



# First Time Home Buyer Booklet



Thank you for downloading our FTHB Booklet! We hope this booklet can simplify the home buying process and be used as a guide throughout your home buying journey.

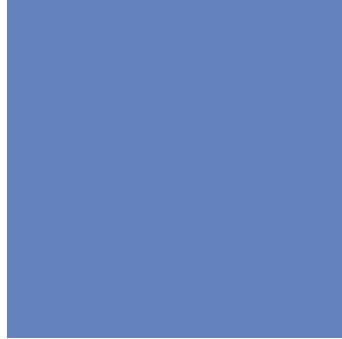
Congratulations on taking the first step to becoming a homeowner! We encourage you to use this booklet before and after purchasing your home and even while you are out house hunting.

Please know that this booklet is an introduction to the home buying process and that we would love to discuss more details about your home ownership goals with you further.



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# + The Home Buying Process

## **1. Make the call**

This is the first step to finding the house that's perfect for you. Make the call to SK&Ren to chat about what your goals are and when you are looking to purchase your first home. From there we will recommend a few loan officers that can provide you with the information needed to get your finances in order to begin the pre-approval process.

## **2. Get pre-approved**

This simple step involves speaking with a loan officer directly. A loan officer will work with you specifically on your individual finances to let you know how much of a loan you can qualify for based on income, assets and expenses. Every loan officer offers different programs, which is why we recommend getting a few opinions before choosing the loan program that is perfect for you.

## **3. Buyer's Consultation**

This can be a face-to-face meeting or phone call that typically lasts 20-30 minutes. During this conversation we will discuss your home ownership goals and more importantly what we should be searching for. Check out the 'Buyer's Consultation Q&A' on page 9 that we use during this conversation!

## **4. House Hunting**

Once we find out exactly what you're looking for, SK & Ren hit the market to find your perfect home. We will send you houses via e-mail and set up 'showing-times'. We value you as a client and therefore make ourselves available to you and your showings 7 days a week.

## 5. Write an offer

+ This step comes soon after finding the 'perfect' house. Together we will analyze the pros & cons as well as comparable properties to make sure you are making a good investment. We will take an in-depth look at the Seller Property Condition Disclosure (See page 8 to find out what the SPCD is). We will walk you through a Nebraska purchase agreement and go over exactly what you are signing in detail.

The  
Home  
Buying  
Process  
(continued)

## 6. Negotiations

There are many items in a property purchase agreement that can be negotiated. Some of these items include; price, closing date, seller credits, home inspection contingencies and appraisal. It is our job as your Realtor to find a common middle ground that is beneficial for both you and the seller while always having your best interest in mind.

Remember: The Real Estate sales process goes smoothest when each side of the negotiation table walks away feeling as if they have won something important to them.

## 7. Inspections

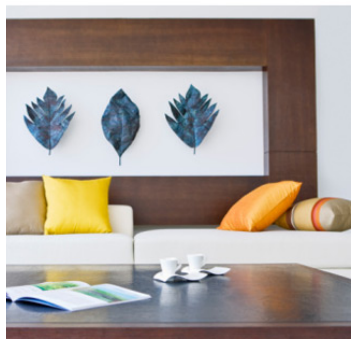
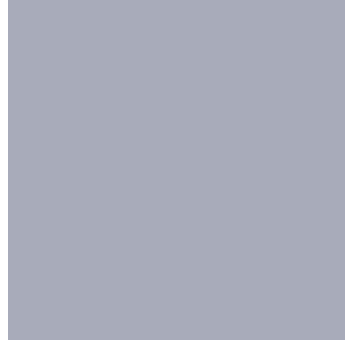
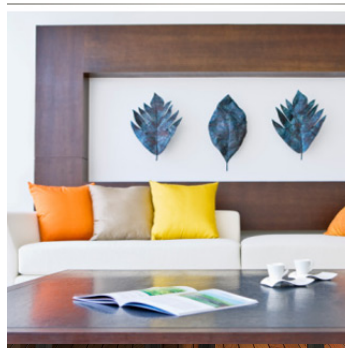
After both the seller and the buyer have come to an agreement on all things negotiated in the purchase agreement, you as the buyer will begin what is called the 'Inspection Period'. A typical home inspection is to happen within 7 days of an accepted offer. The purpose of the home inspection is to find significant defects that would cause a buyer to not want to move forward with the transaction or at the very least to have these items repaired. Remember no home is "perfect" and a home inspector is likely to find some issues with the home.

After the home inspection you as the buyer have 3 options:

- A) You like the results and are going to move forward with the purchase of the home.
- B) You like the results but you are going to ask the seller to repair a few items or take a reduction in price so the following items can be repaired.
- C) You do not like the results of the home inspection and therefore would like to be released from the contract and receive your earnest deposit back.

## 8. Close on your first home!

After all items are agreed upon in the home inspection, the bank will order the appraisal. Once the appraisal comes back your lender will give you your final numbers. Once you have your final numbers you will be asked to get a cashier's check from your bank for the remainder of the down deposit that you will soon be bringing to closing. Closing will take place at a title company and typically lasts about 30 minutes. You will sign many documents and receive the keys to your first home!



# Nebraska FTHB Loans

## Loan Programs: NIFA – Nebraska Investment Finance Authority

- This loan program often times has lower interest rates than your typical conventional fixed rate loan.
- It has the ability to pay for a portion of the buyers closing costs and pre-pays.
- It requires only a minimum investment of \$1,000 toward your down payment

## Loan Programs: 3-2-1 (Guild Mortgage)

- It requires a minimum investment of 3% of the purchase price as down payment
- It offers \$2,000 gift card to the purchaser to Home Depot for home improvements
- It offers \$1,500 toward the purchasers closing costs and pre-pays.





# Closing Costs & Pre-Paid



What are those...?

**Closing Costs** - The costs to complete a real estate transaction in addition to the price of the home, may include: points, taxes, title insurance, appraisal fees and legal fees.

Both the seller and the buyer have their own portion of closing costs that they are responsible for. With that being said, in some cases as the buyer you can negotiate your closing cost to be paid by the seller. In more competitive markets it is less likely to see seller's paying a purchaser's closing costs. Closing costs are typically around \$2,500 for you as the buyer.



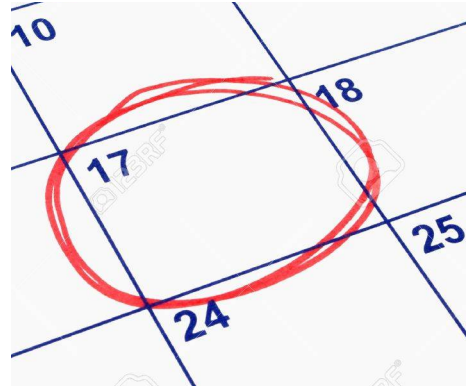
**Pre-Paid** - The mortgage company requires a portion of property taxes and homeowners insurance be held in an escrow account to be paid each year. Those items tend to increase every year, so they like to have a little cushion in the account in case they do increase. These costs are also typically around \$2,500.





# Looking Beyond **The Purchase Price**

Other items associated with your 'perfect home' that you should know about before putting in an offer...



- **The amount of earnest money deposit you provide -**

Earnest money is basically consideration for the listing to be removed from the open market. Generally known as "**PENDING**". Earnest deposits can range from \$500 to \$5,000 dollars. The earnest money is collected 24 hours after your offer's acceptance from the seller. Note! Any and all earnest monies will be applied to your down payment!

- **Closing and Possession Dates -**

If you are pre-qualified for the loan before submitting an offer closing can happen as soon as 45 day from an accepted offer. In some situations, the seller can grant possession of the house before closing on the property.

- **Inclusion of furniture, fixtures, etc., not considered part of the property -**

Sometimes items not fixed to the house can be included in the purchase of a home. A buyer must check the SPCD\*\* to find out exactly what is included and not included in the sale. Some items may be negotiated into the purchase price.

- **Payment for repairs required by your lender-**

Payments for repairs required by the lender are usually paid for by the seller, unless previously negotiated. When there is high competition for the home, the buyer often times will pay for these repairs.

- **Payment of taxes & utilities-**

Be sure to make yourself aware of the taxes in the neighborhood, as this will affect your monthly payment. Regarding utilities, many sellers might be able to provide you with an average of monthly utility cost. This can be important when looking at purchasing old vs. new homes as to how efficient they really are.



have big eyes for big ticket items



Make sure you know the age & condition of the items listed below so it doesn't cost you later!

	Age	Condition
Roof		
Furnace		
A/C Unit		
Water Heater		
Cracks in Foundation		
Exterior Grading		
Updated Electrical/Plumbing		



Remember: Do not be afraid of properties with old age systems or cracks in the foundation. As long as these issues are properly assessed and priced out to fix, you can then negotiate either a deduction in price or a credit to you as the buyer so that you can oversee the repairs.



# FTHB Vocabulary

**Appraisal** — A professional appraiser's estimate of the market value of a property based on local market data and the recent sale prices of similar properties.

**Buying Agent** - A buyer's agent will guide you through the home-buying transaction and be at your disposal for any questions or concerns. Buyer's agents are legally bound to help buyers, whereas listing agents—the agent representing the home listing—have a fiduciary duty to the home seller. That's why it's in your best interest as a buyer to get an agent who is there to represent you.

**Closing**- The final steps in the transfer of property ownership. On the closing date, as specified by the sales agreement, the buyer inspects and signs all the documents relating to the transaction and the final disbursements are paid. Also referred to as the Settlement.

**Closing Costs**- The costs to complete a real estate transaction in addition to the price of the home, may include: points, taxes, title insurance, appraisal fees and legal fees.

**Comparables**- When it is time to submit an offer, the buyers agent will look at the neighborhood market date, and look for past sales of similar properties to help come up with a good offer price, typically based on price per square foot.

**Contingency**- A clause in the purchase contract that describes certain conditions that must be met and agreed upon by both buyer and seller before the contract is binding.

**Conventional mortgage**- This loan is not insured or guaranteed by the federal government.

**Counter-Offer** – An offer, made in response to a previous offer, that rejects all or part of it while enabling negotiations to continue towards a mutually-acceptable sales contract.

**Down Payment**- The money paid by the buyer to the lender at the time of the closing. The amount is the difference between the sales price and the mortgage loan. Requirements vary by loan type. Smaller down payments, less than 20%, usually requires mortgage insurance.

**Earnest Money**- A deposit given by the buyer to bind a purchase offer and which is held in escrow. If the property sale is closed, the deposit is applied to the purchase price. If the buyer does not fulfill all contract obligations, the deposit may be forfeited.

**Escrow**- Funds held by a neutral third party (the escrow agent) until certain conditions of a contract are met and the funds can be paid out. Escrow accounts are also used by loan servicers to pay property taxes and homeowner's insurance.

**FHA Mortgage**- One that is insured or guaranteed by the federal government. Requires 3.5% of the purchase price as down payment.

**Home Inspection** - Professional inspection of a home, paid for by the buyer, to evaluate the quality and safety of its plumbing, heating, wiring, appliances, roof, foundation, etc.



**Home Owner's Insurance-** A policy that protects you and the lender from fire or flood, a liability such as visitor injury, or damage to your personal property.

**Home Warranty** - Warranty that covers all major appliances and systems in a house for one year.

**Listing Agent-** Agent that represents the seller and the sellers best interests in a real estate transaction.

**Loan Officer-** One who provides you financing options that best fit your situation.

**Market Value-** The amount a willing buyer would pay a willing seller for a home. An appraised value is an estimate of the current fair market value.

**Mortgage Insurance** – Purchased by the buyer to protect the lender in the event of default (typically for loans with less than 20% down). Available through a government agency like the Federal Housing Administration (FHA) or through private mortgage insurers (PMI).

**NIFA** - Nebraska Investment Finance Authority - Has lower interest rates than other loan programs and requires only \$1,000 as a down payment. This program can also pay for a portion of the purchasers closing costs as well.

**Pre-Paid-** The mortgage company requires a portion of property taxes and homeowners insurance be held in an escrow account to be paid each year. Those items tend to increase every year, so they like to have a little cushion in the account in case they do increase.

**Pre-Approval Letter-** A letter from a mortgage lender indicating that a buyer qualifies for a mortgage of a specific amount. It also shows a home seller that you're a serious buyer.

**Seller Property Condition Disclosure-** This is a 4 page document that describes the condition of the property as to the knowledge of the seller.

**Title-** The right to, and the ownership of, property. A Title or Deed is sometimes used as proof of ownership of land. Clear title refers to a title that has no legal defects.

**Title Insurance-** Insurance policy that guarantees the accuracy of the title search and protects lenders and homeowners against legal problems with the title.

**Title Search-** A historical review of all legal documents relating to ownership of a property to determine if there have been any flaws in prior transfers of ownership or if there are any claims or encumbrances on the title to the property.

We use this simple Q&A sheet to during our Buyer's Consultation to learn a little more about what you're looking for!

## First-Time Home Buyer Q&A

Buyers: \_\_\_\_\_

E-mail/Phone #: \_\_\_\_\_

Would like to be moved in by: \_\_\_\_\_

Pre-Approval Amount: \_\_\_\_\_ Lender Info: \_\_\_\_\_

**MUST HAVES:**

BED: \_\_\_\_\_

BATH: \_\_\_\_\_

FENCE: Y/N

FINISHED BASEMENT: Y/N

BEDROOM ON MAIN: Y/N

BAR: Y/N

FIXER-UPPER: Y/N

HOW MUCH WORK WOULD YOU BE  
WILLING TO DO?

**DO NOT WANT:**

NO FURTHER NORTH THAN: \_\_\_\_\_

DESIRED SCHOOL DISTRICT:

NO FURTHER SOUTH THAN: \_\_\_\_\_

WOULD LOVE TO HAVE:

# Home Buyer Notebook

Take this Home Buyer Notebook with you as you tour homes! Fill it out during or soon after your showing so later you can look back to see if this one was the perfect home for you!

DATE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

SCHOOL DISTRICT: \_\_\_\_\_

# of BEDROOMS: \_\_\_\_\_ # of BATHROOMS: \_\_\_\_\_

Square footage: \_\_\_\_\_

After seeing this house did this seem like:

too little / too much / just right

FIRST IMPRESSION:

Love:

Gross:

OTHER NOTES:

1 out of 10 (10 being the best)

TOSS ANYTHING UNDER A 7