



LIFE IN LAKE

# BUYING YOUR FIRST HOME

Provided by Stacy Bracewell & Shannon King, Realtors ®





# Topics

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# You & Your Lender

The first step in buying a home is getting pre-approved. You can only get pre-approved after you speak with a lender.

The lender will check your credit score, ask you some questions about your job, income, and other things. This is to determine if you can purchase. Don't be intimidated by this process.

**Did you know that less than 30% of people are approved on the first try?** But, most who don't qualify at first can be ready in less than a year with some guidance from a good lender.

Once your lender gives you the pre-approval letter the House Hunting can officially begin. At this point your lender will tell you what type of loan you will be using to purchase your home. There are many different types of loans just like there are many different situations and properties. Think of it this way, you would not run track in high heels. Same principal applies.



# When deciding on a lender to use there are a few factors to consider.

- What type of experience does the lender have?
- How many lending avenues do they have available to get you approved?
- Will they be accessible during the loan process?
- It is also recommended to work with a local lender so that if there are any issues you will be able to have direct access to your lender to resolve anything that comes to light.





# OUR LENDING PARTNERS

## **Gold Star Mortgage Financial Group**

Todd Abell  
321-946-1426



## **Fairway Mortgage**

Jody Straher  
321-689-7861



## **Movement Mortgage**

Trey DelGreco  
407-240-7063





# PMI – Private Mortgage Insurance

## WHAT IS IT AND CAN IT BE REMOVED?

PMI is the lenders (banks) protection in the event that you default on your primary mortgage meaning you no longer make payments and the home ends up going into foreclosure.

Ask your lender about PMI and if it is a fee that you can avoid or remove at a later date. You must put down at least 20% to avoid having to pay PMI.





# 8 CREDIT RULES TO FOLLOW

It is important to know that your application and credit will be reviewed again just before the closing. There are 8 things that you want to avoid doing until after the purchase is complete and all documents are signed. We can't stress how important these rules are.

1. Do not apply or open any new credit cards
2. Do not close any credit cards out
3. Do not change jobs during the process of buying a home
4. Do not go and finance new furniture or appliances until the day after your closing!
5. Do not buy a new car
6. Do not move money around
7. Do not skip a payment or be late on a payment
8. Do not spend your savings



# Types of Loans

<b>Conventional Loans</b>	3% minimum down payment and PMI can be removed if applicable. Down payment can be gifted. Conventional loans require a higher credit score and lower debt to income ratio.
<b>FHA Loans</b>	3.5% down payment. PMI is for the life of the loan, however, loan can be refinanced at a later date when requirements are met. Down payment can be gifted. Home must meet condition standards.
<b>USDA Loans</b>	Zero down. The home must be determined eligible based on condition and location. <a href="#">Check Here</a> Eligibility is based on the size of the household and income.
<b>VA Loans</b>	Offered to Veterans (or spouses) at 0% Down. Can be used multiple times.



# You & Your Agent

As your Realtor ®, we are committed to helping you achieve your homeownership goals! We are your advocate, your consultant and your personal expert. This is most likely the largest purchase and biggest decision of your life and we draw on years of experience to help you through the process.

We take our job and commitment very seriously and will do our best to be available at your convenience.

We do ask for your commitment in return. It is important to know that Realtors ® are not paid until closing so all of the time we dedicate to you is unpaid. We will never pressure you into buying a home, but we do ask for your loyalty throughout the process.

**Please contact us when you are interested in:**

- For Sale by Owner
- New Build Communities
- Homes Online



# QUESTIONS TO ASK YOUR AGENT

## ARE YOU A FULL-TIME OR PART-TIME AGENT?

We work 100% full time in real estate. Helping people with some of the biggest decisions of their lives is a career, not a hobby.

## DO YOU WORK INDEPENDENTLY OR WITH A TEAM?

We work as a team. Working as a team allows us to accommodate our customer's schedules while also living a balanced life.

## HOW LONG HAVE YOU BEEN A REAL ESTATE AGENT?

Stacy has been in real estate since 2012 and Shannon since 2009.

## HOW LONG HAVE YOU BEEN PARTNERS?

We have worked as partners since 2017.

# QUESTIONS TO ASK YOUR AGENT

## WHAT'S YOUR SCHEDULE AND AVAILABILITY?

We try to make ourselves available at your convenience. Working as a team allows us to be flexible and accommodate your schedule.

## HOW DOES YOUR COMMISSION WORK?

Our commission is paid by the seller out of the proceeds of the sale. We are not paid until closing.

## WHAT PERCENTAGE OF YOUR BUSINESS IS WORKING WITH HOME BUYERS?

About 60% of our business is working with buyers.

## HOW MANY BUYERS AND SELLERS DID YOU HELP IN THE PAST YEAR?

We were privileged to help more than 20 customers last year.





# Stacy & Shannon

**Realtors®**

## BRIEF BACKGROUND

Check out our bio [HERE](#).

## WHAT OTHERS SAY ABOUT US

Read testimonials from past customers [HERE](#).



# YOUR SEARCH

It's important to know in advance what is most important when searching for your home, however, understand that the search can be a process and your requirements may change.

Oftentimes when we start looking at homes in person, buyers find they are drawn to features that weren't previously on their list of wants and needs.

Start by picking the most important factors. Deciding now as to which of these factors are most important and which are least important will make it much easier to recognize the right house when you see it.

Communication is key! We want to make sure we are not wasting your time by showing you homes that you don't want. Sometimes it can take time and multiple homes to discover what is most important.



Create a list identifying and ranking areas of importance in your search.

**For example:**

1. School District
2. Open Floor Plan
3. Big Yard
4. Great Kitchen
5. Room Sizes

We will use this information to sort through properties and assist in finding the house that is as close to perfect as possible.





# THE OFFER

Once you find the house that is for you, it is time to make an offer.

This is where we reach for that pre-approval letter. Sellers want to know that you are able to buy before they will entertain your offer.

When writing the offer it is important to remember that you are trying spend as little as possible while the seller is trying to make as much profit as possible. As your agent, I will look at the recent sales and comparable properties in the area and offer advice when making an offer.



# ESCROW DEPOSIT

This is where you can start to expect to see your first expense, just like when you are renting a property you have to put down a deposit to show you are serious about the purchase. This can be called an escrow deposit or good faith deposit.

You can expect the escrow amount to be around 1% of the purchase price, but a larger deposit shows the seller you are more serious. This is a negotiated term so it may vary.

This deposit will be held at a title company where the closing will be held. The funds will go towards your downpayment on the loan.







# NEGOTIATIONS

The time period from accepting an offer to closing is typically between 30 - 45 days. During this time you will complete inspections and the lender will start the process for the loan. The closing date can be negotiated based on buyer or seller circumstances.

We will work together with the seller's agent to negotiate the best and most acceptable terms for all parties involved. This can include price, closing costs, home warranty, allowances, repairs and much more. The negotiation process can take days. Typically a seller will have 48 hours to respond to your offer.

Once everything is agreed upon and signatures are in place you are now under contract and the real work begins.



# YOUR INSPECTIONS

Now that you have agreed to purchase a home there are several things to do before the sale is complete. The first step are the home inspections.

A general home inspection is not mandatory.

**HOME INSPECTIONS ARE ALWAYS RECOMMENDED.**

This is the next point where you need to be ready to spend money. You can expect to spend several hundred dollars or more for a good inspection depending on the size of the property. This is money well spent. A good inspection will uncover any defects that you cannot see with the naked eye. Things like the condition of the roof, electrical system, plumbing, HVAC and much more will be included in a thorough inspection. Often times a house that looks great on the surface can have skeletons in the closet that show up during inspection. You don't want to buy a house that has hidden problems that could potentially cost you thousands down the road.



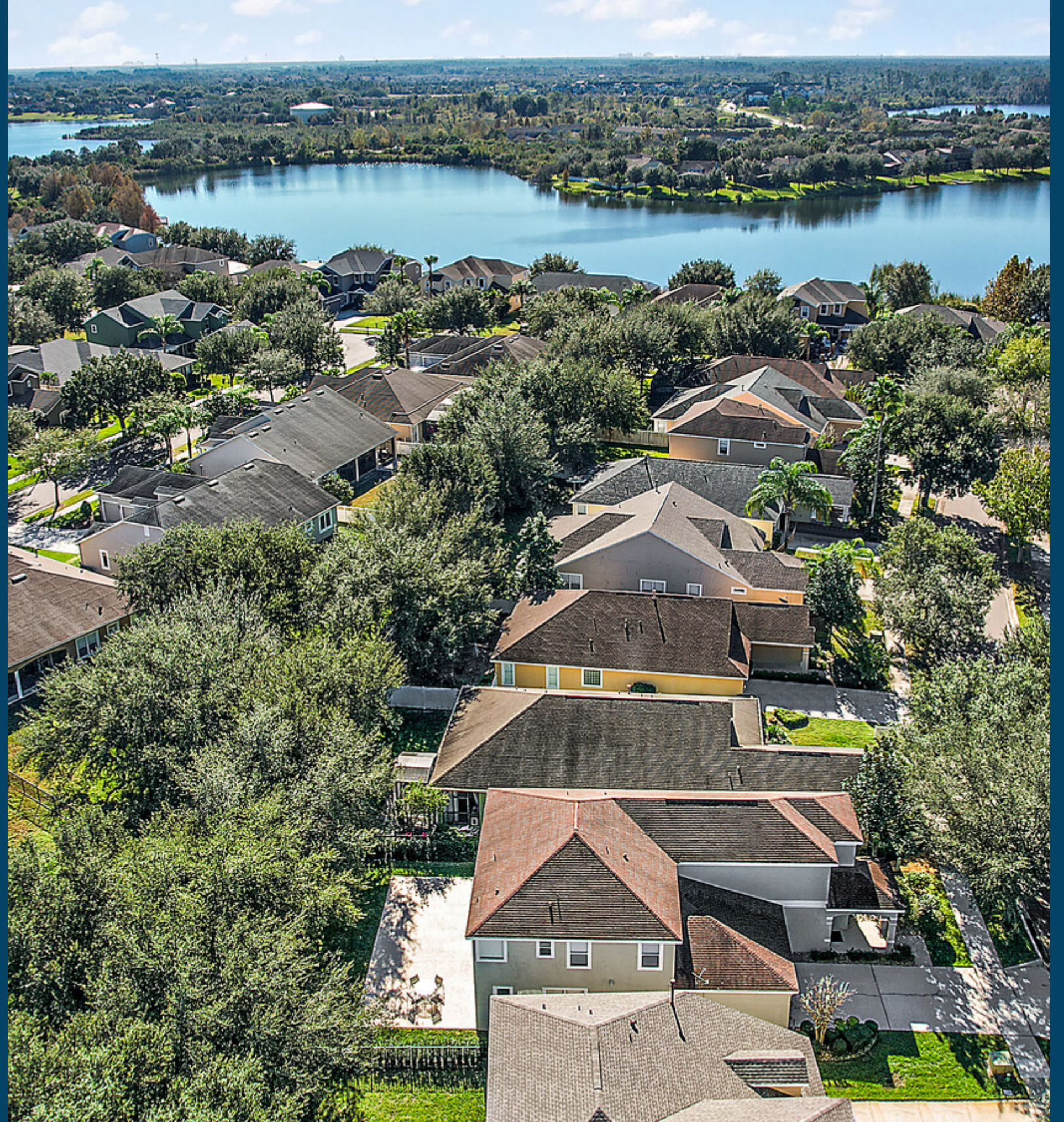
# ADDITIONAL INSPECTIONS

There are several additional inspections that may be required by your lender or insurance company.

- Wind Mitigation
- 4 Point Inspection
- Termite Inspection - WDO (Wood Destroying Organisms)
- Well Inspection and Water Test
- Septic Inspection
- Pool Inspection

We will provide recommendations once you are under contract.

There is typically a 10 day window to have all of your inspections completed. This is a term agreed upon in the contract.





# YOUR INSPECTION RESULTS

Once the inspection report is obtained we will discuss your options.

If there are many defects and you do not wish to go forward with the sale, now is the opportunity to walk away and get your escrow deposit back and start your search again.

If you wish to continue you must look at the report and decide what items are considered deal breakers and what items are for the honey-do list.

If there are **major defects** and you still wish to continue there are several options.

1. Ask the seller to fix the issues before the closing.
2. Ask for an allowance to be given to have the issues fixed by you after the closing.
3. Move forward regardless of the inspection report.

\*\*\*The request for repairs is reserved for major concerns that were unknown prior to the offer.



# YOUR APPRAISAL

The next step in the process is the appraisal. You can expect to spend another several hundred dollars. If you are financing the purchase the appraisal is required. The fee may be collected up front or might be part of your closing costs.

The purpose of the appraisal is to ensure that the house is worth what the lender is loaning. A lender will not loan more money than the property is worth.

The appraiser will look at the property in question and attempt to find similar properties that recently sold to gain an accurate market value of the property. The lender places the request for the appraisal into a pool of appraisers. No one is able to hand select the appraiser in an effort to protect home values.





## NEGOTIATING THE APPRAISAL RESULTS

If the appraisal comes back lower than the agreed upon sales price there are a couple of options.

1. The buyer can challenge the appraisal and offer new data for consideration.
2. The seller can lower the sales price to meet the appraisal value.
3. The buyer can produce the difference out of pocket.
4. The buyer and seller can negotiate and agree to a solution acceptable to both parties.

This is why it is important to understand the current market when pricing a home for sale or submitting an offer for purchase.



# THE CLOSING

You are now about to cross the finish line. Ever since the contract was agreed upon a title company has been working to make sure the property makes it closing on time.

This is where the closing costs are incurred. The title company has been working to make sure ownership of the property can legally transfer to you. They are checking to make sure no unknown parties have a claim of ownership. The title company has been preparing and submitting the necessary documents to execute the sale of the property. Closing costs also include fees and expenses charged by the lender.



# THE CLOSING

When the title company completes their work the lender will be notified. Once the lender is notified that everything is clear regarding the contracts and the title they will once again look at the file and if all requirements have been met they will issue the final approval known as the **Clear to Close**.

The Clear to Close is basically the green light to sign the papers. Once received, the title company will schedule a time for everyone to sign the necessary paperwork. Now that all signatures are in place the loan will fund and you are officially a homeowner.



# CLOSING COSTS & FEES

Closing costs and fees are in addition to your downpayment. Some fees will be paid throughout the process while others will be collected at the time of closing.

You can expect your closing costs and fees to be around 3.5% - 4.5% of the purchase price. Your lender will provide an estimate, but their estimate will not include inspections.

## Closing Costs

- Loan Origination and Lender Fees
- Prepayment of Taxes and Insurance
- Title Company Fees
- Lender's Title Insurance
- Government Recording and Transfer Charges
- HOA Estoppel or Transfer Fee

## May be Collected Prior to Closing

- Appraisal \$400 - \$500
- Survey \$300 - \$400
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- Inspections are not included in your closing costs but it's important to anticipate the fee.
- Inspections \$400 - \$1000
-





**Stacy Bracewell & Shannon King**  
**Realtors ®**



# READY TO TAKE THE NEXT STEPS?

**We're ready to help!**

Shannon 352-801-8334

Stacy - 352-223-9238

**ERA Grizzard Real Estate**

600 N. Donnell Street  
Mount Dora, FL 32757



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