



A First-Time Homebuyer's Guide

BUYING YOUR *First Home*



THE DIFFERENCE BETWEEN RENTING & OWNING

When trying to decide whether to rent or buy, consider the many financial benefits that come with owning a home.

WHEN YOU RENT



You build your landlord's wealth



Your monthly payment generally goes up each time you sign or renew a lease



Rental price appreciation puts a pinch on your wallet and has no benefits for you



As rents rise, it's harder to save for a down payment and escape the cycle of rising rents

WHEN YOU OWN



You build your own wealth



Your monthly payment is locked in for the length of your loan, usually 15-30 years



Home price appreciation pads your pockets by growing the value of your investment



Over time you can build equity and your net worth, which helps fuel your next home purchase

Personal Enjoyment Pride of ownership is a valid reason for wanting to own a home. You can personalize your home while enjoying the financial benefits. There's nothing quite like a home that you can truly call your own. A place where you can have the gleaming hardwood floors you've always dreamed of, a space to cultivate your own vine-lined patio, a way to provide a good neighborhood for your kids to grow up in, and a FREEDOM from the whims of your landlord. If you're weighing your options between renting and buying, remember that owning a home is a decision that has considerable financial perks.

How Long Does it Take to Buy a Home?

The timeline for finding a house varies greatly from person to person. However, once you find a home and have an accepted offer, it usually takes around 30-45 days to close.

What's Your Best Advice for First-Time Homebuyers?

Beware of advice from people who do not work in the industry. Real estate is a popular topic, and almost everyone feels like they have some great insight to offer.

In reality, the people who know best are the people that work in the business. Good Realtors have sold hundreds (maybe thousands) of properties. They know what to expect and what pitfalls to avoid.

Friends and relatives have only bought and sold a few homes. Buying and selling a couple of houses does not make someone a well-rounded source of information. First-time buyers may become persuaded by well-meaning friends and family, only to be disappointed later. Be confident in your decisions and trust the professionals.

How Much Do I Have to Pay a Realtor as a Home Buyer?

Nothing. In most cases, you do not have to pay your Realtor anything to help you purchase a home. Instead, the sellers typically pay their Realtor a fee, and then that listing agent pays the buyer's Realtor for bringing the buyer and facilitating the transaction.



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Being "represented" by a Realtor means that you have an experienced advocate who puts themselves in your shoes. They will listen intently to you and analyze your situation. They want as much information about you as possible.

Good Realtors are competitive. They will do everything they can to earn your respect and win you over so that you will hire them again in the future. Real estate is a saturated industry with too many competing agents. Understanding a client's wants and needs are essential skills for them to succeed.

REALTORS ANALYZE YOUR SITUATION

Every client buying and selling a home is different. Some may want to list their house for sale and need advice on staging and adding upgrades to get the best value. Others may be relocating due to military orders and need to find a house in the next 7 days.

They all require special attention to ensure that their needs are met and that their expectations are exceeded. When your Realtor truly understands you and your situation, you will feel the pressure of the process decrease dramatically.



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Unique Local Insights

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A good Realtor is a personal library of local information with many years of experience. If you have already bought or sold a home before, you probably learned a lot about the process. Imagine doing that over 40 to 50 times every year. Can you imagine the amount of knowledge you would acquire with each transaction? This is the benefit of having an experienced agent.

REALTORS HAVE UNIQUE LOCAL INSIGHTS

Real Estate agents have local insider knowledge from helping hundreds of home buyers and sellers. Ask as many questions as possible, and utilize this resource as much as you can. It's one of the greatest benefits of hiring an experienced Realtor.

Many folks think of "insider knowledge" as simply knowing which neighborhoods have the lowest crime rates, or which schools are the highest rated. This is a common misconception. Realtors are not supposed to comment on their opinion of neighborhoods or schools. It's considered "steering" by the Federal Fair Housing Act.

Instead, real estate agents are encouraged to direct you to the online resources with all that basic information. They really excel in knowing about things that you cannot find online. Their knowledge of local zoning regulations for specific neighborhoods and future plans for certain communities is invaluable.

Understanding how to put a fair offer together to get the best deal is also invaluable. This is only possible with years of experience. Knowing how to negotiate specific details into a transaction is priceless when you're competing with other home buyers and sellers.

Ask Your Agent Anything



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Mediator Leverage

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Having "representation" allows you to sit back and direct your agent during negotiations. It's much easier to make important real estate decisions when you don't have to deal with the stress and emotion of delivering the information. This is your negotiating leverage when you have an agent representing you.

Your Realtor will deliver all of your requests as you direct them to, using their experience to place you in the best possible outcome. They are your personal spokesperson for your negotiations and transaction details.

Real estate agents will also prepare you for the different scenarios that you might expect from the other party, based on your requests. As a home buyer, it's easy to get greedy and have unrealistic requests. They'll keep you grounded by providing relevant data to help you make educated decisions.

It's easy to give in and accept the first offer out of pure exhaustion when you're selling your home. A good Realtor will keep you grounded and help you understand your true negotiation position. They will empower you to predict how the other party will respond to your requests. Agents will also package and deliver your requests to yield the highest likelihood of being accepted. This is a delicate process that takes years to perfect. Having the leverage of a good real estate agent to mediate your transaction can save you thousands of dollars, along with unnecessary sleep loss from stress.



REALTORS STRENGTHEN
YOUR NEGOTIATIONS

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BUYER'S AGENT

A Realtor who only works with the buyer in a transaction and provides dedicated buyer representation during the transaction process.

SELLER'S AGENT

Only represents the property owner. The Seller's Agent is legally obligated to treat buyers fairly and to answer questions truthfully but any info shared to agent may be shared with the seller.

DUAL AGENT

One agent represents both the buyer and seller. They are required to disclose this dual role but cannot look after your interests exclusively or give undivided loyalty to either party.

10 REASONS TO WORK WITH A BUYER'S AGENT

1. Saves you time & money.
2. Educates you & guides you through the whole process.
3. Shields you against over-aggressive listing agents.
4. Acts as your personal shopper.
5. Gives you access to secret listings & upcoming properties via their extensive network.
6. Provides perspective to help make smart decisions - pointing out the pros AND cons of each home.
7. Provides comparables & strategizes to write the strongest offer without overpaying on the home.
8. Has exclusive fiduciary responsibility to YOU.
9. Typically, it's no extra out-of-pocket expense for the buyer
(the commission is taken out of the sale price).
10. Because using the same realtor as the seller is like showing up to court with the same lawyer as the other side!

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7 Steps to Home Ownership

STEP 1: Get a Buyers Agent

We meet for an initial interview to assess your needs & set up listing alert emails. Optional driving tour of potential neighborhoods & towns.

STEP 3: Home Search

We schedule all private in-person showings or provide you with Open House schedules.

STEP 5: Accepted Offer

1st deposit is due- The earnest money is deposited with the Escrow/Title company

STEP 7: Inspections

Main / General - incl. termite, radon, structural, mechanical, etc. (3-4 hours) Supplemental based on inspector's request - may incl. roof, termite, etc.

Review & submit repair or credit requests to sellers

STEP 2: Get a Lender

Apply for a loan and get pre-approved

STEP 4: Offer & Negotiations

Your Agent write ups your offer to purchase. Included will be your pre-approval letter & any other supported documents.

STEP 6: Mortgage

Lender orders appraisal. Your Loan application goes through underwriting. Mortgage commitment is recieved.

STEP 8: Closing

Final walk through, document signing, final payment.

Get keys after documents have recorded in the county.



WHAT TO EXPECT: CLOSING COSTS

Real Estate Closing Costs: What to Expect for Home Buyers

When it comes to purchasing a home, it's important to be prepared for the various expenses, including real estate closing costs. These costs can vary depending on the area and the specifics of the transaction.

Types of Real Estate Closing Costs (for Buyers)

Appraisal *Typically \$300-\$400*

An appraisal is done by a licensed appraiser to confirm the value of the home you're looking at buying. This is completed during the escrow process.

Home Inspection *Typically \$400-\$600 (depending on size of the home)*

Another step in the escrow process, the home inspection is done to inspect the condition of the home and check for repairs that need to be done before closing.

Title Search *Typically \$75-\$200*

This is done by the title company to make there aren't any issues with the property (such as missing information, unpaid real estate taxes, incorrect names on the deeds, etc.).

Title Insurance *Typically \$500-\$1,000+*

This essentially protects you (and your lender) by insuring your claim to the home's title and digs into any legal issues that might exist with the current title.

Homeowners Insurance *Depending on the size of the home*

Homeowners insurance covers damage to your home, property, personal belongings, and other assets in your home.

HOA Fees *Typically \$200-\$250 if applicable*

The HOA transfer fee covers all costs that the HOA will incur when transferring the ownership records from the seller to the buyer. These are charges associated with preparing and distributing documents, updating names in databases, changing security codes and amenities passes, and other administrative costs.





THINGS TO *Think About*



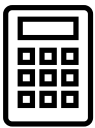
HOW LONG DO YOU THINK YOU'LL LIVE IN THIS HOUSE?

Consider what your needs are now and what you may need in the near future. If this is a starter home, maybe consider loosening your must have's and keep resale in mind as you're home shopping.



FIGURE OUT WHAT YOU ARE COMFORTABLE SPENDING MONTHLY

In addition to your monthly mortgage payment, you'll also need to budget for property taxes, homeowners insurance and possibly private mortgage insurance if you're putting less than 20% down. Condos & certain neighborhoods also come with monthly HOA fees. Decide what you're comfortable spending monthly and work backwards from there.



DO YOU KNOW YOUR CREDIT SCORE?

Your current credit score will impact whether you qualify for a mortgage and even the interest rate you'll get. Meet with a lender to discuss your score and if there are any actions needed to take to increase your rating.



WHAT ARE YOUR MUST HAVE'S?

Remember there is no perfect home and narrow your must have's down to 3-5 items. It's a good idea to prioritize things that can't be changed (like location, lot size or school district) rather than items that can be changed (like an ugly kitchen).



WHAT WILL MY COMMUTE BE LIKE?

Consider what your maximum amount of commute time is and what transit options are preferable, whether that's train, bus, or car. If you're planning on public transportation, also consider whether you need to be walking distance or what your parking options are at the station.



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WHAT TO EXPECT WHEN YOU'RE INSPECTING

What are the benefits of getting a home inspection and why should I?

How much does it cost?

Who pays for it?

How do I find a home inspector ?

WHAT ARE THEY LOOKING FOR?.



SYSTEMS

Inspectors will check HVAC, furnace, heat pump, air conditioner, ducts, and thermostat are all functioning properly.



ELECTRICAL PANEL

The electrical panel will be checked to make sure the breakers aren't tripped or overloaded.



PLUMBING

Any areas of the home where water runs through will be checked including outdoor hydrants & pipes.



ATTICS & CRAWLSPACE

These spaces will be checked for water intrusion, wood infestations, critter invasions and sagging.



ROOF INSPECTION

Checking for wood rot, any entryways made by critters and gutter conditions.



DOORS & WINDOWS

Checking all windows and doors to ensure they open and close properly.



FOUNDATION

Assessing a home's foundation, most home inspectors will start with the outside of the home and work their way in.



BASEMENT

As with other parts of the house, the inspector will spend time looking for signs of water damage in the basement.



HOMEBUYING DO'S & DON'TS

Following these tips could be your key to a great home loan with low rates and fees.

DO

Do stay current on existing accounts

One 30-day late notice can compromise your ability to be approved.

Do notify us if your employment changes

Whether it is pay or position.

Do continue to use your credit as normal

Changing your pattern will raise a red flag and can lower your credit score.

Do call your mortgage loan professional first

If you have any questions or concerns, always contact your mortgage professional.

DON'T

Don't apply for new credit

Every time you have your credit pulled by a potential creditor or lender, you will lose points from your credit score. This includes co-signing for a loan or applying for new credit.

Don't max out credit cards

Do not use more than 30% of your available credit limit during the loan process. If you pay down balances, do it across the board

Don't close credit card accounts

Closing a credit card account negatively impacts your credit history.

Don't payoff collections or "charge-offs"

If you want to pay them off, do it through escrow at closing

Don't transfer money between accounts

Unless receiving complete documentation from your bank itemizing all transfers, don't transfer money.

Don't let bank accounts go in the red

Any accounts with insufficient funds cannot be used. Be sure to keep all accounts in good standing.

Don't withdraw or deposit large sums of money

Unless absolutely necessary, don't withdrawal or deposit large sums into your checking or savings accounts.

Don't have a friend or relative pay for anything related to the purchase of the home

Gifts are only allowed under specific ending guidelines and must be documented. This includes your appraisal, earnest money, down payment, etc

Don't keep your cash in a safe or overseas account

If you plan to use these funds as a down payment, inquire about how and when would be the best time to put funds into your U.S. bank account if needed

Don't give your personal information to anyone else who might run your credit report

Be protective of your credit while purchasing or refinancing your home. Additional credit inquiries will hurt your credit scores.





by Fairway Independent Mortgage Corporation | NMLS# 2289

The FairwayNow app is your all-in-one home buying experience. It allows you to digitally upload all of your needed documents and check the status of your loan. Anytime. Anywhere.



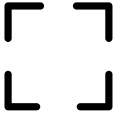
GET YOUR REAL ONLINE APPROVAL IN MINUTES

Apply for a loan in under 10 minutes.



COMMUNICATE WITH YOUR LOAN OFFICER & REALTOR

- Connect to home searching sites in the app
- Receive property alerts



SCAN DOCUMENTS

Quickly and securely scan loan documents with your phone's camera.



24/7 PROGRESS TRACKING

Easily track loan progress with real-time push notifications



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PROTECT YOUR PRE-APPROVAL

Following these tips could be your key to a great home loan with low rates and fees.



MORTGAGE APPLICATION

Use our Digital Mortgage to obtain your credit score and review a loan program. Once you've received your Loan Estimate (LE), you can upload the following*:

- 2 months of paystubs
- 2 months of asset statements
- 2 years of federal tax returns
- Verification of current employment

You'll likely need to provide more documents, but this is a great start.



HOME SHOPPING

With pre-approval and real estate agent in tow, you begin shopping for your home. Keep in mind that during the pre-approval process we estimate taxes, assessments and insurance costs based on assumptions. If you find a home with homeownership costs that exceed your assumed liability, you'll want to contact your mortgage professional.



EXECUTING THE CONTRACT

Once you've agreed on a purchase price, you'll execute a purchase contract. The executed contract should be sent to your mortgage team to complete the preparation of your loan file. Submitting the following in a timely manner will ensure a smoother process:

- Executed contract
- Earnest money
- Updated income and asset documents
- Other relevant documents your mortgage team will request

Your mortgage team will order your appraisal, property title, tax transcripts and many other verification reports.



CONDITIONAL APPROVAL

Once your loan is submitted and underwritten, you'll get a conditional approval returned.

So what's a conditional approval? This is an approval subject to items an underwriter needs to clear your loan to close. Documentation requests can range from an updated pay stub to a letter from your CPA explaining your self-employed earnings. Every loan scenario is different, so requested documents will vary from loan to loan.



CLOSING

At least 3 days before your confirmed closing date, you'll receive, review, sign and return your Closing Disclosure (CD). Once cleared for closing, your closing mortgage team will:

- Confirm your closing date and time.
- Prepare your closing package.
- Confirm all fees.
- Send file to title company to prepare for closing day.

Close your loan.
Receive your keys.
Celebrate!



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