

*A Complete Guide for*

# **FIRST TIME HOME BUYERS**



**BERKSHIRE  
HATHAWAY**  
HomeServices

Stouffer  
Realty

# The Steps to Buying a Home



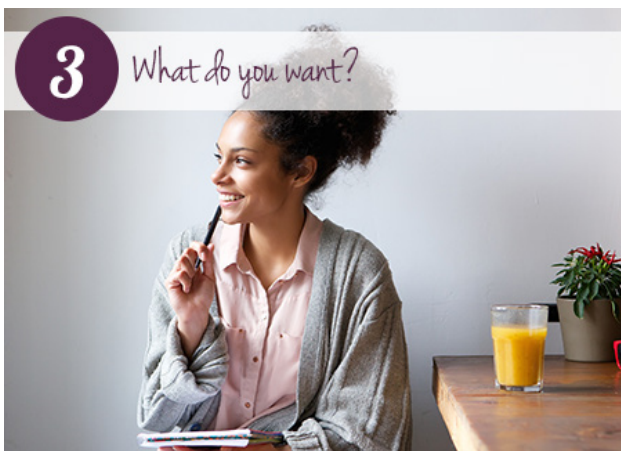
## 1 How are you going to pay for this?

The best way to start the home buying process is by determining if you can afford to purchase a home and, if so, how much you can afford. You can do this by getting pre-approved from a mortgage lender. You'll also want to make a list of your income vs debts. This will help you determine a comfortable per month mortgage payment.



## 2 Who will represent you?

You can search homes online all day long, but you'll need a real estate professional to schedule showings, offer expertise, negotiate on your behalf, manage paperwork and many other daunting tasks. Don't be afraid to ask a few qualifying questions. After all, this is the person who will help you make one of the largest financial decisions of your life!



## 3 What do you want?

Now comes the fun part...deciding what you want in a home! How many bedrooms? Bathrooms? How far are you willing to commute? Do you want a move-in ready home or are you willing to do a few renovation projects? Give this some thought, be realistic and share your wants and needs with your real estate agent. (PS: We have included a checklist in this guide to make this even easier!)



## 4 You found the home... now what?

Woo-hoo! You've found the home you've been dreaming of. Now what? At this point, your real estate agent will help you prepare and present an offer. He/she will also negotiate the terms and potential counteroffers. Once everything is agreed upon, you'll deposit your earnest money, arrange for an inspection and appraisal, secure financing, order home insurance, home warranty and more. Your real estate agent will guide you through the process between offer and closing to keep you on track.

# Words You Should Know

## APPRAISAL

A written estimate of a property's current value.

## CLOSING COSTS

Fees associated with buying a house that your lender charges and/or you rack up from various third parties.

## CONTINGENT

A status in which a house has accepted an offer but relies on meeting certain criteria, such as passing a home inspection or appraisal.

## CONVENTIONAL MORTGAGE

A mortgage loan not insured by the government or guaranteed by the Veterans' Administration. It is subject to conditions established by the lending institution and State statutes.

## COMMISSION

A percentage of the sale that is paid to the real estate professional. In most situations, commissions are paid by the seller of the property.

## DOWN PAYMENT

The amount of your home's purchase price you pay upfront.

## FHA MORTGAGE

A mortgage that is insured by the Federal Housing Administration (FHA). FHA loans are designed to make housing more affordable.

## FORECLOSURE

A property seized by the mortgage lender due to the homeowner failing to make full payments on their mortgage. In hopes to recover the balance of the home loan, the lender will sell the house.

## FSBO

*A.K.A. For Sale by Owner.* A FSBO is a property that is being sold by the current homeowner without the aid of a real estate agent.

## HAND MONEY (EARNEST MONEY)

A deposit made by the potential home buyer to show that he/she is serious about buying the house.

## INSPECTION

An evaluation of the home in which a professional inspector determines the current condition of the home and its systems.

## LISTING

A list of information about a home that is currently on the market.

## MLS

*A.K.A. Multiple Listing Service.* The MLS is a database that includes all available homes for sale in a particular area.

## PMI (Private Mortgage Insurance)

The monthly insurance payment a buyer must pay if the down payment is less than 20% of the sale price.

## PRE-APPROVAL

An evaluation by a lender that determines if the potential buyer qualifies for a loan and, if so, the maximum amount the lender would be willing to lend.

## REO

An acronym for "Real Estate Owned." A REO property is owned by the bank due to a foreclosure. REO properties can be purchased from the bank; however, they are often sold "as is."

## SELLER ASSIST

Money given from the seller to the buyer at settlement to pay for part of the closing costs. The amount varies depending what the mortgage company allows.

## Interviewing Agents



When it comes to buying your first home, you'll want to be sure you have a real estate agent that best fits your needs. That's why interviewing a few different agents is a great idea!

Here are a few questions to ask.

**How long have you been selling real estate?**

**What percentage of your business is spent working with buyers?**

**How well do you know the areas I am looking in?**

**How do you prefer to communicate? (Phone, email, text?)**

**How often will you communicate with me?**

**How many clients are you currently representing?**

**How will you notify me of potential homes that hit the market?**

**What sets you apart from other real estate agents in the area?**

**How will you keep me on track during the buying process?**

**The best time for me to tour houses is \_\_\_\_\_ (daytime, nights, weekends, etc.). Will that work with your schedule?**

**Will you and/or your company be able to provide me with resources on home loans, home insurance, home warranty, title, and anything else I need during the buying process?**

**Do you have any references that I could contact?**

# Home Buyer's Checklist

Buyer's Name(s): \_\_\_\_\_

Price Range: MIN \$ \_\_\_\_\_ - MAX \$ \_\_\_\_\_

Desired Neighborhoods/School Districts:

\_\_\_\_\_

\_\_\_\_\_

Bedrooms: \_\_\_\_\_ Bathrooms: \_\_\_\_\_ Square Footage: \_\_\_\_\_

House Style:  Cape Cod  Colonial  Farmhouse  Log Cabin  Multi-level  Ranch  
 Split-Level  Tudor  Victorian  Other: \_\_\_\_\_

FEATURES	DESIRED	HIGHLY DESIRED	MUST-HAVE
Cul-de-Sac Street			
Garage			
Fenced-in Yard			
Pool			
Deck and/or Patio			
Front Porch			
Hardwood Floors			
Open Floor Plan			
Finished Basement			
Updated Bathroom(s)			
Spa Bath			
Master Bathroom			
Eat-in Kitchen			
Granite Counter-tops			
Kitchen Island			
Kitchen Appliances Included			
Fireplace			
Central Air			
Washer/Dryer Included			
Office			
Walk-in Closet			
Security System			
Dining Room			

Other: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# What can you afford?



## Step 1 Monthly Income

Wages, salaries, business income after expenses \_\_\_\_\_

Interest, dividends or rental income \_\_\_\_\_

Other income (alimony, child support, pensions, or Social Security) \_\_\_\_\_

**Total Monthly Income (Step 1)**

**\$ \_\_\_\_\_**

## Step 2 Monthly Non-Housing Expenses

Car payment and insurance \_\_\_\_\_

Cell phone \_\_\_\_\_

Student loan \_\_\_\_\_

Credit card \_\_\_\_\_

TV/Internet/Netflix/Etc. \_\_\_\_\_

Groceries/Gas/Other \_\_\_\_\_

Travel/Recreation/Fun Money \_\_\_\_\_

Child care \_\_\_\_\_

Monthly bank loan payments (other than a mortgage) \_\_\_\_\_

Alimony or child support you owe \_\_\_\_\_

Savings and investments \_\_\_\_\_

**Total Monthly Non-Housing Expenses (Step 2)**

**\$ \_\_\_\_\_**

## Step 3 Amount Available for Monthly Housing Expenses

Total monthly Income (Step 1) \_\_\_\_\_

Minus Total Non-Housing Expenses (Step 2) \_\_\_\_\_

**Equals Amount Available for Monthly Housing Expenses (Step 3)**

**\$ \_\_\_\_\_**

## Step 4 Monthly Estimated Housing Expenses

Mortgage loan payment (principal and interest – see chart) \_\_\_\_\_

Property taxes \_\_\_\_\_

Mortgage insurance \_\_\_\_\_

Homeowner's insurance (liability, flood, fire) \_\_\_\_\_

Utilities (heat, water, electricity, gas, trash removal) \_\_\_\_\_

Maintenance and repairs \_\_\_\_\_

Other (assessments, homeowner's association dues) \_\_\_\_\_

**Total Monthly Estimated Housing Expenses (Step 4)**

**\$ \_\_\_\_\_**

*Compare Step 3 and Step 4 totals.*

*The Total Monthly Estimated Housing Expenses (Step 4) should not exceed the Amount Available for Monthly Estimated Housing Expenses (Step 3).*

# Loan Application Checklist



Don't let the loan application process prevent you from making an offer on the home of your dreams! Be ahead of the game by having all your documents organized and ready to give your loan originator.

Here is a checklist of documents and materials you will need in order to apply for a mortgage:

## Purchase contract and property information

- o Copy of the sales contract
- o Mailing address and property description
- o Contact information for access to the property
- o Plans and specifications (new construction only)

## Personal information

- o Social Security number
- o Age
- o Years of schooling
- o Marital status
- o Number and ages of dependents
- o Current address and telephone numbers
- o Addresses for the past seven years
- o Current housing expenses (Rent, mortgage, insurance, taxes)
- o Name and address of landlord or mortgage holder for past two years

## Employment history and income

- o Two years of employment history, with complete details of each job
- o Recent pay stubs and two years of W-2 forms
- o Complete tax returns and financial statements if self-employed
- o Written explanation of employment gaps
- o Records of dividends and interest received
- o Proof of other income

## Assets

- o Complete information on all bank and money accounts
- o Two months of bank statements
- o Current values of stocks, bonds, mutual funds and other investments
- o Vested interests in retirement funds
- o Value of life insurance
- o Information on vehicles you own
- o Information on real estate you own
- o Value of significant personal property you own

## Liabilities

- o Itemized list of all current debts (loan, credit cards, and other bills)
- o Written explanation of past credit problems
- o Full details of bankruptcy during the last seven years

## Fees

- o Credit report and appraisal fees (usually \$500 or less)

# Mortgage Do's & Don'ts

While you are considering the purchase of a new home, you need to be aware of what things might adversely affect your loan. Your credit, income and assets are verified after you submit your application and in some instances right before closing. Following these tips throughout the loan process can be very important.

## **DO CALL YOUR MORTGAGE CONSULTANT**

If you are unsure if something will impact your loan, call your representative.

## **DO KEEP ORIGINAL DOCUMENT**

Keep originals of all paystubs, bank statements and other financial documents.

## **DO PAY ALL YOUR BILLS ON TIME**

Late payments on current accounts like mortgage, car payment, charge cards, etc. will impact your credit score which identifies your likeliness to repay your debts. Make your mortgage payments on time but call your loan representative before you make any payments that are scheduled within two weeks of closing.

## **DON'T APPLY FOR NEW CREDIT or INCREASE ANY CREDIT LIMITS**

Avoid making major purchases such as cars, lines of credit for furniture, appliances, computers, etc. If you receive an invitation to apply for new lines of credit or to increase existing credit, don't respond. If you do, that company will pull your credit report and this will have an adverse effect on your credit score.

## **DON'T MAX OUT or OVER CHARGE EXISTING CREDIT CARDS**

Running up credit cards is the fastest way to bring a credit score down. Try to keep credit cards below 30% of the available limit.

## **DON'T CONSOLIDATE DEBT or CLOSE CREDIT CARD ACCOUNTS**

This may change your qualification ratio of debt to available credit which also affects your credit score. You want to keep an active beneficial credit history on your record. If you really want to do these things, do it after you close your mortgage loan.

## **DON'T RAISE RED FLAGS**

Don't co-sign on another person's loan or change your name and address. The less activity that occurs while your loan is in process, the smoother the process will be.

## **DON'T CHANGE JOBS**

Employment stability is a big factor in the underwriting process. Quitting, changing jobs or even changing positions in same company can greatly impact your loan approval. Inform us immediately of any changes to your job, position or income.

Brought to you by:



For more information,  
call us at 330-758-8118 or visit  
[www.PeopleFirstFinancial.net](http://www.PeopleFirstFinancial.net)  
People First NMLS 1044601  
MB.804135.001-BR



# Monthly Payment Estimate



The chart below shows the estimated monthly mortgage repayment amounts based upon a 30 year loan.

## INTEREST RATE

LOAN AMOUNT

	3%	3.25%	3.5%	3.75%	4%	4.25%	4.5%	4.75%	5%	5.25%	5.5%	5.75%	6.5%	6.625%	6.75%	6.875%	7%
\$50,000	\$210.80	\$217.60	\$224.52	\$231.56	\$238.71	\$245.97	\$253.34	\$260.82	\$268.41	\$276.10	\$283.89	\$291.79	\$316.03	\$320.16	\$324.30	\$328.46	\$332.65
\$60,000	\$252.96	\$261.12	\$269.43	\$277.87	\$286.45	\$295.16	\$304.01	\$312.99	\$322.09	\$331.32	\$340.67	\$350.14	\$379.24	\$384.19	\$389.16	\$394.16	\$399.18
\$70,000	\$295.12	\$304.64	\$314.33	\$324.18	\$334.19	\$344.36	\$354.68	\$365.15	\$375.78	\$386.54	\$397.45	\$408.50	\$442.45	\$448.22	\$454.02	\$459.85	\$465.71
\$80,000	\$337.28	\$348.17	\$359.24	\$370.49	\$381.93	\$393.55	\$405.35	\$417.32	\$429.46	\$441.76	\$454.23	\$466.86	\$505.65	\$512.25	\$518.88	\$525.54	\$532.24
\$90,000	\$379.44	\$391.69	\$404.14	\$416.80	\$429.67	\$442.75	\$456.02	\$469.48	\$483.14	\$496.98	\$511.01	\$525.22	\$568.86	\$576.28	\$583.74	\$591.24	\$598.77
\$100,000	\$421.60	\$435.21	\$449.04	\$463.12	\$477.42	\$491.94	\$506.69	\$521.65	\$536.82	\$552.20	\$567.79	\$583.57	\$632.07	\$640.31	\$648.60	\$656.93	\$665.30
\$125,000	\$527.01	\$544.01	\$561.31	\$578.89	\$596.77	\$614.92	\$633.36	\$652.06	\$671.03	\$690.25	\$709.74	\$729.47	\$790.09	\$800.39	\$810.75	\$821.16	\$831.63
\$150,000	\$632.41	\$652.81	\$673.57	\$694.67	\$716.12	\$737.91	\$760.03	\$782.47	\$805.23	\$828.31	\$851.68	\$875.36	\$948.10	\$960.47	\$972.90	\$985.39	\$997.95
\$175,000	\$737.81	\$761.61	\$785.83	\$810.45	\$835.48	\$860.89	\$886.70	\$912.88	\$939.44	\$966.36	\$993.63	\$1,021.25	\$1,106.12	\$1,120.54	\$1,135.05	\$1,149.63	\$1,164.28
\$200,000	\$843.21	\$870.41	\$898.09	\$926.23	\$954.83	\$983.88	\$1,013.37	\$1,043.29	\$1,073.64	\$1,104.41	\$1,135.58	\$1,167.15	\$1,264.14	\$1,280.62	\$1,297.20	\$1,313.86	\$1,330.60
\$225,000	\$948.61	\$979.21	\$1,010.35	\$1,042.01	\$1,074.18	\$1,106.86	\$1,140.04	\$1,173.71	\$1,207.85	\$1,242.46	\$1,277.53	\$1,313.04	\$1,422.15	\$1,440.70	\$1,459.35	\$1,478.09	\$1,496.93
\$250,000	\$1,054.01	\$1,088.02	\$1,122.61	\$1,157.79	\$1,193.54	\$1,229.85	\$1,266.71	\$1,304.12	\$1,342.05	\$1,380.51	\$1,419.47	\$1,458.93	\$1,580.17	\$1,600.78	\$1,621.50	\$1,642.32	\$1,663.26
\$275,000	\$1,159.41	\$1,196.82	\$1,234.87	\$1,273.57	\$1,312.89	\$1,352.83	\$1,393.38	\$1,434.53	\$1,476.26	\$1,518.56	\$1,561.42	\$1,604.83	\$1,738.19	\$1,760.86	\$1,783.64	\$1,806.55	\$1,829.58
\$300,000	\$1,264.81	\$1,305.62	\$1,347.13	\$1,389.35	\$1,432.25	\$1,475.82	\$1,520.06	\$1,564.94	\$1,610.46	\$1,656.61	\$1,703.37	\$1,750.72	\$1,896.20	\$1,920.93	\$1,945.79	\$1,970.79	\$1,995.91
\$325,000	\$1,370.21	\$1,414.42	\$1,459.40	\$1,505.13	\$1,551.60	\$1,598.80	\$1,646.73	\$1,695.35	\$1,744.67	\$1,794.66	\$1,845.31	\$1,896.61	\$2,054.22	\$2,081.01	\$2,107.94	\$2,135.02	\$2,162.23
\$350,000	\$1,475.61	\$1,523.22	\$1,571.66	\$1,620.90	\$1,670.95	\$1,721.79	\$1,773.40	\$1,825.77	\$1,878.88	\$1,932.71	\$1,987.26	\$2,042.50	\$2,212.24	\$2,241.09	\$2,270.09	\$2,299.25	\$2,328.56
\$375,000	\$1,581.02	\$1,632.02	\$1,683.92	\$1,736.68	\$1,790.31	\$1,844.77	\$1,900.07	\$1,956.18	\$2,013.08	\$2,070.76	\$2,129.21	\$2,188.40	\$2,370.26	\$2,401.17	\$2,432.24	\$2,463.48	\$2,494.88
\$400,000	\$1,686.42	\$1,740.83	\$1,796.18	\$1,852.46	\$1,909.66	\$1,967.76	\$2,026.74	\$2,086.59	\$2,147.29	\$2,208.81	\$2,271.16	\$2,334.29	\$2,528.27	\$2,561.24	\$2,594.39	\$2,627.72	\$2,661.21
\$425,000	\$1,791.82	\$1,849.63	\$1,908.44	\$1,968.24	\$2,029.02	\$2,090.74	\$2,153.41	\$2,217.00	\$2,281.49	\$2,346.87	\$2,413.10	\$2,480.18	\$2,686.29	\$2,721.32	\$2,756.54	\$2,791.95	\$2,827.54
\$450,000	\$1,897.22	\$1,958.43	\$2,020.70	\$2,084.02	\$2,148.37	\$2,213.73	\$2,280.08	\$2,347.41	\$2,415.70	\$2,484.92	\$2,555.05	\$2,626.08	\$2,844.31	\$2,881.40	\$2,918.69	\$2,956.18	\$2,993.86
\$475,000	\$2,002.62	\$2,067.23	\$2,132.96	\$2,199.80	\$2,267.72	\$2,336.71	\$2,406.76	\$2,477.82	\$2,549.90	\$2,622.97	\$2,697.00	\$2,771.97	\$3,002.32	\$3,041.48	\$3,080.84	\$3,120.41	\$3,160.19
\$500,000	\$2,108.02	\$2,176.03	\$2,245.22	\$2,315.58	\$2,387.08	\$2,459.70	\$2,533.43	\$2,608.24	\$2,684.11	\$2,761.02	\$2,838.95	\$2,917.86	\$3,160.34	\$3,201.55	\$3,242.99	\$3,284.64	\$3,326.51
\$525,000	\$2,213.42	\$2,284.83	\$2,357.48	\$2,431.36	\$2,506.43	\$2,582.68	\$2,660.10	\$2,738.65	\$2,818.31	\$2,899.07	\$2,980.89	\$3,063.76	\$3,318.36	\$3,361.63	\$3,405.14	\$3,448.88	\$3,492.84
\$550,000	\$2,318.82	\$2,393.63	\$2,469.75	\$2,547.14	\$2,625.78	\$2,705.67	\$2,786.77	\$2,869.06	\$2,952.52	\$3,037.12	\$3,122.84	\$3,209.65	\$3,476.37	\$3,521.71	\$3,567.29	\$3,613.11	\$3,659.16

Payments are based on a 30-year loan term and are rounded up to the nearest whole dollar.

Payments do not include insurance, property taxes, homeowner association dues and private mortgage insurance, if applicable.

## 15 STEPS TO COMPLETE THE SALE

Selling a home can be an extremely stressful process. Berkshire Hathaway HomeServices Stouffer Realty Agents are always on top of every detail to ensure you have a successful real estate transaction. If these necessary details are missed or delayed, this could cause the closing to be moved to a later date, or not happen at all. These “behind the scenes steps” are what counts in the real estate buying & selling process.

### STEP 1

RECEIVE  
OFFER

### STEP 2

NEGOTIATE &  
COUNTER  
OFFER

### STEP 3

ACCEPT  
OFFER

### STEP 4

INSPECTIONS

### STEP 5

RE-NEGOTIATE  
OR REMOVAL OF  
INSPECTION  
CONTINGENCIES

### STEP 6

FINANCING

### STEP 7

APPRAISAL

### STEP 8

RE-NEGOTIATE  
OR REMOVAL OF  
FINANCING  
CONTINGENCIES

### STEP 9

MONITOR  
PROGRESS OF  
SALE

### STEP 10

TRANSFER  
OF UTILITIES

### STEP 11

REVIEW CLOSING  
DOCUMENTS

### STEP 12

COORDINATE  
TITLE & ESCROW

### STEP 13

SIGN CLOSING  
DOCUMENTS

### STEP 14

POSSESSION &  
TRANSFER OF KEYS

### STEP 15

CLOSE OF SALE

# Moving Checklist



## Before the Move

- Arrange for movers
- Notify your utility services at both your current and future residence
- Research and contact service providers at your new residence (e.g. Internet, Cable, Phone)
- Complete change-of-address form at the post office
- Start using up items that cannot be moved, such as frozen food, bleach and aerosols
- Begin packing items you don't use often
- Arrange for home insurance
- Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost in the move
- Donate or sell items that you do not wish to move
- Pack an essentials bag
- Measure furniture and come up with a plan on where you want everything in the new home
- Empty and defrost refrigerator
- Clean your current living space
- Give your landlord your new address in case he/she needs to forward stray mail

## After the Move

- Clean your new home
- Change the locks to outside doors
- Check smoke detectors and replace batteries, if needed
- Be sure that all utility services are turned on and in your name (Electric, Gas, Water, Basin and Drainage, Garbage, etc.)
- Arrange times for cable and internet providers to come and install
- Change your address on your bank accounts, credit cards, driver's license, vehicle registration, voter's registration, etc.
- Notify your employer of your new address and new local tax ID
- Store all of your home's closing documents in a safe place
- Find and store manuals for the home's appliances and systems
- Store important documents such as birth certificates, medical records, legal/financial papers in a safe place that will not get lost after the move
- Meet your neighbors
- Unpack and enjoy your new home!



**BERKSHIRE  
HATHAWAY** | **Stouffer  
Realty**  
HomeServices