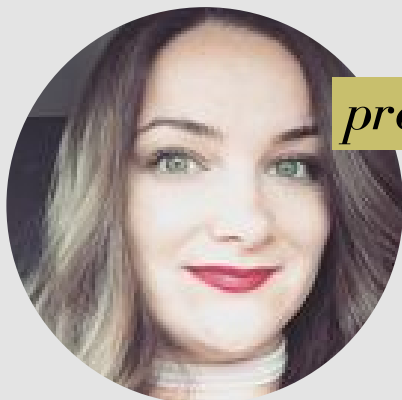


your complete guide to the
HOMEBUYING PROCESS



presented by:

Stephanie Orefice
Buyer Specialist



YOU'RE ABOUT TO EMBARK...

on the journey of

HOME OWNERSHIP

Thank you so much for reading what is the product of hundreds of phone calls, emails, and transactions. As a buyer specialist, I've made it my goal to become a master of the home-buying process. I've put my best foot forward in making this experience as enjoyable and exciting for you as possible, with the least amount of hassle.

I appreciate you for allowing me to serve you in this process. I'll be your tour guide for the journey. For most, buying a home is their single biggest investment. It is my goal to educate and assist you with the home buying process.

I have created a path for you that will expertly guide you through the process, which will ultimately lead to a rewarding experience.

That being said, I have made it my life's work to make this process as FUN and ENJOYABLE as possible.

This guide will educate, inform and give you the confidence you need for this journey. I appreciate feedback, comments and questions.

I look forward to assisting you and helping you achieve your real estate goals.

Wishing you success and happiness,

Stephanie Orfice

01 SO YOU DECIDED

you want to buy a house

Most people dream of owning a home. Home is our safe haven where memories are made.

This guide was designed to inform you about all steps of the home buying process so that you can feel confident, make informed decisions and act as an educated buyer. It will also help both me and you understand the things that you're looking for in a home so that our search can be made as easy as possible. Please take some time to review carefully all of the information presented here. If you have any question about the topics discussed, I will be glad to go over them with you in detail. Since every real estate transaction is unique, you will most likely have questions or concerns not presented here. That's what I'm for - to assist you at each step, to answer your questions, and to help you find the home you desire!

DEFINE GOALS & *objectives*

The first step to beginning this process is to decide your WHY. What is it that you are hoping to accomplish by buying a home? Is it because you're tired of paying your landlord too much money every month? Or maybe you're ready to own a real piece of the pie and live the American dream? Maybe you're ready to create a sanctuary where you can raise children and get more dogs (because getting more dogs is always the right answer). Get crystal clear on your why, and you'll always have an inspiration to move forward.



02 NOW, FOR THE FUN PART

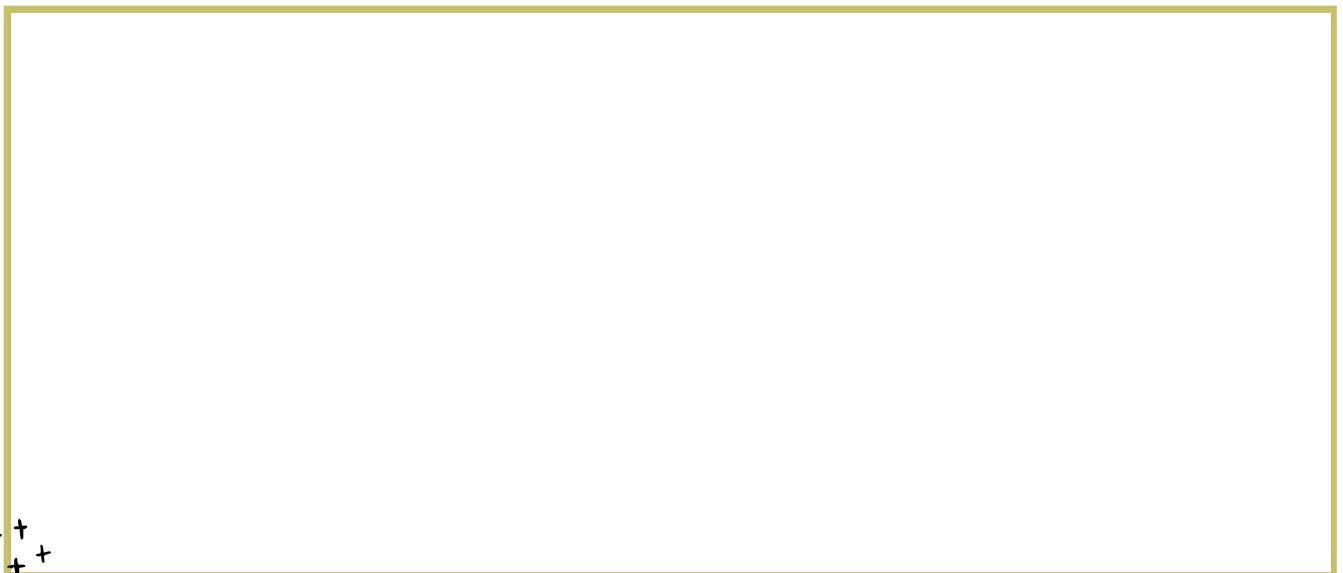
Now that we've got the WHY, here comes the fun part. The part where you close your eyes, imagine your beautiful home. what features are must haves? 3 bedrooms not 2? Garage? Close to transportation?

In the second box let me know features that you would LOVE but aren't deal breakers.

the features of the home that are must haves...



what I would like but do not need....



03 THE TIMELINE

New York- what you should expect & when

- 1** *initial consultation*
Discuss your goals and how we can help you achieve them.
- 2** *mortgage prequalification*
This will give you an essential tool you need to make an offer once you find the right home.
- 3** *instant home e-alerts*
We give you priority access to homes that match exactly what you're looking for as soon as they become available right to your e-mail.
- 4** *showings*
Working around your schedule, we will make appointments at the homes you have chosen to see.
- 5** *drafting an offer*
Discuss the terms of your offer and compile them into the best offer.
- 6** *the negotiation*
I will fight for every penny as though it was my own money whether that is negotiating repairs or getting you the best price.
- 7** *home inspection*
Hiring a home inspector to check out the mechanicals and features of the home brings awareness to any issues with the home and what may need repairing down the road.
- 8** *going into contract*
We manage all the details necessary to get you to keys.
- 9** *appraisal*
The bank will order an appraisal to be sure home is worth what you are purchasing it for. I will attend appraisal to provide comparables sales in the area to support purchase price.
- 10** *final walk through & closing*
The final walkthrough is to be sure home is in condition you purchased it in and if repairs (if any) are completed. At closing, you will receive keys and become the owner of your new home, yay!
- 11** *after closing*
We pride ourselves on maintaining life-long relationships with our clients and continuing to add value.

04 THE TIMELINE

New Jersey-what you should expect & when

- 1** *initial consultation*
Discuss your goals and how we can help you achieve them.
- 2** *mortgage prequalification*
This will give you an essential tool you need to make an offer once you find the right home.
- 3** *instant home e-alerts*
We give you priority access to homes that match exactly what you're looking for as soon as they become available right to your e-mail.
- 4** *showings*
Working around your schedule, we will make appointments at the homes you have chosen to see.
- 5** *drafting an offer contract*
Discuss the terms of your offer and compile them into a contract.
- 6** *Attorney review & under contract*
Once a seller accepts your offer it will go into attorney review which usually takes up to 3 days. This is the time that both attorneys make any necessary changes to the contract. Once both sides agree, you will officially be under contract.
- 7** *home inspection*
Hiring a home inspector to check out the mechanicals and features of the home brings awareness to any issues with the home and what may need repairing down the road. It is recommended in NJ to also get a radon inspection and a tank sweep.
- 8** *Partial down payment due*
Once inspection and repair negotiations (if any) are complete you will leave part of your down payment with your attorney.
- 9** *appraisal*
The bank will order an appraisal to be sure home is worth what you are purchasing it for. I will attend appraisal to provide comparables sales in the area to support purchase price.
- 10** *final walk through & closing*
The final walkthrough is to be sure home is in condition you purchased it in and if repairs (if any) are completed. At closing, you will receive keys and become the owner of your new home, yay!
- 11** *after closing*
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05. LET'S TALK NUMBERS

You already went through the pre-approval process with the bank but once you are officially under contract on a home you begin to work closely with the lender to start the loan process. I would suggest having these ready before hand so they are ready to go when needed.

Usual lender requests

- 2 years employment history
- 2 most recent paystubs
- 2 years tax returns, w-2s, 1099's
- 2 months bank statements
- Complete Record of Assets
- • Stocks, bond, and investment accounts
- • IRA / Retirement plan
- • Life insurance policies
- • Automobiles owned
- • Construction loan
- • Gift letters
- • Documentation of other income

Credit

The lender will pull your credit from all 3 major credit bureaus- Equifax, Transunion and Experian. If you have a co-signer, they will use the lowest credit score between the two.

Credit is extremely important and a major factor in obtaining a mortgage. It determines what kind of mortgage program that you are eligible for and interest rate.

Lender vs. broker

A Mortgage Broker is unlike other lenders in that the broker does not lend money to you directly. Going to a direct lender means they can only offer you the programs that their specific bank offers.

A broker will help find you a lender and secure the terms of your arrangement. A broker may have access to several lenders and therefore can offer you a wider selection of loan products and terms. He or she can help you shop for the best deal based on your circumstances.

06. MORTGAGE DO'S & DON'TS

Do pay all your bills on time

Late payments on current accounts like mortgage, car payment, credit cards etc will impact your credit score.

Don't apply for new credit or increase any credit limits

DO NOT make 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 increases to existing credit do not respond. If you do, the company will pull your credit and this will have a negative 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.

Don't consolidate debt or close credit card accounts

This may change your debt to income ratio and affect your credit.

Don't raise red flags

Don't co-sign on another persons loan or change your name and address. The less activity that occurs during the loan process the smoother the process will be.

Don't change jobs

Employment stability is a big factor in the underwriting process. Quitting and/or changing jobs can greatly impact your loan approval.

07. *how much does a home* **ACTUALLY COST?**

down payment deposit

CONTRACT

You will leave part of your down payment when your attorney schedules you to sign contract. For example, if your down payment totals \$50,000, typically you will leave \$10,000 of it on contract signing with the remaining \$40,000 due at closing.

home inspection

DUE AT TIME OF INSPECTION

We always recommend hiring a home inspector, as you never truly know the real condition of the home from just the outside. The cost ranges from inspector and details such as size of home and if there's a pool. We typically see \$300 - 500, payable by cash or check. This is an additional fee.

appraisal

DUE DURING LOAN APPLICATION PROCESS

Like home inspections, appraisals also range on the appraisers and size of the home. They are hired by the lender to ensure that the property is worth what they are lending to the borrower, they range from \$300 - \$600.

closing costs

DUE AT CLOSING

Closing costs are the fees included for escrow, title and lender services. They range from 2.5 - 3.5% of purchase price. We go into detail on the next page as to what those fees entail.

IMPORTANT

You will pay for a home inspection report and an appraisal report (if financing) which is nonrefundable (approximately \$1,000), even if you do not end up buying the home.

08 *what are* **CLOSING COSTS?**

Closing costs are the lender third-party fees paid at the close of a real estate transaction due at the closing. The buyer closing costs usually total 2% - 5% of the final sale price which may include but not limited to:

lender fees

this can include everything from underwriting to loan discount points, which can be purchased to lower your interest rate.

homeowners insurance

required by most lenders, you will typically pay your premium for one year.

private mortgage insurance

typically required if your down payment is less than 20%

title insurance

a one-time fee, required to protect you in case the seller doesn't have full deed to the property

property taxes

you will typically pay six months of county property taxes

recording fees

paid to the city or county to record your deed in public records

homeowners association HOA dues

if your home has a homeowner's association, you will pay one month's dues upfront at closing

**please check with your lender for the full scope of what your actual closing costs will be.*

09. MOVING

checklist



So you got the keys to your amazing new home... Congratulations! Time to move all the boxes, and start the amazing experience of homeownership. You've got a lot on your plate, so we want to highlight some important tasks that are necessary for a smooth, comfortable transition.

change over utilities

Although this is on the 'After escrow checklist', we best recommend that you switch over utilities either day of/day before. Keep in mind internet often takes over a week to get scheduled/on the books.

- GAS
- ELECTRIC
- INTERNET

update change of address at post office

This can either be done at the local post office, or by visiting the USPS website. Please note there is a \$1.85 processing fee.

update change of address at your bank and credit cards

This can be done at local bank, or by making a quick phone call.

Change the locks on the new home

Its always recommended to change the locks on the outside doors of your new home.

Store important documents

Invest in a fireproof/water proof document holder to hold your new home documents and other important paperwork such as passports, birth certificates etc

Update drivers license

Make sure to change address with local DMV.

10. REAL ESTATE FAQ

What are points?

The lender or broker can charge you points on your mortgage. One point equals 1 percent of the loan amount. These are simply fees paid to the lender or broker that are often linked to the interest rate, and are usually paid in cash to the lender or broker at closing. A lender may offer you a lower interest rate, but charge more points, so it's important to compare offers.

What is a short sale?

When a seller is attempting to sell their property for LESS than they owe on it, they are selling it "short" of what's owed. In this scenario, the home may be priced under market value. The seller may accept an offer, but they do not have final say on whether or not the offer is accepted.

Because the seller's bank will be selling at a loss, they have to "approve" any short sale offers.

This can take anywhere from 30-90 days, JUST to get an answer. Closing on a short sale property can take anywhere from 3 months to a year. Be prepared to WAIT!

Are foreclosure properties really a bargain?

These are homes owned by a bank. When you put an offer on this type of home, you can generally expect an answer within 35 business days. A lot of times these homes are significantly under market value, and need cosmetic and/or structural work. Because certain types of financing have requirements for the type of property you buy, these homes are often not compatible with certain loans. They can look like a "bargain", but you must factor in the cost of repairs and how that affects both the immediate livability, as well as how it affects future resale.

What is an appraisal?

An appraisal is an estimate of the value of a property made by a qualified professional. The appraisal of your prospective home is as important as your credit history in obtaining a mortgage. After all, the property you are purchasing serves as the collateral for the loan.

Although the primary goal of the appraisal is to justify the lender's investment, it also protects you from overpaying. Your lender will generally hire the appraiser and will charge you as the buyer a fee for the service. If the appraisal falls short of the amount you wish to borrow you may be refused a mortgage or offered a smaller amount on the mortgage. Your offer contract will be contingent on whether the appraisal comes in at or above the purchase price you and the seller have agreed upon.

How long does the home buying process take?

Once you are under contract on a home, it typically takes 45-60 days from that point to close in NY.

In NJ, it typically takes 30 days.

11. REAL ESTATE FAQ

Do I have to get a home inspection?

The goal of a home inspection is to give you an objective, independent and comprehensive analysis of the physical condition of your potential new home and check for any safety issues that might otherwise be unknowable. It will make you aware of any issues or things to take care of when you take ownership of the home.

What is PMI?

The largest upfront cost in purchasing a home is the down payment. Most traditional lenders expect borrowers to put at least 20% of a loans total amount down. Borrowers who are unable to do so are required to purchase Private Mortgage Insurance (PMI). This insurance protects the lender in case of default by the borrower.

Do I have to pay you to use your services?

No. There is no cost to use an agent to purchase a home. It is in your best interest to work with a buyers agent as they will represent you throughout the transaction and will work in your best interest.

Why would I offer over asking price?

Your uncle informs you that you should ALWAYS low ball a seller when trying to purchase a home, correct? You also saw a piece on Good Morning America that talked about how you should always come in low, and let the seller come back to you. The truth is, every real estate market is different. In our area, we are still in a shortage of available homes, meaning there is MUCH greater competition amongst buyers who are all vying for the same properties. In our market, if you come in too low with your offer, chances are good that there are other buyers who are also going to be submitting an offer as well. In this case, a "multiple offer scenario" is born, and the seller is under no obligation to respond to YOUR offer if he has a handful of others from which to choose. As your agent, I will prepare and present the offer that YOU wish to present, but be prepared that if we are in a highly competitive area or in a multiple offer situation, our offer can just be ignored or passed over unless it is high enough or good enough to get the seller's attention and beat out the others. No one WANTS you to pay above asking price, but there are scenarios where offering list price or above is the only way to beat out the competition.

What is a oil tank sweep if I am purchasing in New Jersey?

Sometimes homeowners are unaware that they are the owners of an Underground Oil Tank (UST). They had gas since they bought the house, or there was an above ground oil tank but had no knowledge of an UST. When the homeowner decides it's time to sell notably there is no evidence of an UST. This is when the buyer makes the decision to do a tank scan.

Stephanie
Orefice

NYS & NJS Licensed Real Estate Salesperson | **Robert Defalco Realty**

Thank you for taking the time to read through this guide. I hope it provided some value and clarity to the home buying process. I believe in providing education and transparency to the process ensures a smooth transaction.

I look forward to helping you find the perfect home. Please reach out by any means below with any questions.

Stephanie Orefice

NYS & NJS Licensed Real Estate Salesperson

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