

TRACIE PERRY REALTOR

HOME BUYER GUIDEBOOK

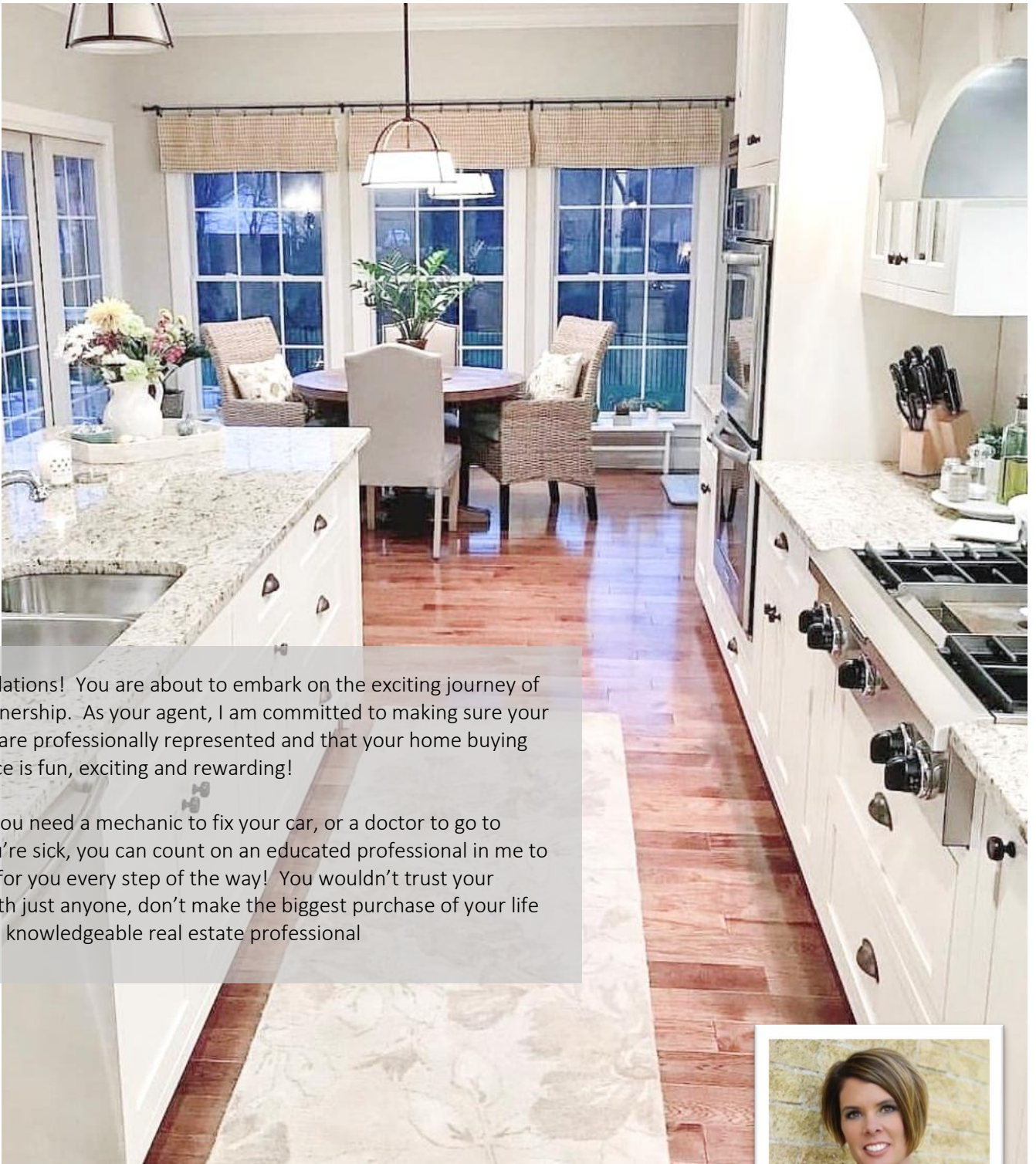


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WELCOME HOME!



Congratulations! You are about to embark on the exciting journey of home ownership. As your agent, I am committed to making sure your interests are professionally represented and that your home buying experience is fun, exciting and rewarding!

Just like you need a mechanic to fix your car, or a doctor to go to when you're sick, you can count on an educated professional in me to be there for you every step of the way! You wouldn't trust your health with just anyone, don't make the biggest purchase of your life without a knowledgeable real estate professional



REAL ESTATE TERMINOLOGY

Annual Percentage Rate (APR) - The percentage of interest that will be charged on a home loan.

Appraisal – A report highlighting the estimated value of the property completed by a qualified third party. This is typically done for the benefit of the buyer to ensure the property is worth what they are paying.

Association Fee/HOA Fee – In addition to a mortgage, certain housing communities, such as townhomes and condominiums, have a monthly fee associated with maintaining the common areas and amenities.

Closing – This is the final meeting where the buyer and seller sign the necessary paperwork, completing the transaction.

Closing Costs – The fees associated with the lender providing you the loan.

Closing Disclosure – A form that provides the final details about the mortgage loan. It includes loan terms, projected monthly payments and how much the extra fees (closing costs) will be.

Comparables – Homes in the area of interest that have recently sold that have similar features.

Contingencies – Conditions which must be met in order to close on the home. Typically tied to a date or another home needing to be sold. If these aren't met, the contract may be cancelled.

Counteroffer – The response from the seller regarding an offer.

Debt to Income Ratio – A lender will look at the borrower's debt versus income to determine the amount of loan they are eligible for.

Down Payment – A percentage of the cost of the property that is paid up front as part of the mortgage.

Earnest Money – The deposit made from the buyer to the seller when submitting an offer. The deposit is typically held in trust at a title company or other third party. It is applied upon closing to the down payment or closing costs.

Equity – The difference in the market value of a home versus what is owed on the home.

REAL ESTATE TERMINOLOGY

Home Inspection – The process in which a professional inspects the seller's home for issues that are not openly apparent, then creates a report for the buyer to review.

Home Warranty Protection Plan – An annual service that covers the cost of repairs or replacements to items such as stoves, washers, dryers, furnaces and air conditioning.

Mortgage Insurance – Insurance written in connection with a mortgage loan that protects the lender in the event the borrower cannot repay their loan. This is usually NOT required if the borrower has 20% or more for the down payment.

Mortgage Note – A promise to pay a sum of money at a standard interest rate during a specific term that is secured by a mortgage

Multiple Listing Service (MLS) – The national list of real estate properties that are available for sale. This is the most reliable source to receive up to date listing information. You can search the MLS on my website.

Pre-Approval – The process in which a buyer must provide a mortgage professional the appropriate information on income, debts and assets that will be used to make an initial decision on qualifying for a home loan.

Pre-Qualification – The process in which the maximum sale price, loan amount and monthly payments are calculated for the borrower. This is not a loan approval but is necessary to make an offer on a home.

Principal – The underlying amount of the loan which is borrowed.

Property Taxes – Taxes included in the monthly mortgage payment held in escrow by the lender. These are enforced by the city, town, county and state governments.

Title – A legal document providing current and proper ownership of the property. Also referred to as the Title Deed.

Underwriting – The process in which the potential home buyer is evaluated for their financial ability to obtain and repay a loan. This normally consists of a credit check and appraisal of the property.

WHAT EVERY BUYER SHOULD KNOW BEFORE PURCHASING A HOME

- Property taxes and qualified interest are deductible on individual federal tax returns.
- A Home is usually the largest asset an individual has and is considered one of the most valuable investments available.
- A portion of each mortgage payment goes into the principal – which is an investment.
- A home is one of the few investments you can enjoy while living in it.
- A realtor can usually show you any home, whether it's listed with a company, a builder or a For Sale by Owner Home (FSBO).
- Working with a Realtor to purchase a For Sale by Owner home can be very advantageous because the Realtor will look out for your best interests.
- Your Real Estate professional will keep track of all deadlines, inspections and keep in contact with your loan officer and Title Company.
- Home ownership is the American Dream, you can achieve it too, along with the help of your Real Estate Expert.

EXPECTED COSTS WHEN BUYING A HOME

Earnest Money Deposit	\$1000+
Closing Costs	1% or less of purchase price
Home Inspection	\$250-350
Appraisal	\$400-600
Home Warranty	\$350-600



THE HOME BUYING PROCESS

Steps for a Pleasant Experience

Hire a trusted real estate agent – they work for you and have your best interests at heart

Get pre-approved from a lender your agent recommends

Meet with your agent to go over your wants and needs in a home and in the neighborhood, you want to live in

Now the fun begins... start looking for homes. Be patient! It might take some time to find the house you want to call home. Be willing to compromise! First time buyers can't have everything they want in their first home. (even seasoned buyers often can't find the absolute perfect home). Decide which things you won't compromise on. LOCATION is often the biggest thing you don't want to compromise on!

When you find the house you want to call home – it's time to make an offer.

Your agent will help guide you on an appropriate price and what's included in the offer.

Once your offer is accepted, your agent coordinates the rest of the process for you. So, sit back, relax, and enjoy the journey! (more details on the next page)

PREPARING TO MEET WITH A LOAN OFFICER

1. Identification – valid driver's license or government issued photo ID
2. Full legal name and date of birth
3. Current and former address for the last 2 years
4. Social Security number
5. Most recent bank statements
6. Income amount and sources
7. Employer information for the last 2 years
8. Pay stubs for the last 30 days
9. W-2 forms for the last 2 years
10. Full federal tax returns for the last 2 years
11. Source of funds documentation for any large deposits

IF YOU'RE SELF EMPLOYED

- ✓ Business and personal tax returns for the last 2 years
- ✓ Year to date profit and loss statement
- ✓ List of business debts

OTHER CIRCUMSTANCES

- ✓ Divorce decree
- ✓ Bankruptcy discharge documentation
- ✓ Unresolved credit dispute information

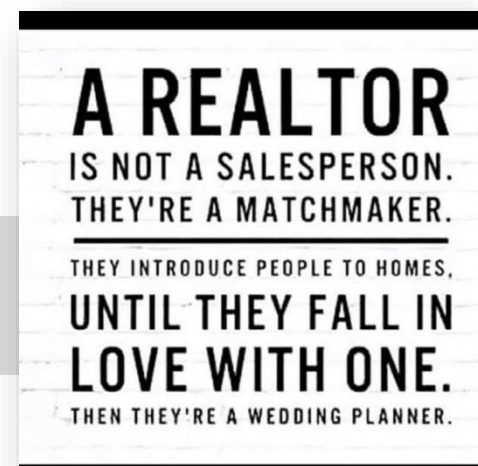
THE TEN COMMANDMENTS



1. Thou shalt not change jobs, become self-employed or quit your job.
2. Thou shalt not buy a car, a truck or a van (or you may be living in it)
3. Thou shalt not use charge cards excessively or let your accounts fall behind
4. Thou shalt not spend money you have set aside for closing.
5. Thou shalt not omit debts or liabilities from your loan application.
6. Thou shalt not buy furniture... yet
7. Thou shalt not originate any inquiries into your credit.
8. Thou shalt not make large deposits without checking with your loan officer first.
9. Thou shalt not switch bank accounts
10. Thou shalt not co-sign for anyone



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HIRING AN AGENT – WHY DO YOU NEED ONE?



BUYERS AGENT

DUTIES TO SELLER:

- ✓ Honest, fair dealing

DUTIES TO BUYER:

- ✓ Honest, fair dealing
- ✓ Undivided Loyalty
- ✓ Full Disclosure
- ✓ Confidentiality
- ✓ Care and diligence
- ✓ Accountability of entrusted money or property

WHAT YOUR AGENT DOES FOR YOU

1. Help arrange financing
2. Assist in finding the right property
3. Schedule showings and show properties
4. Educate you with market conditions
5. Negotiate offer's
6. Help you pick a home inspector
7. Attend inspection
8. Negotiate home inspection repairs with the seller
9. Communicate with seller's agent, title and lender throughout the sale
10. Finalize loose ends for closing



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NOW WHAT? FROM OFFER TO CLOSING

OFFER AND CONTRACT

1. When the offer has been accepted, I will deliver copies of the contract to all parties involved
2. I'll record and deposit the earnest money.
3. I'll track all the dates in the contract, making sure that you are meeting all agreed to deadlines.

LOAN PROCESS

1. I'll touch base with you weekly to ensure your loan is processing on track
2. I'll relay final approval of your loan application to seller's agent.



HOME INSPECTION

1. I'll coordinate your professional home inspection.
2. I'll review your home inspector's report and discuss issues with you.
3. I'll recommend contractors to perform any required repairs.
4. I'll oversee the completion of all required repairs.

A word about the inspection process....

The home inspection is NOT designed to criticize every minor problem of defect in the home. It is intended to report on significant damage or serious problems that require repairs. It is the inspector's job to make you aware of repairs that are recommended or necessary, it is NOT his job to indicate whether he/she thinks the home is worth the money you are offering

THE APPRAISAL

1. I'll confirm with the lender the appraisal has been scheduled.
2. I'll follow up with you and the lender on the status of the appraisal
3. I'll let the seller's agent know the appraisal has been completed, and negotiate terms of the contract, if needed.

CLOSING PREPARATION

1. I'll confirm you have received the title insurance commitment.
2. I'll coordinate the closing dates with you, seller's agent and escrow company.
3. I'll request the final closing disclosure from the escrow officer and review it for accuracy.
4. If a Home Warranty was purchased, I'll make sure you have the Home Warranty company information