

**Michelle L. Anderson, MBA, GRI, REALTOR®**  
Baker Street Bayside  
(305) 745-3801 michelle@homesinstpeteflorida.com  
HomesInStPeteFlorida.com

---



## How I Help Home Buyers

Home Buying Process Steps/Checklist:

1. Meet with your Realtor, Michelle L. Anderson to review your needs and wants and review the home buying process.
2. Obtain prequalification letter from a lender or proof of funds and provide to Michelle. At this point, you determine what price range of homes we will be looking at. The desired monthly payment and the maximum you qualify to spend must correlate.
3. Look at properties emailed by Michelle and mark those you are interested in with a heart.
4. If needed, drive by properties and/or view virtual tours
5. Michelle schedules appointments to see properties and we go view them.
6. Once you view a property you are interested in – Michelle will send you data on comparable properties sold, seller's disclosures and the history of home.
7. Make an offer – We will need to determine: 1) offer price based on data provided 2) amount of earnest money deposit 3) closing date and 4) time for inspection. (see below)

### Once your offer is accepted:

8. Schedule inspection(s)
9. Submit earnest money deposit
10. Complete inspection process
11. Realtor schedules appraisal & survey (if applicable –AFTER satisfactory inspection is done)
12. Bind insurance (required if using a lender)
13. Schedule closing & provide necessary info to title company
14. Put utilities in your name (Michelle has a list w/ contact info)
15. Wire funds
16. Walkthrough
17. Closing

## Potential Fees Incurred During the Home Buying Process (Estimates)

Home Inspection (general home inspection, there may also be separate inspections for things like termites, septic and wells)	\$500
Survey (Many lenders require buyers to pay for this upfront as opposed to rolling it into closing costs. Make sure you have completed the inspection before paying or this).	\$500

## Types of Loans

### FHA (Federal Housing Administration –

- Easier to qualify for (Minimum credit of 580, but better credit gets you better interest rate).
- Debt to Income ratio of less than 50%

- Higher private mortgage insurance (PMI)
- Stricter standards for the quality of the property that you are buying

### Conventional Loans –

- Easier to buy homes not in tip-top shape.
- No PMI once 20% of the home purchase price is paid off.

### **Downpayments –**

This is the amount the lender requires you to put down. Higher downpayments can reduce your interest rate. The minimum available is 3% of the purchase price. This is different than the earnest money deposit. The deposit is applied to your balance.

### **Closing Costs –**

Closing costs range around 4% of the price of the home. They cover things like title insurance, filing the deed, property taxes, loan origination fees and an appraisal.

---

**Making an Offer –** Once we find a property that you are interested in, I will run data on comparable homes that have sold recently. I will also find out any further details I can on the property such as the sellers' disclosures, prior work done to the home etc. After we review all this information, I will help you formulate the terms of your offer including the earnest money deposit, inspection period, closing date and offer price. Keep in mind that I will give you recommendations, but the decisions are ultimately yours.

Once we have identified the terms of the offer, I will put the offer in writing using electronic signature software for easy execution and then submit it to the seller's agent and facilitate any negotiations. Currently we are in a sellers' market and it is not uncommon to submit several offers before one is accepted. My knowledge of the local market trends will help you make the right offer.

### **What is an As-Is Contract?**

In Florida, most offers are submitted with an As-Is Contract and sellers expect it. This means that you are making a written offer for the property to be purchased As-Is. Think of it as you are offering to buy the property in its current condition and not asking the seller to renovate their home for you. With that said, the inspector will issue a full inspection report for your information and a much shorter 4-point report that goes to the insurance company. This reports on the roof, AC, electric and plumbing. If those major components don't pass, it may be difficult to get insurance or the premium may be higher. These types of repairs are typically things a buyer would ask to be repaired, particularly if they were not disclosed. In the event you are not satisfied with the inspection report, and we cannot come to any terms with the seller as to any repairs, you may cancel the contract. Any items to be repaired prior to closing must be in writing by all parties.

### **What is an earnest money deposit?**

Earnest money deposits are due in the first 3-15 days upon offer acceptance. This deposit counts towards your down-payment. The deposit shows the seller that your offer is solid and that you have money to close. The higher the earnest money deposit, the more solid your offer. I recommend a 2% deposit, so a deposit on a \$400,000 home would be \$6,000. Deposits are fully refundable

through the inspection period. After the inspection period, they are only refundable if your financing falls through.

### **Inspection Period**

You can cancel the contract for any reason during the inspection period. I will attend the inspection and guide you on interpreting the results and any necessary repairs. If there are significant issues, I will help negotiate remedies with the seller and any such agreements by the end of the inspection period. It is recommended that you schedule both a general inspection and a termite inspection.

Inspection reports are a comprehensive detail of aspects in the home. Some of these items are cosmetic or minor and are not things that a seller should be asked to repair. Issues that were evident when you initially looked at the home are also things that the seller should not be asked to repair. However, if the inspector identifies major issues that were not evident, we can ask the seller to fix them. If the seller does not agree, then you can make the decision to walk away from that home or accept it in that condition. Examples of major items include the 4-point items identified above.

### **Permits**

I always check on the permit history for a home in addition to verifying that the property records reflect the same square footage as the listing. It is also important to verify that the permits were all CLOSED. If a buyer purchases a home with open permits, the permits can become their problem. Also, if additions were done without permits, the new buyer could be required to pay for permits and go through the process. Anything not to code may be required to remedy.

Examples of scenarios where lack of permits may be an issue:

- Seller added a bathroom without a permit. This means the plumbing and electrical was not inspected.
- Roof was installed without a permit – Roof may have just been partially replaced or not done to code.

### **Taxes**

Property listings show the taxes currently paid by the SELLER. This is deceiving because if they have owned the home for a long time and have claimed homestead exemption, their taxes will be much lower. Once you purchase the home, the taxes reset at your purchase price. If you are going to live in the home, you will want to file for a **homestead exemption** which will reduce your taxes. Note that for the 1st year, your payment will be based on the seller's current taxes, but the following year they will change.

### **Appraisals**

Lenders require an appraisal which they order through an appraiser of their choosing. You may be asked to pay for it at the time it is ordered, or it may be billed to you on the closing statement. An appraisal is not required for a cash purchase and may be waived if you are putting down 20% or more.

Typically, offers are submitted with an appraisal contingency. This means if the house does not appraise and the seller does not agree to the appraised price, you may cancel the contract. In instances of bidding wars, some buyers chose to waive the appraisal contingency thus making their offer more attractive. This means if the house appraises for less than the contract amount, the

buyer is required to pay the difference because the lender will only do the loan based on the appraised value. Keep in mind that 2 different appraisers could give a different value on the same home. The appraisal is really just one professional's opinion on the price. However, their goal typically is to substantiate the contract price and not to hinder real estate transactions.

### **Title Insurance**

Lenders require title insurance which protects the buyer (and the lender's interest) against loss or damage due to defects in the title. An example of a title defect could be a prior recorded mortgage, judgment lien, tax lien, environmental lien, notice of pending legal action, easement, restriction or burdensome covenant running with the land.

### **Surveys**

A survey may be needed to bind title insurance (required by lenders) to ensure that there are no encumbrances that may effect the property's value. If the seller has a survey and can attest that no modifications were made that may effect the survey (i.e. adding a fence), the seller's survey may be used. Otherwise, the buyer is billed for a new survey.

### **Walkthrough & Closing –**

Walkthrough - A walkthrough is highly recommended just before closing or the day prior. If you cannot attend, a representative can be appointed. The walkthrough is to check that the property is in the same condition at the time of inspection, that the seller has removed personal items, the home is broom clean and free of leaks and all appliances remain.

Closing – Cash buyers can sign electronically, and a notary is not required. If you have a lender, you can do a mail away closing using Fed-ex, but keep in mind that you will need to use a notary to execute the documents. Funds must be transferred through a wire from your bank utilizing the wiring instructions provided by the title company. Please call the title company and double check that the wiring instructions are valid as wire transfer fraud is a widespread issue. Contact your bank in advance to find out the details of their wiring process. Note that title companies issue a draft settlement statement with the funds to close a few days prior to closing. They do not issue these far in advance as things may change.

---