPICALLY DONE BY A TITLE COMPANY.

HOME INSPECTION

AN EXAMINATION OF THE CONDITION OF A REAL ESTATE PROPERTY. A HOME INSPECTOR ASSESSES THE CONDITION OF A PROPERTY, INCLUDING ITS HEATING / COOLING SYSTEMS, PLUMBING, ELECTRICAL WORK, WATER AND SEWAGE, AS WELL AS SOME FIRE AND SAFETY ISSUES.

TITLE

OWNERSHIP OF REAL ESTATE OR PERSONAL PROPERTY. WITH REAL ESTATE, TITLE IS EVIDENCED BY A DEED (OR OTHER DOCUMENT) RECORDED IN THE COUNTY LAND RECORDS OFFICE.