

First Time Home Buyer

Its Your Time

PRESENTERS

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Created 08.01.19



Your Dream Home

Objectives: Knowing the steps it take to turn the Key to your new home..



Steps to Accomplishing Goal

The 15 Step Process to turning the Key

STEP 1

1. IDENTIFY RIGHT MOMENT TO PURCHASE:

A. ADVANTAGES TO PURCHASE

- i. TAX BENEFITS
- ii. BUILDING EQUITY- LONG TERM SAVINGS, ABILITY TO GET LIQUID ASSET OVER TIME
- iii. STABILITY- BEING ABLE TO BE IN YOUR OWN HOME WITHOUT THE NEED TO MOVE
- iv. INVESTMENT OPPORTUNITY- RENTAL INCOME



Steps to Accomplish Goal

The 15 Step Process to turning the Key

A. **DISADVANTAGES**

- i. MORTGAGE EXPENSE
- ii. NEED STABLE INCOME STREAM
- iii. NEED TO SELL PRIOR TO MOVE
- iv. NO GUARANTEE HOME VALUE
- v. PAY FOR MAINTENANCE



STEP 2

2. DETERMINE HOW MUCH MONEY YOU NEED

- A. DEFINE MORTGAGE- MORTGAGE IS A PROMISSORY NOTE TO THE BANK FROM YOU THE BUYER
 - i. IT CONSIST OF PITI- PRINCIPAL, INTEREST, TAX AND INSURANCE
- B DOWNPAYMENT, CLOSING COST & ESCROW
- C INSPECTION & APPRAISAL
- D ONGOING COST- UTILITIES, MAINTENANCE, OTHER INSURANCES- FLOOD INSURANCE, ETC



STEP 3

3. BUDGET MANAGEMENT

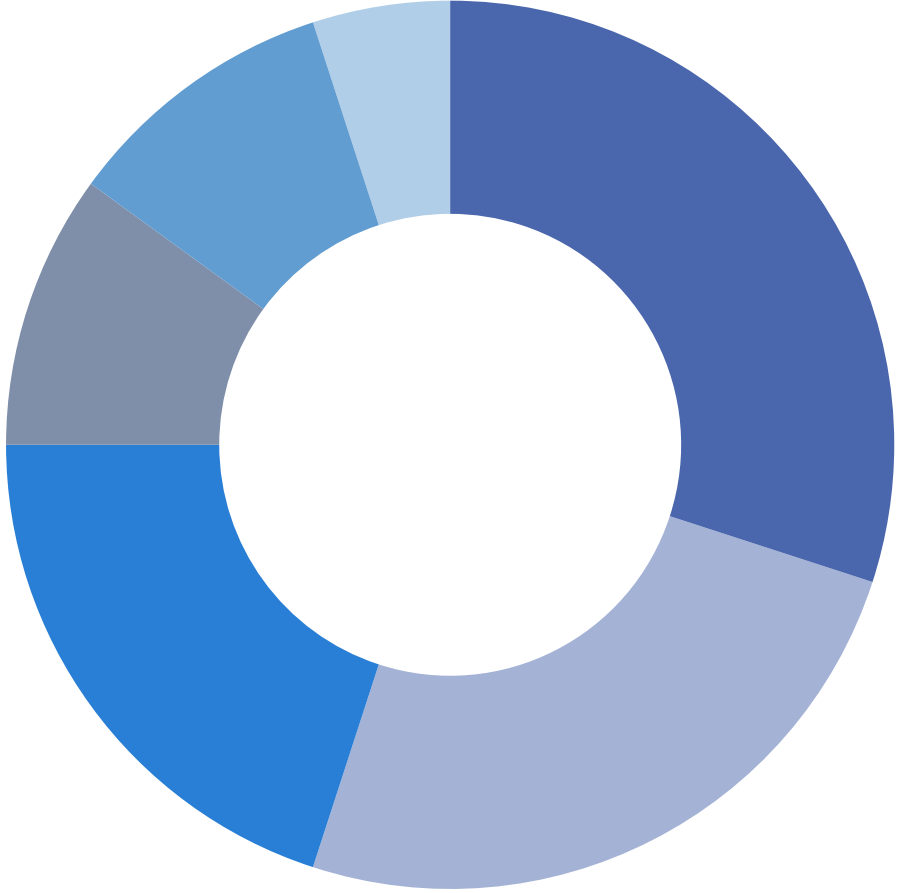
HOW WELL DO YOU MANAGE YOUR MONEY?

FIXED EXPENSE

- RENT & MORTGAGE
- INSURANCE
- UTILITIES

FLEXIBLE EXPENSE

- CREDIT CARDS
- GOODS AND SERVICES
- ENTERTAINMENT



STEP 4

WHATS YOUR CREDIT SCORE?



RANGE: 300-850

V POOR 300-580, POOR 580-640, FAIR 640-720, GOOD 720-780 EXCELLENT 780-850

- 30% CAPACITY
- 15% CAPITAL
- 35% CREDIT HISTORY
- 20% COLLATERAL

STEP 5

SELECT THE BEST MORTGAGE OPTIONS

1. CREDIT UNIONS
2. BANKS
3. ONLINE MARKET-QUICKEN LOANS, LOAN DEPOT, ETC
4. NON PROFIT HOUSING ORGANIZATIONS & GOVERNMENT AGENCIES

ADD A FOOTER



STEP 6

SELECT THE BEST LOAN OPTION FOR YOU...

LENDERS DETERMINE YOUR DEBT TO INCOME RATIO, GOOD RANGE 36 TO 41% (back end ratio)

FRONT END RATIO- 25-33%-determine gross to mortgage expense

	FHA	CONVENTIONAL	VA, ETC
RATE	4.7%	4.9%	TBD
DOWN PAYMENT	3.5%	3.5-5%	0
TERM	30	30	TBD
PURCHASE PRICE	76000	370,000	250,000
CLOSING COST – FEES FOR SERVICES AND EXPENSE REQUIRED TO FINALIZED A MORTGAGE	2-5%	2-5%	TBD
LOAN AND PROCESSING FEES			
APPRAISAL FEE			
DOCU STAMP (0.70/\$100)	\$532	\$2590	\$1750
PRE TAX PAYMENT			

STEP 7

What Kind of Home Do you Desire?

Important Things to Identify

- i. Crime Status
- ii. Local Schools
- iii. Property Tax of Area
- iv. Home Owners Association
- v. Insurance Rate
- vi. Near by shops and restaurants



STEP 7

Choose your Style Home

- i. Single Family
- ii. Condominium
- iii. Town House
- iv. Multifamily

Type of Ownership

- i. Sole Propriety
- ii. Tenancy in Common
- iii. Joint Tenancy



STEP 8

PURCHASING A HOME

TYPE OF AGENTS?

LISTING AGENT-EXCLUSIVE & OPEN LISTING

DUAL AGENT

HOME SEARCH...

**ADVISED- COMPLETE A FEW TOURS PRIOR TO
SELECTING A HOME TO COMPARE OPTIONS AND
MAKE THE BEST SELECTION**

STEP 9

MAKE AN OFFER

- i. COMPARE HOMES WITHIN THE AREA THAT YOU ARE SEEKING, ONCE DONE, SELECT AN OPTION
- ii. HAVE REALTOR COMPLETE AN COMP ON THE PROPERTY (COMPARING PRICE, FEATURES, ETC) TO DETERMINE THE BEST MARKET VALUE AND PRICE TO OFFER
- iii. REALTOR WILL DRAFT CONTRACT WITH 3 DAYS FOR SELLER TO DECIDED, SELLER MAY ACCEPT OR COUNTER OFFER



STEP 10

HOME INSPECTION

BUYERS ARE GIVEN UP TO 15 DAYS TO COMPLETE HOME INSPECTION AFTER CONTRACT IS SIGNED.

BUYER CAN SELECT INSPECTION COMPANY- OUT OF POCKET EXPENSE RANGE \$250+

INSPECTOR TO CHECK: PROPERTY STRUCTURE, ROOF, PLUMBING, ELECTRICAL, HEATING, AC, RADON CHECK ETC

BUYERS HAVE THE OPPORTUNITY TO REQUEST REDUCTION IN PRICE OR GET FUNDS TOWARDS CLOSING FOR ANY MAJOR REPAIRS (MAY NOT WITH AS IS CONTRACTS)

STEP 11

LOAN APPROVAL

- i. PREAPPROVED- REVIEW INCOME AND ASSETS ALONG WITH EXPENSE
- ii. PREQUALIFIED- VIEW ABOVE ITEMS ALONG WITH CREDIT SCORE
- iii. QUALIFIED- REVIEW ABOVE ITEMS ALONG WITH VERIFYING INCOME, ASSETS, REVIEW EXTENSE AND SETTLE CONDITIONS THAT MAY ARISE WITH UNDERWRITING
- iv. REVIEW APPRAISAL TO DETERMINE HOME VALUE

ALL LENDERS ARE OBLIGATED TO PRACTICE ACCORDING TO THE FAIR HOUSING ACT



STEP 12

THE ESCROW

- AN ESCROW: a bond, deed, or other document kept in the custody of a third party and taking effect only when a specified condition has been fulfilled.
- ONCE A CONTRACT IS SIGNED THE BUYER HAS 3 DAYS TO GET THE MONEY INTO THE COMPANY HANDLING THE ESCROW FOR THE TRANSACTION- EX TITLE COMPANY, LAW OFFICE, BROKER OFFICE
- AN ESCROW IS GIVEN TO BIND THE CONTRACT IT CAN RANGE FROM \$1 TO SEVERAL \$\$\$ ACCORDING TO THE AGREEMENT

STEP 13

THE CLOSING

- i. **THE HUD SETTLEMENT:** the final breakdown of settlement funds at the end of the transaction. SENT 3 DAYS PRIOR TO CLOSING FOR BOTH BUYER AND SELLER REVIEW
- ii. LOAN FEES (CLOSING COST), TITLE SEARCH, DOCU STAMPS, COMMISSION FEES, PREPAID COST SUCH AS TAXES, INSURANCE, ESCROW DEPOSITS ETC

BUYERS ARE ADVISED TO DO A WALK THROUGH PRIOR TO CLOSING TO CONFIRM PROPERTY IS AS IS...



STEP 14

RECEIVING THE KEYS

CHANGE LOCKS IF NEEDED

GET KEYS ADDITIONAL KEYS FOR MAILBOX FROM LISTING AGENT, RECREATIONAL CENTER, LAUNDRY ROOM, COMMUNITY GATE (IF NECESSARY)

CONTACT UTILITY COMPANIES- FPL, WATER, ETC

CHECK APPLIANCES

COMPLETE ANY NECESSARY REPAIRS IF NEEDED

CONTACT HOME OWNERS ASSOCIATION IF NECESSARY FOR RULES AND REGULATIONS HANDBOOK.

STEP 15

PROTECT YOUR HOME

- i. **UPDATE SECURITY SYSTEM IF NECESSARY**
- ii. MAKE ON TIME PAYMENTS SUCH AS MORTGAGE, INSURANCE ETC- TO KEEP GOOD REPORT
- iii. APPLY FOR HOMESTEAD IF NEEDED TO GAIN TAX BENEFIT
- iv. COMPLETE ROUTINE MAINTENANCE TO KEEP YOUR HOME IN GOOD STANDING FOR ANY FUTURE SALE IF NEEDED
- v. MAINTAIN INCOME AND BE READY TO COPE WITH ANY NECESSARY HARDSHIP TO SECURE PROPERTY.



THANK YOU!!!!

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