

Buyer Information PACKET



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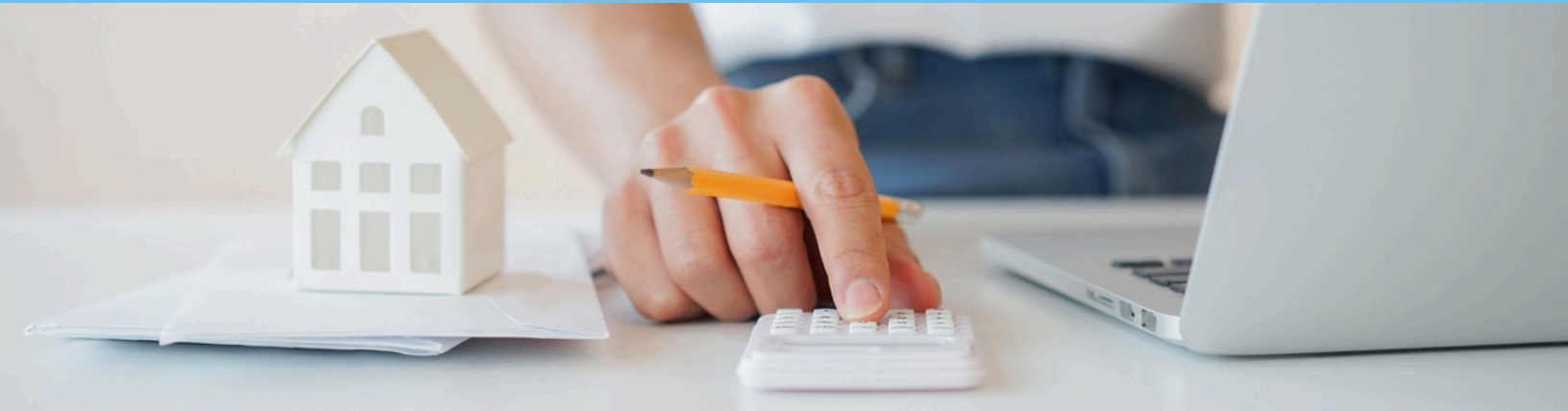
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WHO PAYS FOR WHAT IN TEXAS



Below you will find the customary distribution of expenses for the purchase of real estate in Texas. Keep in mind that many of these items can be negotiated by either party at the time of the offer, excluding some expenses the lender requires the seller to pay.

BUYER TYPICALLY PAYS FOR:

- Escrow fees
- Document preparation (if applicable)
- Recording charges for all documents related to the transfer of title to the buyer
- Prorated share of taxes (from the date of acquisition)
- All new loan charges and fees (except those the lender requires the seller to pay), including:
 - » Appraisal
 - » Credit report
 - » Tax service fee
 - » Loan origination/discount fee
 - » Reserves for taxes and insurance
 - » Flood certification
 - » Mortgage insurance premium
- Title insurance premium: Lender's Policy
- Interest on the new loan from the date of funding to 30 days prior to the first payment date
- Inspection fees
- Homeowner's transfer fee (if applicable)
- Fire insurance premium for the first year

SELLER TYPICALLY PAYS FOR:

- Real estate agent's commission(s)
- Escrow fees
- Payoff of all loans in the seller's name (unless the existing loan balance is being assumed by the buyer), including:
 - » Interest accrued to the lender that is being paid off
 - » Statement fees, release fees and any prepayment penalties
- Home warranty (according to contract terms)
- Any judgments, tax liens, etc. against the seller
- Prorated share of taxes (for any taxes unpaid at the time of transfer of title)
- Any unpaid homeowners association dues
- Recording charges to clear all documents of record against the seller
- Any outstanding assessments
- Any and all delinquent taxes
- Title insurance premium: Owner's Policy
- Seller credit for closing costs (according to contract terms)

BUYING VS. RENTING



THE BENEFITS OF HOME OWNERSHIP

Trends in home prices, personal income and mortgage rates, combined with certain financial advantages of home ownership, make this an excellent time to consider purchasing a home. You may be wondering, "Can I afford to buy?" - but an equally important question to ask is, "Can I afford to continue renting?" No matter what you're currently paying for rent, you may be surprised to see how much of your total cash outlay over time could be building equity in your own home. The chart on the right shows how the rent payments you're making add up by calculating what this money would earn if invested at 5 percent interest.

MORTGAGE RATES

A decrease in mortgage rates means that more families will qualify for affordable financing. Yours could be one of them! Rates for conventional 30-year fixed rate mortgages remain at historically low levels, and increasingly popular alternate forms of financing may make your loan even more affordable.

HOMEOWNER TAX ADVANTAGES

When you're calculating how much you can afford in monthly mortgage payments, don't forget the tax advantages of home ownership. In most cases, both property taxes actually paid to the taxing authority and interest payments on a mortgage for an owner-occupied property are currently tax-deductible. In the early years of a standard mortgage, all but a small percentage of each monthly payment is used to pay off the interest on the loan. This means that a homeowner's annual taxable income could be substantially reduced by deducting payments on property taxes and yearly mortgage interest. Ask your attorney or tax professional how buying a home now could affect your taxes at the next annual filing deadline.

Rent Per Month	Rent Payment 10 Years*	Rent Payment 20 Years*	Rent Payment 30 Years*
\$400	\$62,115	\$164,416	\$332,908
\$500	\$77,643	\$205,520	\$416,134
\$600	\$97,171	\$246,623	\$499,360
\$700	\$108,699	\$287,726	\$582,586
\$800	\$124,227	\$328,830	\$665,811
\$900	\$122,440	\$369,933	\$749,037
\$1,000	\$155,284	\$411,036	\$832,263
\$1,100	\$170,812	\$452,140	\$915,489
\$1,200	\$186,340	\$493,243	\$998,715
\$1,500	\$232,925	\$616,553	\$1,248,392
\$2,000	\$310,566	\$822,070	\$1,664,522
\$2,500	\$388,207	\$1,027,587	\$2,080,651

*The chart above is for illustrative purposes only. The results shown are purely hypothetical and not meant to reflect any actual investment. Source: [bankrate.com/calculators/savings/simple-savings-calculator.aspx](https://www.bankrate.com/calculators/savings/simple-savings-calculator.aspx)

HOME VALUE APPRECIATION

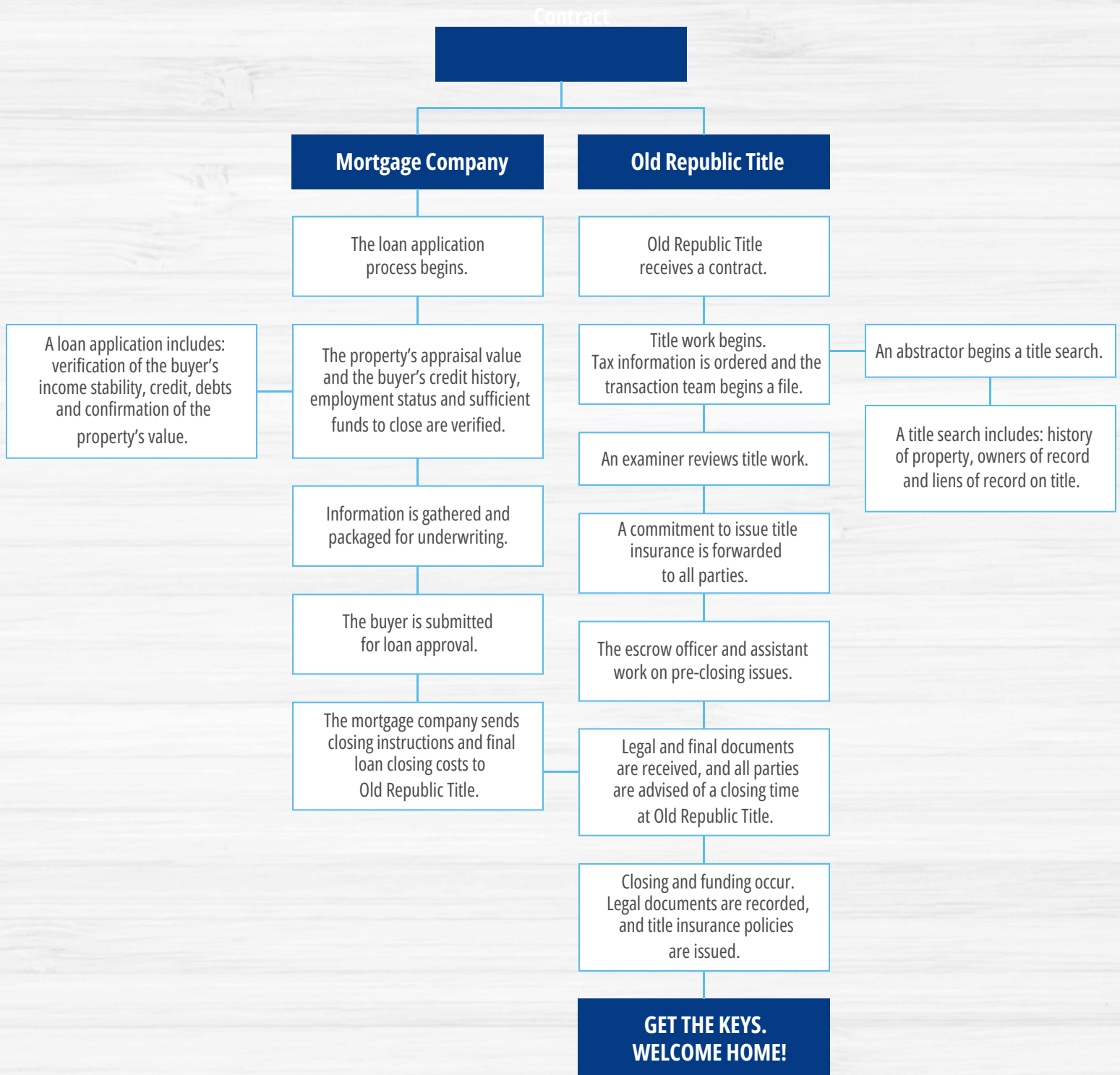
Homeowners can also benefit from increases in the value of their home through appreciation and improvements they make for their own comfort and enjoyment.

GETTING STARTED

The first step in becoming a homeowner is to take a good look at your finances, and compare it to housing price trends and mortgage plans available. You could be closer to home ownership than you think. The next step is to find a local real estate professional who has the experience and expertise to help you find and purchase the home of your dreams.

STEPS OF THE CLOSING PROCESS

FROM CONTRACT TO KEYS



GETTING STARTED BUYERS



GETTING FINANCING

If you plan to finance your home purchase, it's crucial to start the mortgage loan process well before buying a home; even prior to the bidding process.

Loan Options

Talk with loan officers at financial institutions, mortgage companies or savings and loan institutions to review the types of loans that are available and/or applicable to you and compare rates.

First-Time Homebuyer

If you are a first-time homebuyer, you may have the potential of qualifying for mortgage programs with little money down, low interest rates or federal programs that give beneficial rates.

Financial History

By having good credit history and a limited debt load, you should gain a better loan rate. However, if your current credit score is less than ideal, ask your financial representative how to improve your score and earn a better rate.

Preapproval Letter

Once you've chosen a loan and lender, it's important to get preapproved and obtain a preapproval letter. To do so, a loan officer will need to review your credit files and discuss exactly how much you can borrow. Be sure to show your preapproval letter to your real estate professional before you begin looking for homes.

WHY DO I NEED A REAL ESTATE PROFESSIONAL?

Buying a home is one of the largest investments you will ever make.

A real estate professional can research homes that specifically meet your criteria and provide access for you to preview homes, helping you narrow down your list of potential properties. Homes differ and so do contract terms, financing options, inspection requirements and closing costs.

When you're ready to make an offer, a real estate professional can assist you with negotiations, and guide you through the process once your offer is accepted.



HOME BUYING PROCESS TEXAS

This is a general overview of the home buying process, from offer to closing. The specifics of your transaction may vary; thus, you may wish to seek advice from a competent attorney.

THE OFFER

Once you've found the perfect home, it's time to make an offer. A buyer and seller must enter into a written contract called a "purchase agreement." Typically the process begins with the buyer's written offer to the seller. Your REALTOR® or attorney may wish to use a standard form to draft an offer and present it to the seller or the seller's REALTOR®. Your REALTOR® or attorney can negotiate many of the terms and conditions of the offer, including, but not limited to:

- Sales price
- Financing terms
- Earnest money amount and who will escrow
- Title policy and survey information
- Property condition
- Possession terms
- Contingencies
- Any special provisions
- Any exclusions
- Settlement and other expenses
- Prorations
- Casualty loss
- Default
- Mediation
- Attorney's fees
- Escrow
- Representations and warranties
- Effective date
- Date of closing

Even if your offer is accepted, there are still many steps to complete before you can enjoy your new home. **THE EXECUTED CONTRACT** Once both parties have agreed to the terms of the offer, and the seller has signed the offer and communicated acceptance, an offer becomes an executed contract. You'll need to address the next steps quickly in order to close on time.

DELIVER THE EARNEST MONEY

Earnest money is a cash deposit the buyer gives the seller via a third party intermediary, usually an escrow officer. This deposit proves you are serious about purchasing the property. Typically, the earnest money deposit is credited to the purchase price at closing.

OBTAIN A MORTGAGE LOAN

Notify your mortgage lender as soon as you have an executed contract so they can start the mortgage process. You'll need to submit extensive paperwork and pay for certain services related to your new home in order to secure the loan, even if you've been pre-approved. Your REALTOR® or attorney can help serve as an intermediary between you and your lender.

SCHEDULE PROPERTY INSPECTIONS

Property inspections help expose defects in the home that could influence your decision to purchase it at the price outlined in the executed contract. A standard home inspection is most common, but other types of inspections (radon, pest, septic, structural, HVAC, mold and others) are available. If a defect is found, your REALTOR® or attorney may advocate that the seller cover the cost of repairs or reduce the home's sale price, or you may wish to cancel the contract.



OBTAIN EVIDENCE OF TITLE

Your contract will usually require the seller to deliver evidence of title. In addition, your mortgage lender will require a title company to review the title history of the seller's home to ensure they will have a valid, enforceable lien on the property after closing. You can also purchase a homeowner's title insurance policy that protects you from covered title defects arising prior to or concurrently with your purchase of the seller's home.

ORDER AN APPRAISAL

An appraisal is also required by mortgage lenders to verify that the value of the property you intend to purchase is worth the sales price. Most lenders require the buyer to pay for an appraisal.

OBTAIN HOMEOWNER'S INSURANCE

Mortgage lenders also require buyers to purchase a homeowner's insurance policy. The policy covers any accidental damage to the home and the owner's possessions due to theft, storms, fires and some natural disasters.

CONSIDER PURCHASING A HOME WARRANTY

You may also want to purchase a home warranty, which is a service contract that provides for the repair or replacement of major systems and appliances in certain circumstances.

SET UP UTILITIES

Make arrangements to turn on your utilities and transfer all accounts to your name.

SCHEDULE A CLOSING TIME

You, your REALTOR® or attorney should check in with your escrow officer and mortgage lender about a week before the closing date to make sure everything is in order for closing. Schedule your closing time accordingly.

CONDUCT THE FINAL WALK-THROUGH

It's recommended that homebuyers perform a final walk-through of the property a few days before closing to verify that any repairs have been made and the seller's possessions have been removed.

CLOSING

The closing typically occurs at the title company and takes about an hour. A few days before closing, you should check with your escrow officer to determine what items are needed for closing. At a minimum, you should bring your driver's license and certified funds to closing. Once you've signed all documentation and your lender has funded your loan, you'll get the keys to your new home!



MOVING TIPS



The key to a successful move is to plan well ahead. Once you've identified your move date, use this checklist to help make your move as smooth as possible.

8 WEEKS BEFORE THE MOVE

- ☐ If moving yourself, get estimates for a moving truck and make a reservation.
- ☐ If using a moving company, hire one with good references.
It should be licensed/bonded and have workers' compensation insurance.
Ask about discounts, get estimates in writing and make a reservation.
If using movers to pack, schedule at least two days before the move.
- ☐ Create a file for receipts and important information needed during the move.

7 WEEKS BEFORE THE MOVE

- ☐ Gather copies of legal, medical, dental, financial and pet immunization records for your move file.
- ☐ Arrange to transfer school and veterinarian records.
- ☐ Contact health clubs and organizations to cancel or transfer memberships.

6 WEEKS BEFORE THE MOVE

- ☐ Begin purging your home. Decide what to keep, discard, sell or donate.
- ☐ Plan a garage sale.
- ☐ Use up household products you don't want to move.

5 WEEKS BEFORE THE MOVE

- ☐ Arrange for storage, if needed.
- ☐ Submit a "Change of Address" form to the post office.
- ☐ Arrange for necessary repairs to your current home.

4 WEEKS BEFORE THE MOVE

- ☐ Host a garage sale and donate unsold items.
- ☐ If moving yourself, determine how many boxes you will need.
- ☐ Arrange to cancel, transfer or initiate utility services.

3 WEEKS BEFORE THE MOVE

- ☐ Gather moving supplies:
 - ☐ Boxes Labels
 - ☐ Packing Tape
 - ☐ Scissors
 - ☐ Bubble Wrap
 - ☐
- ☐ Newspaper
- ☐ Nylon String and Rope
- ☐ Styrofoam Peanuts
- ☐ Furniture Pads
- ☐ Utility Knife
- ☐ Pack items that won't be used prior to the move. Clearly label each box with it's contents and the room for which is destined.
- ☐ Make hotel reservations and travel arrangements for pets, if needed.

MOVING TIPS CONTINUED

2 WEEKS BEFORE THE MOVE

- ☐ Transfer bank accounts to new branches and cancel payment arrangements on accounts you're closing.
- ☐ Cancel or transfer delivery services and subscriptions.
- ☐ Notify legal, medical, dental, financial, insurance and home maintenance professionals; Schools; and government offices (tax assessor, state vehicle registration, Social Security, IRS and VA) of your move.
- ☐ Give friends and family your new address.
- ☐ Confirm parking for your moving truck or container. Obtain permits, if needed.

1 WEEK BEFORE THE MOVE

- ☐ Arrange for a sitter to care for your children while you are packing or moving, if needed.
- ☐ Fill prescriptions you will need during the move, and transfer maintenance medications to a pharmacy near your new home.
- ☐ Add copies of your driver's license, vehicle registration and insurance to your move file.

2 DAYS BEFORE THE MOVE

- ☐ Have payment ready for the moving truck or company.
- ☐ Set aside items that should travel with you: valuables, changes of clothes, your move file and your bill of lading.
- ☐ Pack your shipment. Load goods in a pre-designated order, saving "last load" items for the rear of the shipment.
- ☐ Empty and defrost your refrigerator.

MOVING DAY

- ☐ If moving yourself, pick up the truck as early as possible.
- ☐ If using a moving company, read the conditions before signing the "Mover Agreement" and add it to your move file. Supervise movers and give them a contact number to reach you.
- ☐ Create a list of every item loaded onto the truck.
- ☐ Conduct a final walk-through of every room, including closets, attic and garage, to make sure nothing is left behind. Turn off the water and all appliances.
- ☐ Leave future tenants a note with your new address so they can forward stray mail.
- ☐ Lock all windows and doors.

DELIVERY DAY

- ☐ Make sure utilities are connected and appliances work before moving in.
- ☐ Gather essential first-day items:
 - ☐ Cleaning Supplies
 - ☐ Toilet Paper
 - ☐ Scissors
 - ☐ Masking Tape
 - ☐ Trash Bags
 - ☐ Snacks and Drinks
 - ☐ Paper Plates and Plasticware
 - ☐ Cups and Mugs
 - ☐ Writing Utensils and Paper
 - ☐ Basic Toiletries
- ☐ Clean your new home.
- ☐ Refer to your list to check off items as they come off the truck.
- ☐ Install new locks.
- ☐ Unpack and enjoy your new home!



PREVENTING CLOSING DELAYS TEXAS



When working with a lender to finance the purchase of a home, there are many reasons a real estate closing can be delayed. Fortunately, staying on top of deadlines and following the tips below can help prevent many delays. Be sure to check in with your closing team regularly and inform them of any factors that could affect your scheduled closing date.

BEST PRACTICES

- Review all documents for accuracy and report errors immediately.
- If you are required to purchase homeowner's insurance, do it early and provide proof of purchase to the lender.
- Maintain sufficient funds to cover the down payment and closing costs in a bank account.
- Respond to all lender requests for information swiftly and completely.
- Check with your real estate professional, lender and title company several days before closing to verify that all required documents have been provided by you.

THINGS TO AVOID

- Changing jobs.
- Making large purchases, checking your credit and opening or closing lines of credit.
- Making large, unscheduled deposits into your checking account.
- Paying off existing debts (*unless requested by the lender*).
- Changing financial institutions.
- Forgetting to bring required items to closing, including:
 - A valid, government-issued ID (*includes spouses*).
 - Certified funds or wiring instructions.
- Changing your name or marital status.

BUYERS WORKSHEET

Buyer's Name: _____

CURRENT SITUATION

Currently, are you a:
☐ Homeowner ☐ First-time Buyer ☐ Renter

If renting, date lease expires: ____/____/____

When would you like to move?
☐ 1 month or less ☐ 2 – 3 months
☐ 4 – 5 months ☐ 6 months or more

Have you started shopping yet? ☐ No ☐ Yes

If so, how long have you been looking?
☐ 0 – 2 weeks ☐ 3 – 4 weeks ☐ 2 – 3 months
☐ 4 – 5 months ☐ 6 months or more

FUTURE HOME ATTRIBUTES

Desired city or ZIP code: _____

Age range for the home: _____ to _____ years

Is close proximity to work a priority? ☐ No ☐ Yes

Is close proximity to school a priority? ☐ No ☐ Yes

Is access to public transportation a priority? ☐ No ☐ Yes

What style of home do you prefer?
☐ Contemporary ☐ Cottage ☐ Craftsman
☐ European ☐ Farmhouse ☐ Mediterranean
☐ Modern ☐ Ranch ☐ Traditional
☐ Tudor ☐ Victorian ☐ Other

What type of neighborhood do you prefer?
☐ Urban ☐ Gated ☐ Suburbs ☐ Rural

What size garage?
☐ One-Car ☐ Two-Car ☐ Three-Car ☐ Carport

Price range: \$ _____ to \$ _____

Desired features: (check all that apply)
☐ Air Conditioning ☐ Dining Room ☐ Family Room
☐ Large Kitchen ☐ Breakfast Area ☐ Laundry Room
☐ Large Master ☐ Walk-in Closets ☐ Office Space
☐ Storage Space ☐ Vaulted Ceilings ☐ Large Yard
☐ Patio ☐ Pool/Spa ☐ Waterfront

What type of home do you prefer?
☐ Single-Family ☐ Townhouse/Condo ☐ Duplex
Bedrooms: _____ Bathrooms: _____
Sq. feet: _____ Lot size: _____

How many stories?
☐ One ☐ Two ☐ Three ☐ Split-Level

Desired condition of the home?
☐ Move-in Ready ☐ Some Work ☐ "Fixer Upper"

Other Necessities:

UNLOCKING THE KEYS TO HOMEOWNERSHIP:

HOW REAL ESTATE AGENTS, LENDERS, AND TITLE COMPANIES WORK TOGETHER

Buying a home is a team effort. There are numerous steps that require a thorough understanding of detailed information. Even after doing extensive research, it will never compare to the experience and knowledge of an industry expert. That's why it's important to build a knowledgeable team of professionals. To aid you in this effort, we've compiled a list of players to engage during the homebuying process.

REAL ESTATE AGENT

Think of a real estate agent as the “quarterback” who gets the ball rolling and guides you through each step of the homebuying process until you receive the keys to your dream home. Here are four big benefits to using a real estate agent:

1. **Connect you with a reputable mortgage loan officer:** A real estate agent's first step is generally to connect you with a reputable loan officer that will review your income and finances to issue a preapproval or prequalification letter from mortgage lenders. This type of letter outlines the maximum loan amount you can receive to finance your home, the loan type, the estimated mortgage rate and loan terms.
2. **Act as a house-hunting guide:** A real estate agent will take your list of must-haves and dealbreakers, and use the Multiple Listing Service (MLS) and their access to pocket listings to create a catalog of homes for you to view. To help narrow down your search, they can provide information about public transportation and nearby amenities, such as shopping centers and recreational services. They can also refer you to reputable third-party resources regarding crime rates and school scores.
3. **Conduct comprehensive analysis of potential homes and the housing market:** When you've found the perfect home, a real estate agent can readily conduct a Comparative Market Analysis (CMA). A CMA is an unbiased tool that considers variables like the square footage of the home, the number of bedrooms and bathrooms, and the property's condition and location to determine the value of the home compared to others nearby. A CMA, along with a review of current market conditions, is generally used to help determine an offer to present to the seller.
4. **Be your skilled negotiator and industry expert:** Your real estate agent will work directly with the listing agent to submit an offer on your behalf, negotiating any counter offers, seller concessions or contingencies that need to be addressed. Once your offer is accepted, a purchase agreement will be created to outline all the terms and conditions of the transaction.

Real estate agents are skilled negotiators who also possess knowledge of federal and state-specific real estate legislation in the state where they are licensed. They will carefully review the purchase agreement with your best interests in mind, keeping you informed of changing regulations that may affect you. For example, if approved by the courts, effective July 2024, if a buyer's agent participates in the MLS, they will be required to sign a brokerage service agreement outlining the terms of service, value offered and associated charges before they conduct house tours. Compensation would continue to remain subject to negotiation between all parties, but only off-MLS. In some states, like Washington for instance, similar representation requirements are already in place.



MORTGAGE LENDER

Most homeowners, especially first-timers, require a mortgage loan to finance their home. A mortgage lender is a financial institution that offers and underwrites home loans. Not all mortgage lenders or mortgage loans are the same, so it's important to ask questions and compare requirements and details. For example, consider whether the mortgage lender is offering a fixed rate or adjustable rate mortgage, what the minimum credit score and down payment are, and what limitations are placed on seller concessions. These criteria will help you understand eligibility requirements, additional expenses associated with the loan, and how the seller can help contribute to your closing costs, buyer's agent commissions or other items.

There are four main types of mortgage loans: conventional, FHA, VA and USDA. Although the specifics of each transaction dictate exact loan terms, we've created a chart that summarizes some of the main requirements and seller concession maximum contributions for each type of loan when purchasing a primary home. Keep in mind that the percentages listed below are based on the purchase price of the home.

CONVENTIONAL	FHA	VA	U S DA*
Backed by:	Backed by:	Backed by:	Backed by:
Private mortgage lenders like banks, credit unions and other financial institutions	U.S. Federal Housing Administration	U.S. Department of Veteran Affairs	U.S. Department of Agriculture
Fixed or Adjustable Rate?	Fixed or Adjustable Rate?	Fixed or Adjustable Rate?	Fixed or Adjustable Rate?
Both options are available	Both options are available	Both options are available	Fixed Rate only
Minimum Credit Score:	Minimum Credit Score:	Minimum Credit Score:	Minimum Credit Score:
620	580	Most require 620, but it can be as low as 500	620
Minimum Down Payment:	Minimum Down Payment:	Minimum Down Payment:	Minimum Down Payment:
3-5%	3.5%	0%	0%
Seller Concessions (Maximum):	Seller Concessions (Maximum):	Seller Concessions (Maximum):	Seller Concessions (Maximum):
If <10% down payment, 3%	Up to 6%	Up to 4%	Up to 6%
If 10-25% down payment, 6%			
If >25% down payment, 9%			
Contribution Type:	Contribution Type:	Contribution Type:	Contribution Type:
Some closing costs, prepaid items & discount points	Some closing costs, prepaid items and discount points	Some closing costs, prepaid items	Some closing costs, prepaid items, and discount points

*Some state and county maximum loan amounts may apply.

CLOSING AGENT

Purchasing a home involves the transfer of large sums of money and paperwork. The closing process was developed to ensure that these tasks are performed in compliance with the latest security and privacy standards. During this process, a closing agent acts as a neutral third party to communicate between all parties, assemble and process paperwork, and disburse money in accordance with the terms and conditions of the purchase agreement and written closing instructions. Depending on what state you live in, the closing agent could be a title company, an escrow company or an attorney.

Real estate agents work with closing agents regularly and can recommend them to you. However, the buyer has a right to choose. When deciding on the right closing agent to work with, look for one that is well-respected, has experience and is known for effectively communicating throughout the entire closing process.



TITLE INSURER

When you purchase a home, you receive title to the property, which shows your legal right to own it. Title insurance protects homeowners from prior title defects that remain undisclosed even after the most meticulous title search. This is what makes title insurance so important!

As a homeowner, purchasing an owner's title policy provides peace of mind that your title insurer will stand behind you if a covered title issue, such as a tax lien, forged signature or clerical error, is discovered after the home is purchased. For a one-time fee, an owner's title policy protects your property rights for as long as you and your heirs own the home. The mortgage lender is shielded from financial loss for covered risks by a lender's policy, which is normally paid for by the homeowner. Lenders require title insurance because they understand how important it is to safeguard their investment. As a homebuyer, you have a right to choose your title insurer. When making the choice, consider the financial stability and reputation of the company. Look for a title insurer that is positioned to back policies and claims for the long run, and makes data privacy and security a top priority.

Assembling a dream team of knowledgeable, passionate professionals is essential to a rewarding homebuying journey. It enables a smoother transaction, reduces risks and enhances your overall experience.

Choose wisely, and let your team help you achieve your dreams of homeownership!
To make Old Republic Title a part of your team, contact an Old Republic Title representative today.