

RE/MAX

Fine Properties

HOME BUYER GUIDE



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Home Buyer Road-map

1

MAKE SURE YOU ARE READY

Make sure you are ready emotionally

Review Income and expense status over the last few years

Decide is it a good time for buying a house

2

GET YOUR FINANCE IN ORDER

Check your debts and income

Make sure not to open new lines of credit

Or buy a new car

3

SAVE FOR A DOWN PAYMENT

Be ready for down payment

Don't forget closing, moving and other costs

4

FIND RIGHT MORTGAGE FOR YOU

Decide what the best type of loan is for you

The majority of mortgages in the U.S. are conventional loans

FHA loans are less of a risk for lenders

5

PREAPPROVED FOR MORTGAGE

Search and choose right lender for you.

Compare mortgage origination fees. Get different loan estimates



2023 RE/MAX® vs. THE INDUSTRY

Choose the brand with outstanding agents, leading brand awareness and an unmatched global presence.

	NATIONAL, FULL-SERVICE BROKERAGE BRANDS					
	TRANSACTION SIDES PER U.S. AGENT ¹	U.S. TRANSACTION SIDES	U.S. BRAND AWARENESS (UNAIDED) ²	COUNTRIES & TERRITORIES	OFFICES WORLDWIDE	AGENTS WORLDWIDE
RE/MAX®	13.3	781,377	34.0%	110+	9,175	144,014
	8.9	56,099	0.1%	6	500	8,000
COMPASS	7.4	210,365	1.2%	1	502	28,237
	6.9	91,606	2.1%	35	2,400	42,300
Weichert REALTORS	6.7	96,400	1.9%	1	500	14,400
	6.4	608,728	16.3%	39	2,900	103,400
CENTURY 21	6.2	298,562	25.3%	85	13,600	148,600
	6.2	1,047,548	12.7%	60	1,100	191,877
BERKSHIRE HATHAWAY HOMESERVICES	6.1	307,235	6.0%	13	1,500	50,775
	5.9	132,230	2.3%	81	1,100	26,300
	5.9	72,053	1.7%	6	400	12,400
REALTYONEGROUP	5.5	100,374	0.3%	13	400	18,000
	5.4	397,138	0.9%	24	NA	87,000
	3.3	80,200	0.5%	1	200	24,000

Data is full-year as of year-end 2022, as applicable. Except as noted, Coldwell Banker, Century 21, ERA, Sotheby's and Better Homes and Gardens data is as reported by Anywhere Real Estate on SEC 10-K, Annual Report for 2022; Realty Executives, Compass, Weichert, Keller Williams, Berkshire Hathaway HomeServices, Realty ONE Group, HomeSmart and eXp Realty data is from company websites and industry reports. ¹U.S. transaction sides per agent are calculated from the T3 Sixty Real Estate Almanac Enterprises report. It cites 2022 residential transaction sides and agent counts, some of which it estimates when company elected not to provide. ²MMR Strategy Group study of unaided awareness among buyers, sellers, and those planning to buy or sell; asked, when they think of real estate brands, which ones come to mind? ©2023 RE/MAX, LLC. Each Office Independently Owned and Operated. 23_368



Real Estate

TERMS

Appraisal

An evaluation of a property's value by a licensed appraiser, typically for the benefit of the lender.

Broker

A person who has taken education beyond the agent level as required by state laws and has passed a broker's license exam

Buyer's Agent

The real estate agent representing the buyer.

Closing

The final step in executing a real estate transaction. The closing date is set during the negotiation phase, and is usually several weeks after the offer is formally accepted

Closing Costs

These are fees paid at the closing of a real estate transaction. This point in time called the closing is when the title to the property is conveyed (transferred) to the buyer.

Commission

The compensation given to real estate professionals for their services. It's usually a percentage of the property's selling price

Comparative Market Analysis

A report that includes sales of homes in the area similar to yours. It is used to help determine a reasonable asking price

Contingency

A condition that must be met in order for a real estate contract to become binding

Counteroffer

An offer made in response to a previous offer, in which the terms of the original offer are changed

Deed

A legal document that grants the bearer a right or privilege, providing proof of ownership of real estate property

Disclosure

A statement by a seller or broker about a property's known defects.

EMD

A deposit made by a buyer towards the down payment in evidence of good faith when the purchase agreement is signed.

Equity

The amount of the home actually "owned". It's the current market value of a home minus the outstanding mortgage balance

Escrow

Refers to a third-party service that's usually mandatory in a home-selling process. An escrow holds onto funds and distributes them accordingly to process a close on a home

Fair Market Value

The price that a buyer would probably pay and a seller would accept, both being willing parties.

For Sale By Owner (FSBO)

A property that's being sold without a real estate agent. The owner handles all aspects of the sale

Home Inspection

An examination of a real estate property's condition, usually performed by a professional home inspector.

Home Warranty

A policy that covers the cost of maintaining household systems or appliances

Listing

A property listed for sale. The term "listing" also refers to the contract between the home seller and the real estate agent who will market the home.

Listing Agent

The real estate agent representing the seller

Mortgage

A loan to finance the purchase of a home, where the property serves as the lender's security for the loan

Multiple Listing Service

MLS A tool that real estate brokers use to establish contractual offers of compensation and compile property data to share with other brokers.

Offer

The price that a buyer suggests they are willing to pay for a property.

Open House

An event during which potential buyers can tour a house that's for sale

Pre-approval letter

A letter from a lender indicating that a buyer qualifies for a mortgage of a specific amount

Real Estate Agent

A professional licensed to negotiate and conduct real estate transactions

Short Sale

A sale of real estate in which the proceeds from selling the property fall short of the balance of debts secured by liens against the property

Staging

The act of preparing and showcasing residential or commercial property for sale

Title Insurance

An insurance policy that protects the holder from financial loss sustained from defects in a title

Under Contract

A term used to describe a home that has an accepted offer but the sale has not yet been completed

Deciding to buy

Ah, the allure of homeownership. The white picket fence, the garden gnome on the lawn, the Sunday barbecues in the backyard. It's the American dream, isn't it? But deciding to take the leap from renting to buying is a huge step. Let's dive into the intricacies of making that decision.

Why Do You Want to Buy?

Every journey begins with the 'why'. Is it because you're tired of paying rent to a landlord every month? Perhaps you're looking for a more permanent place to hang your hat, or maybe it's the freedom to paint your bedroom any shade of blue (or pink!) you desire. For many, it's the allure of seeing a home as an investment, a place that, with time, grows in value.

Financial Fitness is Key

- Budgeting: How much can you really afford without straining your monthly expenses?
- Credit Check: That three-digit score will significantly impact the kind of mortgage rates you get. A healthier score means more favorable terms.
- The Saving Game: Remember, the costs don't stop at the down payment. Closing costs, inspection fees, and any immediate renovations can all add up

The Market Pulse

Get a feel of the market. In simpler terms: are homes selling like hotcakes, or is it a slow dance? Knowing what kind of market you're stepping into will give you an idea of how we will negotiate and what to expect in terms of pricing.

Your Future Plans

Look ahead. Do you see yourself in this city for the next 10 years or so? If you're in a transient phase of your life, figuring out if it's the right time to buy can be crucial. Additionally, what do you need from a home now, and what might you need in the future?

Understanding Your Housing

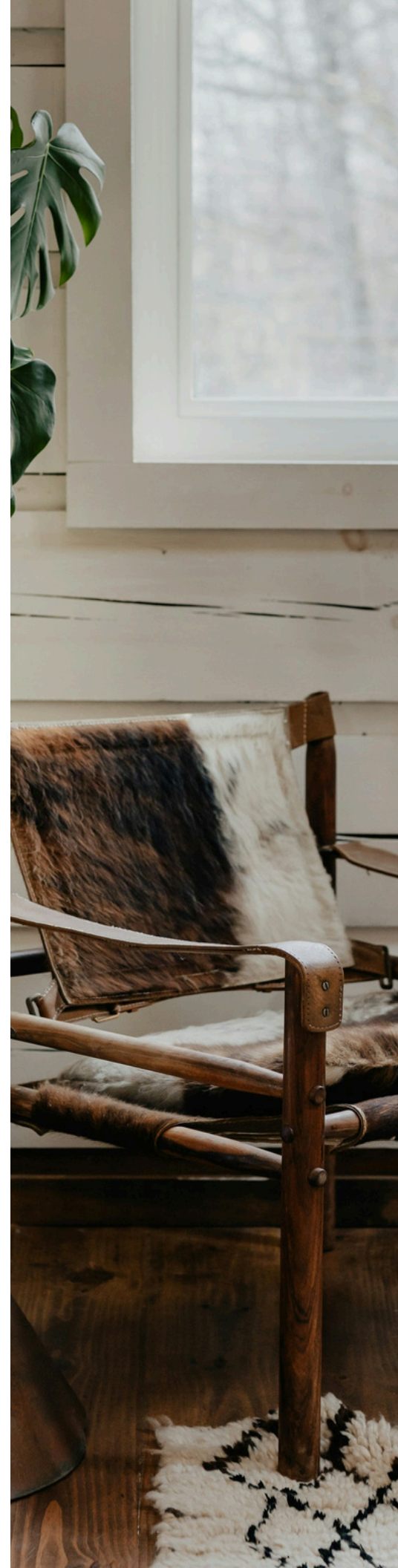
Before you start the home buying process, it's essential to understand what you're looking for in a home. Here are some factors you should consider:

Type of Home: Do you want a single-family home, a townhouse, a condominium, or a multi-family building with two to four units?

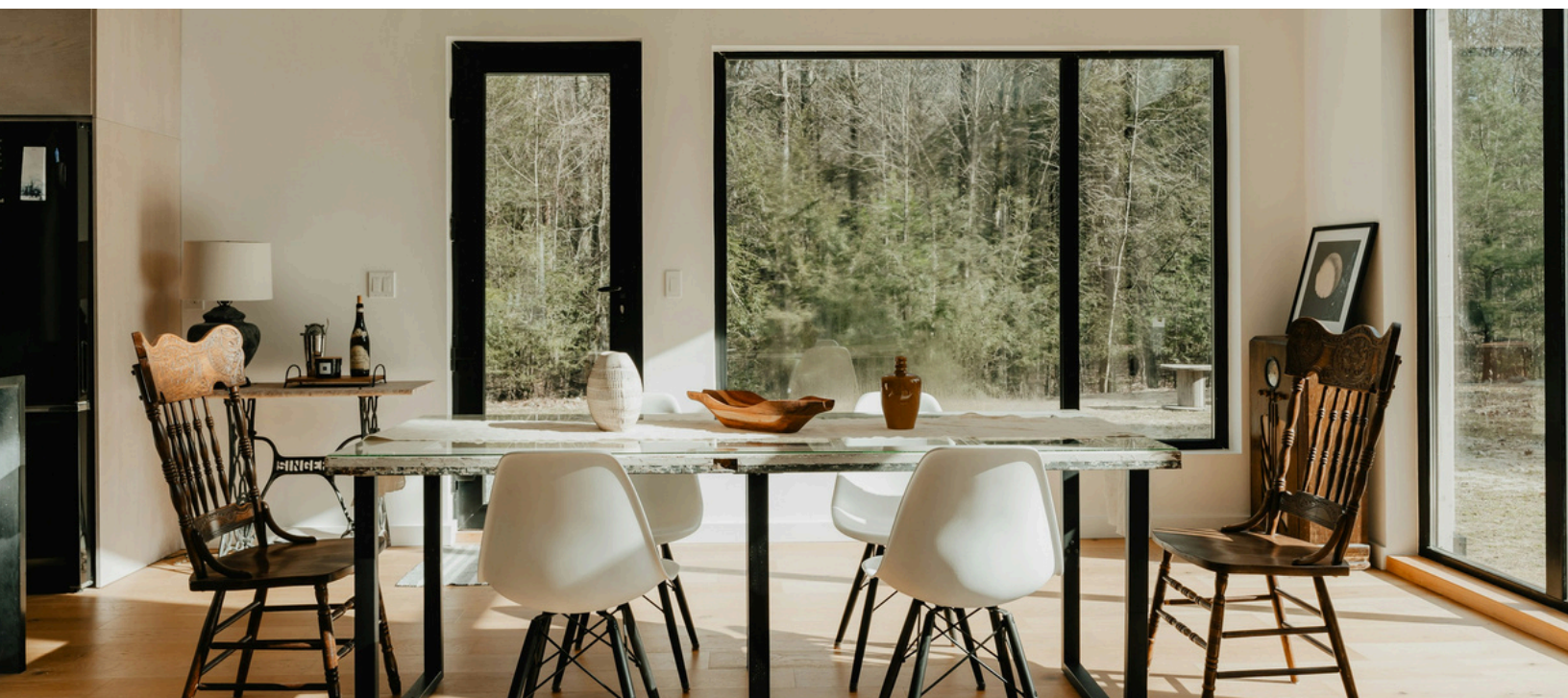
New or Existing Home: An existing home might have mature landscaping and established neighborhoods, while a new home may have modern features and can allow for some customization.

Location: What type of neighborhood do you prefer? Consider factors like commute times to work, school districts, proximity to amenities, and community services..

Features: Make a list of must-have and nice-to-have features. How many bedrooms and bathrooms do you need? Do you want an open-concept design or separate rooms? What about outdoor space, a garage, or a home office?.



Getting Pre-approved for a Mortgage



A mortgage pre-approval is a statement from a lender indicating that you qualify for a certain mortgage amount based on an evaluation of your creditworthiness and financial situation. It gives you a solid idea of what you can afford and shows sellers that you're a serious buyer.

Pre-approval can put you in a stronger position when you're ready to negotiate with sellers. It shows that you've already begun the mortgage process and that a lender is willing to finance your purchase. This can give sellers confidence that the sale will go through if they accept your offer. It's recommended to get pre-approved by several lenders to compare mortgage rates and terms. Remember, a pre-approval doesn't commit you to a particular lender.

Use your pre-approval to narrow your home search to properties within your price range. Having a clear budget can save you time and prevent the heartbreak of falling in love with a house you can't afford.

Pre-approvals often expire after 60 to 90 days. If you haven't found a home before your pre-approval expires, you'll need to submit updated documentation to renew it.

Searching for the Right Property

Determine Your Must-Haves and Deal-Breakers

Before you start looking at houses, make a list of your non-negotiable features. This could be anything from the number of bedrooms and bathrooms, to the type of neighborhood or proximity to certain amenities such as schools or public transportation.

Research Neighborhoods

Look at factors like school districts, crime rates, and availability of local amenities. Consider the commute to work or accessibility to family and friends. Try to visit the neighborhood at different times of the day and week to get a true sense of the community.

Utilize Online Tools

There are numerous online platforms that provide listings and virtual tours. These tools can help you save time by allowing you to weed out properties that don't meet your needs before you start scheduling in-person viewings.

Take Notes During Viewings

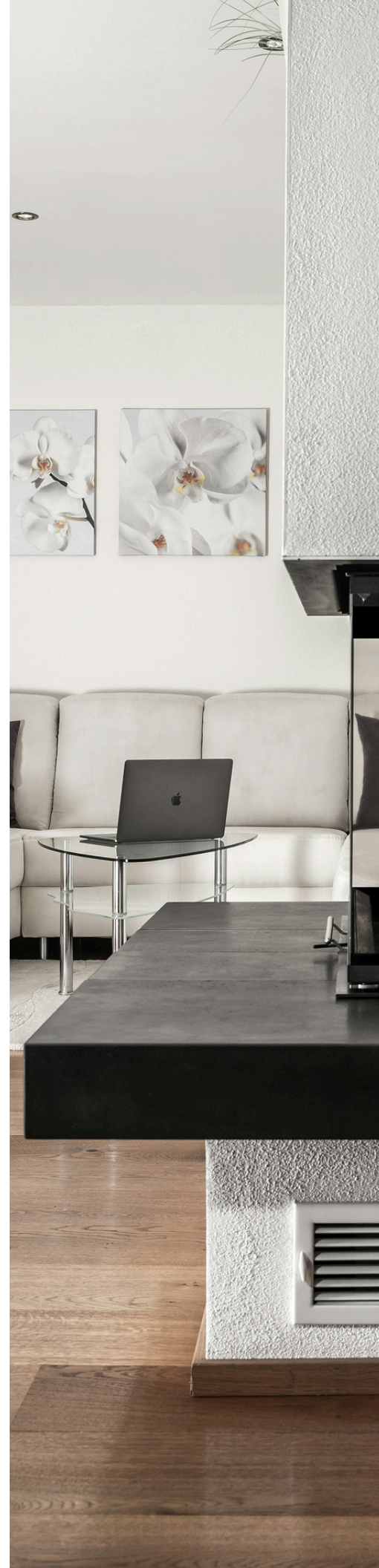
During house viewings, take notes about each property. Over time, it can be easy to forget which house had which features. These notes will be invaluable when it comes time to compare properties and make a decision.

Keep an Open Mind

A house might not tick every box on your list but could still be a great home. Keep an open mind and consider the potential each property might have

Be Patient

Finding the right property can take time. Don't rush into buying a property that isn't right for you. New homes come on the market regularly, so don't despair if you don't find the perfect home immediately.



Choosing a neighborhood

One of the most pivotal decisions you'll make is selecting the right neighborhood. It's more than just picking a locale with pretty houses; it's about finding a community that resonates with your lifestyle, values, and future aspirations.



Location

Consider the proximity to work, schools, shopping, dining, medical facilities, and any other places you frequently visit.

School District

Even if you don't have children, the quality of the local school district can affect home values.

Safety and Crime Rates

Research local crime rates and safety statistics. You can often find this information online or from local law enforcement agencies.

Amenities

Look at the local amenities, such as parks, community centers, libraries, and gyms

Future Developments

Check with the local city planning department for any planned developments in the area, as this could affect future property values.

Neighborhood Culture

Spend time in the neighborhood at different times of day and different days of the week to get a sense of the community. Talk to residents to get their perspectives.

Art of Pricing

Offering a Price for a Home

Deciding on an offer price can be one of the most nerve-wracking stages of the home-buying process. It's a delicate balance between ensuring a good deal for yourself and presenting an attractive proposition to the seller. Let's break down the strategies to make your offer appealing:

Market Research is Your Compass: Before making an offer, it's essential to study recent sales of comparable homes in the area (often termed as "comps"). This will give you an understanding of the current market value and guide your offer amount.

Know Your Budget: While it's tempting to stretch your budget, especially if you're passionate about the property, it's crucial to know your upper limit. Remember, owning a home comes with other expenses like property taxes, utilities, and maintenance.

Factor in the Home's Condition: Has the home been recently renovated? Or does it need significant upgrades? The current condition can be a key determining factor in your initial offer.

Understand the Seller's Position: Has the property been on the market for a long time, or is it a new listing? A seller might be more willing to negotiate if the home has been listed for several months without much interest.

Navigating the Art of the Deal

Be Competitive, but Realistic:

In a seller's market, low-ball offers might be immediately dismissed. While everyone loves a great deal, it's important to ensure your offer is competitive based on current market conditions.

Seek Guidance from Your Real Estate Agent:

Your agent is your ally. With their finger on the pulse of the real estate market, they can offer valuable insights into what makes a compelling offer.

Consider Incremental Negotiations:

It's rare for a seller to accept an initial offer, so be prepared for some back-and-forth. Decide in advance how you'll handle counteroffers and at what point you're willing to walk away.

As a potential homeowner, your offer is the first significant step in claiming your stake to a property. By ensuring your offer is well-researched, thoughtful, and respectful, you pave the way for a smoother negotiation process. Remember, it's not just about the numbers but the strategy behind them.

Home Appraisal Process

An appraisal is a professional and unbiased estimate of a home's value. It is conducted by a licensed appraiser who assesses the property based on a combination of factors, including its physical features, the value of comparable homes in the vicinity, and current market trends.

Lender Requirement

Most mortgage lenders require a property appraisal to ensure that the loan amount they're offering aligns with the property's actual value. This safeguards them from lending more money than the property is worth.

Buyer Protection

The appraisal also acts as a protection mechanism for buyers. It ensures that you aren't overpaying for a property.

Selection of an Appraiser

Once a property is under contract, the lender typically selects a state-licensed or certified appraiser to conduct the evaluation.

Physical Inspection

The appraiser visits the property to check its condition, size, features, and any improvements or defects.

What if?

THE APPRAISAL COMES IN LOW?

If the appraisal value is lower than the offer, it can pose challenges. Options include renegotiating the price with the seller, challenging the appraisal, or, in some cases, the buyer might opt to cover the difference in cost.

or

THE APPRAISAL COMES IN HIGHER

If the appraised value comes in higher than the offer price, it's a bonus for the buyer, indicating they might be getting a deal. However, the seller is under no obligation to adjust the price based on a higher appraisal.

How to Understand Review Purchase Agreements

Ah, the Purchase Agreement – that critical document nestled within the heart of every real estate transaction. It might look daunting with its legal jargon and intricate clauses, but understanding it is imperative for every home buyer. Let's simplify the essence of a Purchase Agreement and help you navigate its contents with confidence.

What is a Purchase Agreement?

In the simplest terms, a Purchase Agreement is a binding contract between the buyer and seller, outlining the terms and conditions of the property sale. It ensures both parties understand their rights and obligations, setting the stage for a smooth transaction.

Key Components to Look For

Property Details:

The agreement should clearly identify the property in question, usually by its address and any other relevant descriptors.

Purchase Price:

Probably the first thing your eyes will dart to – and for good reason. This is the agreed-upon price you'll pay for the property.

Deposit or Earnest Money

Probably the first thing your eyes will dart to – and for good reason. This is the agreed-upon price you'll pay for the property.

Closing Details

The agreement will indicate the target date for closing the sale and where the closing will take place.

Inclusions and Exclusions

Often overlooked, this section lists items that come with the property (like appliances or fixtures) and items that don't.

Contingencies

These are specific conditions or actions that must be met for the contract to move forward. Common examples include home inspection



Role of Escrow

Think of escrow as a neutral third-party guardian that holds onto something of value (usually money) during the transaction process. In real estate, it ensures that all parties play fair, holding funds securely until all conditions are met.

Security

With significant sums involved, you don't want to risk any foul play. Escrow ensures funds are released only when all terms of the agreement are satisfied.

Peace of Mind

Knowing your money is in safe hands provides an added layer of comfort throughout what can often be a nerve-wracking process.

Opening Escrow

Once you and the seller agree on terms, an escrow account is opened with a neutral third party.

Deposits

The buyer places the agreed-upon earnest money into the escrow account, signaling their commitment.

Document Verification

The escrow agent verifies that all necessary paperwork, like loan documents and inspections, are in order.

Closing the Deal

Once all conditions are met, funds are released to the seller, and the title of the property is transferred to the buyer.

Closing Costs and Hidden Fees

As the climax of your home-buying journey approaches, you'll likely hear the term "closing costs." While your primary focus might be on the price of the home, these additional expenses deserve your attention too. Let's unwrap the mystery behind closing costs and those elusive hidden fees.

What Are Closing Costs?

Simply put, closing costs encompass a variety of expenses over and above the price of your property. These are incurred during the final stages, or "closing," of your real estate transaction. Typically, closing costs range from 2% to 5% of the purchase price.

Closing Costs

1. **Loan Origination Fees:** These are fees your lender charges for processing the paperwork of your mortgage.
2. **Appraisal and Survey Fees:** These cover the costs of ensuring the home is worth the agreed-upon sale price and determining the exact property boundaries.
3. **Title Insurance:** This is a one-time fee to ensure the property is free from any potential ownership disputes like liens
4. **Home Inspection Fees:** This covers the cost of a professional who checks the property's condition.
5. **Property Taxes:** Often, buyers must reimburse sellers for taxes paid in advance.
6. **Private Mortgage Insurance (PMI):** If your down payment is less than 20% of the home's price, you might be required to get PMI. It protects lenders if a borrower defaults on their mortgage.
7. **Homeowners Association (HOA) Fees:** If your new home is in a community with an HOA, there might be initial fees or dues you'll need to cover.
8. **Credit Report Pull:** Your lender might charge you for the cost of pulling your credit report.
9. **Notary Fees:** There's often a small fee associated with getting documents notarized.





The Closing Process: What to Expect

After months of searching, negotiating, and waiting, you're finally at the finish line: the closing process. It's the last hurdle before the keys to your dream home are in your hands. But what does this final stage entail? Let's demystify the closing process for you, step by step.

What is 'Closing'?

Closing, sometimes referred to as "settlement", marks the formal conclusion of the real estate transaction. This is when property ownership is transferred from the seller to the buyer, and both parties fulfill the terms of their contract.

What Happens on Closing Day?

A lot! Here's a simplified breakdown:

- **Final Walkthrough:** This is your last chance to inspect the property and ensure any agreed-upon repairs were made and that the property's condition hasn't changed.
- **Sign Documents:** Expect a sea of paperwork. You'll sign loan documents, the deed, and multiple disclosures. An attorney or title company representative will be present to guide you.

Closing Documents

The necessary documents for closing on a home may vary depending on your specific situation and location, but here's a general list of documents you can expect during the closing process.

Property deed

- ☐ A legal document that proves ownership of the property. Make sure you have the original or a certified copy

Property survey

- ☐ A document showing the legal boundaries of the property, including any improvements or encroachments

Title Insurance policy

- ☐ This document protects the buyer and lender against any claims or disputes over the property's title

Mortgage payoff statement

- ☐ A document from your mortgage lender that shows the outstanding balance of your mortgage and any fees associated with paying it off

Transfer tax declarations

- ☐ Documents required by local or state authorities for tax purposes when transferring ownership of the property

Homeowners association (HOA) documents

- ☐ If applicable, provide the buyer with copies of HOA bylaws, rules, financial statements, and any other relevant documents

Property tax statement

- ☐ A document showing the current property taxes and any unpaid amounts or liens

Utility bills

- ☐ Provide copies of recent utility bills to help the buyer understand the costs associated with maintaining the property

Home warranty

- ☐ If offering a home warranty, provide the buyer with the warranty documentation and contact information for the warranty company

Seller's disclosure statement

- ☐ A legally required document in which you disclose any known issues or defects with the property

Pest Inspection report

- ☐ If required by the buyer or their lender, provide a copy of the pest inspection report

Certificate of occupancy or compliance

- ☐ If required by local laws, provide the buyer with the certificate that confirms the property meets local building codes

Receipts for repairs or improvements

- ☐ Provide the buyer with receipts for any repairs or improvements made to the property, especially those requested during the inspection process

Final walkthrough

- ☐ A list of items the buyer should review during the final walkthrough to ensure the property's condition has not changed since the initial inspection

Closing statement or settlement statement

- ☐ A detailed accounting of all the financial transactions between the buyer, seller, and lender, including credits, debits, and the final amount due at closing

Bill of sale

- ☐ A document that transfers ownership of any personal property included in the sale, such as appliances, window treatments, or outdoor furniture

Keys, garage door openers, and security codes

- ☐ Ensure you have all keys, garage door openers, and security codes ready to hand over to the buyer at closing

Contact Information

- ☐ Provide the buyer with a list of important contact information, such as utility companies, local schools, and emergency services

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