

BIG COUNTRY LENDING
EMPOWERED BY NEXA MORTGAGE
NMLS ID# 2126246



**HOME
BUYER'S**
Guide

NEXA Mortgage, LLC
NMLS#1660690.

706-310-5152
BIGCOUNTRY@NEXAMORTGAGE.COM

HOME

Buying

PROCESS

Whether it's your first time purchasing a home or this isn't your first rodeo, the home buying process can be confusing and nuanced. It's important to have a Mortgage Professional you can trust on your side! I hope to show you that I'm that person for you and your homebuying journey!

Let's break down the buying process from start to finish:

Step 1: Work with a Mortgage Professional

- Connect with a mortgage professional to review your financial situation. This includes your credit score, savings for a down payment, income, debt, and monthly budget for mortgage payments and related expenses. This should be done sooner than later to avoid any surprises when your ready to make a move.
- Getting pre-approved for a mortgage by a Mortgage Broker like myself will help you understand your budget and demonstrate seriousness to sellers - many sellers won't even consider an offer from a buyer that isn't pre-approved!

Step 2: Determine Your Needs and Wants

- Define what you need in a home, we call it "search parameters" so we know exactly the type of property to hone in on.



HOME

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PROCESS CONT

- This includes location, size, number of bedrooms/bathrooms, amenities, and any other preferences.
- Think about what you *need* in a home versus what you *want*. "Needs" are absolute deal breaker items and "wants" are features that are just the cherry on top of a great home.
- Defining what you need versus want will help you to make a good decision for your current situation and your future!

Step 3: Find a Real Estate Agent

- Choose a trustworthy real estate agent who has a deep understanding of the local market and a track record of successful transactions. I can help refer a great agent!



- Your agent will provide guidance, arrange property viewings, and assist in negotiations. You need someone who cares about your goals and has your best interests at heart.

Step 4: Start House Hunting

- Begin searching for properties online, attend open houses,

- ... and explore neighborhoods that match your criteria.
- Keep track of properties that have potential and their key features to make informed comparisons.

Step 5: Make an Offer and Negotiate

- When you find the right property, your agent will help you prepare and submit a formal offer. Having an agent is imperative to crafting winning offers and understanding the nuances of contracts.
- In a market with high rates it's important that your agent knows the key advantages to help buyers lower their payment and spend less out of pocket! *Make sure to ask your mortgage professional about a rate buydown and seller concession! I can help you get a 3-2-1 buydown!*

Step 6: Conduct Inspections and Due Diligence

- Once your offer is accepted, schedule a home inspection to identify any potential issues. Your Real Estate agent will help with this. Don't Skip it!!
- Review property disclosures, HOA documents (if applicable) and address any concerns before finalizing the deal.

Step 7: Secure Your Financing

- Work closely with your mortgage professional to finalize your mortgage numbers and provide any necessary documentation. Congratulations you are officially under contract. Now to the fun part!

HOME *Buying* PROCESS CONT.

Your mortgage professional will then send out your disclosures for you to review and sign. Once signed an appraisal will be conducted to assess the property's value and confirm the loan amount.

Step 8: Finalize the Details

- After inspections, the appraisal, and financing are in order, you'll move towards closing the deal.
- Review and sign the final paperwork, including the purchase agreement and mortgage documents. Also review any receipts of agreed upon repairs (this would have been negotiated during the inspection period).
- Then do your final walkthrough of the home to make sure it is in the agreed upon condition.

Step 9: Closing

- During the closing process, all necessary legal and financial documents are signed. You'll pay closing costs, which can include fees for various services. Get with your mortgage professional to review an itemized breakdown of the fees.
- Once all funds have been transferred and paperwork is complete, you'll receive the keys to your new home!



HOME
SWEET
HOME

HOME *Buying* PROCESS CONT

Step 10: Move In & Get Settled

- Plan your move and arrange for utilities, address changes, and any necessary repairs or renovations.
- Enjoy your new home and familiarize yourself with your new neighborhood.

Step 11: Celebrate!

- You did it you became a home owner!! This is a start to so many great memories for you, and/or your family!! You'll also start seeing your equity grow which could help you invest in another property or get a step closer to your dream home!



THREE COMMON UPFRONT *Expenses* TO BE AWARE OF

When it comes to buying a home being prepared for the costs upfront will help alleviate any frustration or surprises.

#1 Earnest Money - Earnest money is put down once you go under contract to show you're serious about purchasing. It was also known as a good faith deposit.

When a buyer and seller enter into a purchase agreement, the seller takes the home off the market while the transaction moves through the entire process to closing. If the deal falls through, the seller has to relist the home and start all over again, which could result in a big financial hit.

It's typically around **1 – 3%** of the sale price and is held in an escrow account until the deal is complete. The exact amount depends on what's customary in your market. The earnest money IS applied to the buyer's down payment or closing costs. I usually see between **\$500-\$1000**

If the deal falls through due to a failed home inspection or any other contingencies listed in the contract, the buyer gets their earnest money back. The practice of depositing earnest money can decrease the likelihood of a buyer placing offers for multiple homes, then walking away after the seller takes the home off the market.



THREE COMMON UPFRONT *Expenses* TO BE AWARE OF

#2 Home Inspection - A home inspection is a safety and quality assessment on a property that you are wishing to purchase. The inspector examines the structural aspects of the home, heating and cooling systems, plumbing, electrical work, water and sewage to ensure they are all functioning properly. The overall condition of the property is also assessed for fire and safety issues, damages and anything else that can affect its value.

Do I need a Home inspection?

Every buyer should know that the purchase they're making is financially sound. Home inspections turn up safety issues and maintenance problems that could create serious trouble and expenses down the road. Inspections help everyone understand the condition of a property, and thus the risks that should be considered before proceeding in a transaction..



How much does the inspection cost?

Home inspections can vary in cost depending on what kind of home it is and where it's located. On average, Americans spend between **\$275 and \$400** on inspections.

My suggestion to you is to not skip this part, \$300-400 dollars could save you a lot of money to catch something upfront versus buying a home and finding it out on your own later.



THREE COMMON UPFRONT *Expenses* TO BE AWARE OF

#3 Appraisal - A home appraisal is a process through which a real estate appraiser determines the fair market value of a home. It can assure you and your lender that the price you've agreed to pay for a home is fair. Appraisals are also often used to determine property taxes, making appraisals a requirement in most counties.

How much does the appraisal cost?

A home appraisal can cost anywhere in the **\$600 – \$1,000** range.

Most lenders require an appraisal as a condition of a loan closing, the buyer pays for the appraisal unless they negotiate for the seller to pay instead. The amount a buyer pays for an appraisal depends on various factors, including the size of the home, the home's location and the amount of property research that the appraiser ends up doing before they issue a final value report.

Appraisals are beneficial for everyone involved in the home buying process. For buyers, a home appraisal ensures they're paying the current fair market value. For sellers, an appraisal helps them price their home competitively.



THE BUYERS *Advantage* IN A HIGH RATE MARKET

In a high mortgage rate market, home buyers have a few tricks to have the upper hand. Explore how to leverage this advantage and make your dream home a reality.

In a high mortgage rate market, some prospective home buyers may feel discouraged. The idea of taking on a mortgage at a time when interest rates are rising can seem daunting. However, it's important to remember that every challenge presents an opportunity, and in this case, there is a clear advantage for buyers. In my opinion the two things you should take advantage of are **Seller Concessions & Temporary Rate Buydowns**.

A **Seller Concessions** can be used to pay your closing costs or to help lower your **interest rate with a rate buydown**. A **Temporary Rate Buydown** lowers your interest rate 3-1% for the first 2-3 years depending on if it's a 3-2-1 Buydown or 2-1 Buydown.

Seize this opportunity by thoroughly researching the market, understanding the fair value of homes in your desired location, and having a clear budget in mind. By being prepared and proactive, you can increase your chances of finding the right home at a price that suits your financial situation.



THE BUYERS *Advantage* IN A HIGH RATE MARKET

Another advantage of a high mortgage rate market is the potential for lower home prices...

As rates climb, some homeowners may be inclined to sell their properties before rates go even higher. This increased supply can lead to more options for you as a buyer, often at more affordable prices. Take advantage of this by working closely with a trusted real estate agent who knows the ins and outs of the local market. Together, you can identify and explore hidden gems or properties with great potential that others might overlook. Remember, with patience and a well-thought-out strategy, you can discover your dream home at a price that fits your budget.



Finally, while high mortgage rates can initially seem overwhelming, they also mean that taking advantage of a 2-1 buydown now can be a smart long-term move. Rates are likely to keep rising in the future, so securing a mortgage at a higher rate

now could ultimately save you money in the long run. When rates are high, it may be tempting to go for an adjustable-rate mortgage (ARM) or delay your decision for better rates. However, by seizing the moment and opting for a temporary buydown, you'll have peace of mind knowing that your monthly payments will be lower for the first few years, even if rates continue to climb.

DOWN *Payment* ASSISTANCE

Finding the perfect home is a combination of careful planning, thorough research, and clear communication with your mortgage professional & real estate agent.

It can be hard to get started especially when it comes to saving up for a down payment. This next section will go over a brief overview of the down payment assistance options available.

This does not intend to imply that you will automatically qualify for them these are just going to be the general options. To learn which one you can qualify for reach out to me to discuss your scenario.

Option One:

- Typically has the lowest interest rate
- Up to 6% can be financed to cover closing costs and down payment!
- Income limits vary by county
- Minimum 660 Credit Score
- 3.5% Down - This is covered by the 6% financeable assistance



DOWN *Payment* ASSISTANCE

Option Two:

- Has an interest rate slightly higher than the option one
- Homebuyers who have previously owned a home can apply for this assistance.
- Up to 6% can be financed to cover closing costs and down payment!
- 620 minimum credit score
- 3.5% Down - This is covered by the 6% financeable assistance



Option Three:

- May have a higher interest rate, but lower mortgage insurance costs, which may result in lower monthly payments.
- This loan is for homebuyers with a minimum credit score of 700
- Allows for rate buydown
- 3% Down - this is covered by the financeable assistance
- Up to 6% assistance through a 2nd loan that is paid back



DOWN *Payment* ASSISTANCE

Option Four:

- Has an interest rate slightly higher than the option one
- Homebuyers who have previously owned a home can apply for this assistance.
- Up to 6% can be financed to cover closing costs and down payment!
- 620 minimum credit score
- 3.5% Down - This is covered by the 6% financeable assistance

Option Three:

- May have a higher interest rate, but lower mortgage insurance costs, which may result in lower monthly payments.
- This loan is for homebuyers with a minimum credit score of 700
- Allows for rate buydown
- 3% Down - this is covered by the financeable assistance
- Up to 6% assistance through a 2nd loan that is paid back

DOWN *Payment* ASSISTANCE

Option Five:

- 600 minimum FICO with CLTV up to 100%
- 3.5% Down Payment Assistance
- No max DTI
- No Income Restrictions
- No 1st time home buyer requirement
- Non-Occupant co-borrowers allowed

Option 6:

- May have a higher interest rate, but lower mortgage insurance costs, which may result in lower monthly payments.
- This loan is for homebuyers with a minimum credit score of 700
- Allows for rate buydown
- 3% Down - this is covered by the financeable assistance
- Up to 6% assistance through a 2nd loan that is paid back

While I have highlighted several different assistance options there are still many others available. If you'd like to find a solution that could help you. Schedule a complimentary consultation with me! My Calendly is <https://calendly.com/thereedgroup> or you can text me at 706-310-5152

MINIMUM *Down & Credit* REQUIREMENTS.

	Primary Home	Second Home	Investment
Conventional			
Down Payment (min)/max LTV	3%/97% LTV	10%/90% LTV	15%/85 LTV
Credit Score Min	620	620	620
FHA			
Down Payment (min)/max LTV	3.5%/96.5% LTV	Not Applicable	Not Applicable
Credit Score Min	580*		
VA			
Down Payment (min)/max LTV	0%/100% LTV	Not Applicable	Not Applicable
Credit Score Min	500		
Jumbo			
Down Payment (min)/max LTV	10%/90% LTV	10%/90% LTV	20%/90% LTV
Credit Score Min	680**	680**	680**

* Will allow down to 500 credit score with 10% down

** Will allow down to 660 credit score with 20% down

*** Zero 0% down available for those with a 600 or better!

Please Note the numbers above are based on a single unit home



You can now buy a duplex with only 3-5% down with a conventional loan!

Disclaimer

This is not an offer to enter into an agreement. This is not a commitment to make a loan. Not all customers will qualify. Information, rates and programs are subject to change without prior notice. All products are subject to credit and property approval. All approvals are subject to underwriting guidelines. Not all products are available in all states or for all dollar amounts. Other restrictions and limitations may apply. VA loans subject to individual VA Entitlement amounts and eligibility, qualifying factors such as income and credit standards, and property limits. NEXA Mortgage, LLC is not affiliated with any government agencies. These materials are not from VA, HUD or FHA, and were not approved by VA, HUD or FHA, or any other government agency. Copyright © 2020 NEXA Mortgage, LLC NMLS#1660690. AZMB#0944059.3100 West Ray Rd Ste 201 Chandler, AZ 85226, 602-344-9333. www.NEXAMortgage.com NEXA Mortgage, LLC is an Equal Housing Lender. All rights reserved.



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