

# BUYER'S GUIDE





## PHASE ONE



# GETTING READY TO PURCHASE A HOME

# CONGRATULATIONS!

You're ready to embark on a brand new, exciting adventure. The checklist below outlines important steps toward obtaining your future dream home.

## >>> HOME BUYER'S CHECKLIST >>>

**Check your credit score.**

Your credit score affects the interest rate that you receive when applying for a mortgage. Want higher credit? There is always room to improve your credit score. Set your goal score here: \_\_\_\_\_

**How much can you afford?**

In addition to the price of the home, consider mortgage costs (principal and interest) as well as additional fees, such as property taxes, HOA fees, and homeowner's insurance costs.

**Understanding down payment requirements.**

Don't be fooled! Lots of people assume you need 20% down to purchase a home. Good news, lots of other options exist. In fact, based on the type of loan desired, you can secure your home with significantly less money down.

**DOWN PAYMENT REQUIREMENTS BY LOAN TYPE:**

- Conventional Mortgage: 5% down
- FHA Mortgage: 3.5 % down
- VA and USDA Loans: 0% down

**Get pre-qualified for a loan.**

This is a great step to take to help yourself out as you move forward in the home buying process. Complete this early, even before you begin your home search. Fill out the pre-approval application with the lender of your choice. This will help you understand what you can afford and will paint a picture of a typical monthly mortgage payment. Once pre-approved, your lender will issue a pre-approval letter.

**Conduct some of your own research and do a little daydreaming.**

Envision yourself in your new home.

- What does it look like?
- What features does it have?
- What type of community do you live in?

Questions like these will help your future REALTOR® narrow down your home search and will help you find the home you've always imagined.

**Hire a REALTOR®.**

Your REALTOR® will help guide you through the home search and purchase process and will be there to answer any questions that arise along the way. Think of your REALTOR® as the co-captain on your odyssey to your new home.

**Now for the fun part: Start house hunting!**

Your REALTOR® can provide insight on the local market and will generate an itinerary for you to tour a variety of homes, to help narrow down your search. Once you make a selection, your REALTOR® will guide you through the buying process to turn your dream home into a reality.





## PHASE TWO



# PURCHASING YOUR HOME

# »»» **READY TO PURCHASE YOUR DREAM HOME?**

YOUR REALTOR® WILL HELP GUIDE YOU THROUGH THE HOME BUYING PROCESS.

**1** When constructing an offer, review the terms of the contract and time limits associated with the offer.

**2** Negotiate a purchase price with the seller. Your REALTOR® will use market data and professional insight to assist you in the negotiation process.

**3** Once the seller accepts your offer, it's time to select a lender, title company, and homeowner's insurance agency. *Pro tip:* Shop around to ensure you receive the best rates and prices, moving forward.

**4** Select a target closing date. This is the date when you will officially own your new home!

**5** Once you complete the steps above, it's time to make it official and sign the offer.

**6** Arrange a home inspection and schedule desired repairs with the seller.





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Order an appraisal to ensure the house value aligns with the offer.

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Arrange a home inspection and schedule desired repairs with the seller. It's almost time to close on your new home. What you can expect in the closing process:

***a. Before closing:***

Secure and transfer funding. The lender will provide wire transfer instructions.

***b. What to take to closing:***

- Printed confirmation of wire fund transfer
- Government ID
- Social Security card
- Home addresses for the past 10 years
- Proof of homeowners insurance for the new home
- Your checkbook to cover any additional costs

***c. On closing day:***

You will sign the promissory note, closing disclosure, and all additional required documents. The title will transfer and the deed will be delivered. As the final and most exciting step, you will obtain your keys and step into your future, as the owner of your new dream home!



## ABOUT THE REALTOR® / WHY THEM? / COMPETITIVE ADVANTAGE

In helping you achieve your goals, a REALTOR® must wear several hats: facilitator, negotiator, investigator, listener, confidant, the list goes on.

I am ready to combine all of these skills with the training and education that I have received from (INSERT AGENCY NAME), along with access to pre-market homes for a competitive advantage, to aid you in finding the home you have always envisioned.

From the day you partner with me to the moment you hold the keys to your brand new dream home, I will stand alongside you every step of the way to answer questions and navigate with you through the exciting process of home buying!



## AGENT'S PROMISE

**Congratulations!** on the beginning of your journey into this new and exciting phase! Get ready to search for so much more than a house. You are about to discover your next home; a tranquil, safe place to return to at the end of a long day, a space to rest and recover, an area to decorate and enhance with your own personal touches, and most importantly, a place to create lifelong memories with friends and family for years to come.

While exciting, the journey to homeownership can also feel overwhelming at times. As your REALTOR®, I promise to help guide you through this process, making it as seamless as possible.

I look forward to using my knowledge of the real estate industry to help you make sound decisions for your future. Your goals and vision will drive everything that I do to assist you. I cannot wait to help turn your dreams into a reality.



**IRINA VOGLER STOCKER**

BROKER/OWNER REALTOR®

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# COMMONLY USED TERMS



## AMORTIZATION

When paying on a mortgage, paying both principal and interest from the beginning to build home equity faster.

## ANNUAL HOUSEHOLD INCOME

Cumulative income from all members of the household before any taxes or other deductions are withdrawn.

## APR (ANNUAL PERCENTAGE RATE)

The interest rate you will pay, shown as a yearly rate averaged over the full life of the loan. Because the APR includes lender fees, this rate is higher than the mortgage interest rate.

## APPRAISAL

A justification of the property price, based primarily on an analysis of similar properties in the area.

## APPRAISAL VALUE

An appraiser's opinion of the fair market value of a property based on his/her knowledge of the property, experience, and analysis of the market.

## CLOSING COSTS

Typically amount to 2-5% of the home purchase price. The closing costs include expenses such as lender fees, transfer taxes, prepaids, title insurance costs, recording fees, initial HOA costs, escrow for homeowners insurance, and property taxes.

## CLOSING DISCLOSURE

A document that provides an itemized list of funds incurred and distributed upon closing.

## COMPARATIVE MARKET ANALYSIS (CMA)

A survey of comparable homes in an area, to calculate a fair home price.

## CONTINGENCIES

Conditions that parties must meet to finalize a home sale, such as loan approval or the home appraising close to the list price.

## DUAL AGENCY

When one REALTOR® represents the buyer and the seller in a real estate transaction.

## HOMEOWNERS ASSOCIATION FEE (HOA)

A fee required for homes in communities with an HOA, which typically covers maintenance of common areas and amenity use and upkeep.

## HOME WARRANTY

A contract between a home warranty company and the homeowner for discounted repair and replacement services on major home components such as HVAC and appliances.

## INTEREST

The cost of borrowing money for real estate. The buyer will pay interest and principal each month, for the life of the mortgage. The longer the terms of the mortgage, the more interest the buyer will pay.

## LENDER FEES

A portion of the closing costs that includes underwriting/origination fees, recording fees, attorney fees, and application fees.

## LOAN TYPES

Several real estate loan types exist, ranging from 10 to 30 years in length with fixed or adjustable interest rates.

### *Conventional Mortgage*

- loan that is not backed by a government agency.

### *Federal Housing Administration (FHA) Home Loan*

- backed by the government to assist those with lower credit scores in obtaining a mortgage.

### *Veteran Affairs (VA) Housing Loan*

- backed by the Association of Veteran Affairs designed to allow military service members, veterans, and their spouses to obtain a mortgage with minimal or no down payment.

### *U.S. Department of Agriculture (USDA) Home Loan*

- that requires zero money down for eligible rural homebuyers, who cannot otherwise obtain a traditional mortgage.

## MONTHLY DEBT

Total debt per month that a person accrues, including rent/mortgage costs, credit card debt, child support, alimony, and car, student, and personal loan debts.

## DOWN PAYMENT

A cash payment of the percentage of the sale price, paid by the buyer at closing.

## DEED

Legal document stating the title of a property.

## EARNEST MONEY DEPOSIT

Money that buyers place into an escrow account, after the seller accepts their offer, to let sellers know that they are entering into a real estate transaction in good faith.

## ENCUMBRANCE

Anything that limits the fee simple title of a property, such as the mortgages and leases.

## EQUITY

The homeowner's financial investment in a property. The difference between the fair market value of the home and what the owner still owes on the mortgage/home liens.

## ESCROW

Placing something of value, such as money or a deed, in the custody of a third party until predetermined conditions are met.

## MORTGAGE

A loan for real estate from a financial institution, where the borrower pays monthly until they meet the terms of the loan. The financial institution will hold the real estate property as collateral during the life of the loan.

## MORTGAGE INSURANCE

Lenders typically require buyers to obtain this type of insurance when they put down less than 20% of the loan cost. This insurance covers the lender to help pay the cost of the real estate property if the buyer defaults on the loan and has to foreclose on the property.

## PRE-APPROVAL LETTER

A document issued from a bank that provides an estimate of how much money the buyer can borrow, and thus, how much the buyer can afford.

## PROPERTY TAX

A cost imposed by local governments on real estate properties. Governments reassess this cost annually, resulting in yearly rate fluctuation.

## PREPAIDS

Costs paid at closing for upcoming expenses, such as future HOA fees, property taxes, homeowner's insurance, and mortgage insurance.

## REFINANCING

Completely replacing a home loan by a new mortgage with different rates and payment structures. Homeowners most commonly refinance a home to obtain a lower mortgage interest rate, resulting in lower monthly payments and an overall decreased amount of debt owed.

## THIRD-PARTY FEES

All costs that do not originate directly from the lender, such as fees for attorneys, property appraisal, title search, and title insurance.

## TITLE INSURANCE

A fee paid at closing that covers the cost of investigating the property title to ensure it is free and clear of all liens and ready for sale.