



Buyer

handbook



The Inner Workings of Home Buying



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Almost there! We've got this! -Sam & Kate





01 Preparation

MORTGAGE PRE-APPROVAL/ CASH POF

- If cash transaction, prepare a POF (proof of funds): Bank letter/Statement /etc.
- If financing, work with a lender to get pre-approved.
- Have your down payment, 20% is the ideal number.
- Pre-approval/POF will indicate to sellers that you're serious about home buying and allow you to make offers on homes.

HOUSE HUNTING

Work with your Realtor to compile a list of homes that fit both your budget and your ideal features. Your agent will arrange viewings so you can find the right home for you.

OFFERS & NEGOTIATIONS

When you find the right home for you, your Realtor will present a fair offer on your behalf. Be prepared to negotiate to determine the price that works best for you and the seller. Don't feel put out if your offer is rejected or countered, this is all a normal part of the home buying process.





02

Confirmation

HOME INSPECTION

A home inspection is the immediate step after an offer is accepted by the seller. You can gain valuable insight into the condition of the property. If the sale is dependent on the results of the home inspection, you have a limited window of time to complete it. Average inspection cost is \$500.

POST-INSPECTION AGREEMENTS

Depending on the results of the inspection, you may have the opportunity to request certain faults or problems be repaired or deducted from the agreed upon price. If it's an AS-IS contract, you don't request repairs on items previously disclosed prior to contract effective date.

HOME WARRANTY

A 1-year optional warranty may be available to cover repairs on appliances and systems in the home. This may include the HVAC, plumbing, and electrical systems of the home.



03



Legal Steps

TITLE SEARCH

The Seller typically pays for a Title Search and selects the title company. This is an examination covering all records of the property's title history, including deeds, court records, indexes, etc. The purpose of this search is to confirm the seller has the legal right to sell the property in question, and that there are no hindrances that may prevent the buyer from taking full possession. If the Buyer has financing, they will pay for an additional lender's title policy.

APPRAISAL

An appraisal is required by the lender to ensure the value of the property meets the value of the loan. Although this is in their best interest, it also confirms you won't be over-paying for your new home! Typically, the lender contracts the appraiser, and incorporates the fee into the closing cost.

FINAL COMMITMENT FROM LENDER

Once these steps are completed to satisfaction, your lender will issue Final Approval and a closing disclosure (CD). This CD covers all loan terms for the mortgage they are granting for this purchase. It will also outline all mortgage fees and any stipulations prior to closing.



Financing

04

Before closing on your new home, there are some key items you need to check in with your lender! Your lender and agent will work together to make sure you know what's needed and when it's due.

Don't risk getting caught off guard by these simple mistakes:

LARGE PURCHASES

Do not open any lines of credit or apply for new credit cards without speaking with your lender first. This will alter your original income and debt ratios that your approval was dependent on.

ADDING CREDIT

You might think pre-approval means you're set to go, but you should avoid making any major purchases that require opening a new line of debt until after the closing of your home. This includes things like student loans, car purchases, or large furniture purchases. Don't risk losing your mortgage approval!

MAINTAIN YOUR CREDIT

Don't miss any bill payments! This is the easiest way to maintain your credit during the closing process.

LARGE TRANSFERS

Your lender may flag your account as suspicious if you transfer large sums of money between accounts or make any large undocumented deposits. This could risk your approval.

DON'T QUIT YOUR DAY JOB

Your mortgage approval was dependent on stable income. Don't change jobs during the closing process, or you may be deemed too risky for your mortgage.



05 Final Pieces

YOUR CLOSING CHECKLIST:

- Bring your valid, government-issued photo ID.
- Wire 24 hours in advance the total amount due as laid out by your closing statement.
- Call to turn on utilities prior to closing.

THE FINAL CLOSING PROCESS

By reviewing your contract of sale, the escrow officer will be able to determine what fees are owed by whom and prepare your final closing documents. Part of conducting the closing will also involve ensuring all fees are paid, the Seller receives the money owed, and that the Buyer's title is recorded. You will be presented with your settlement statement, which will outline the total closing costs required to finalize the sale.

THE COSTS OF CLOSING

Both the Buyer and Seller will incur various fees over the course of the sale. For the Buyer, these fees typically include:

- Mortgage Application fees
- Underwriting fees
- Lender's Title Search
- Lender's Title Insurance
- Appraisal fees
- Homeowner's Insurance
- Escrow fees
- Notary or Recording fees
- Homeowner's Association transfer or Condo fees, if applicable

Almost there! Your dream property is just around the corner. **We've got this!**
-Sam & Kate





Congratulations!

Home buying is a major milestone!

As your Realtors, your best interest is at the heart of what we do. You can trust us to represent you and guide you through this process so you can have the best possible experience.



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