

2022

HOUSE HUNTER

THE ULTIMATE GUIDE TO HOME BUYING

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WHY CHOOSE HOMEOWNERSHIP?

- **TAX BENEFITS**

The U.S. Tax Code lets you deduct the interest you pay on your mortgage, your property taxes, and some of the costs involved in buying a home. Which makes home ownership an automatic write-off!

- **APPRECIATION**

Historically, real estate has had a long-term, stable growth in value. In fact, median single-family existing-home sale prices have increased on average 5.2 percent each year, according to the National Association of REALTORS®. 2021 and 2022 prices surged nearly 20% and are expected to rise about 3% in 2022.

- **EQUITY**

Money paid for rent is money that you'll never see again, but mortgage payments let you build equity ownership interest in your home, and help build an asset.

- **SAVINGS**

Building equity in your home is a ready-made savings plan. And when you sell, you can generally take up to \$250,000 (\$500,000 for a married couple) as gain without owing any federal income tax.





HOW DO I PREPARE FINANCIALLY ?

"Most importantly, find a good lender!"

- **DETERMINE LOAN TYPE**

Find out what kind of mortgage (30-year or 15-year? Fixed or adjustable rate?) FHA, VA, USDA. There are a lot of different programs available, and deciding which loan will work best for your situation is very important.

- **BE AWARE OF HIDDEN COSTS**

You should prepare to save up to 20% of the purchase price as a down payment for a conventional home mortgage. First-time homebuyers and FHA loans require 3% of sales price, less for VA, depending on credit and financial situation. Don't forget to factor in closing costs, averaging between 2- 7% of the home price. Closing costs and downpayment are not due until closing day. However, earnest money is due at the signing of a contract and will be deposited into the broker's escrow account within 5 banking days. Earnest money will be credited to the buyer at closing and is refundable in most cases if a contract falls through.

- **ESTABLISH GOOD CREDIT**

Get a credit card and make payments by the due date. Do the same for all your other bills, too. Pay off entire balances as promptly as possible.

- **DEVELOP A BUDGET**

Instead of telling yourself what you'd like to spend, use receipts to create a budget that reflects your actual habits over the last several months. This approach will better factor in unexpected expenses alongside more predictable costs such as utility bills and groceries. You'll probably spot some ways to save, whether it's cutting out that morning trip to Starbucks or eating dinner at home more often.

- **REDUCE DEBT (AFFORD MORE HOME)**

Lenders generally look for a debt load of no more than 36 percent of income. This figure includes your mortgage, which typically ranges between 25 and 28 percent of your net household income. So you need to get monthly payments on the rest of your installment debt—car loans, student loans, and revolving balances on credit cards — down to between 8 and 10 percent of your net monthly income.

- **TALK TO A LENDER (AT LEAST 3)**

Project Mortgage in our office can run your credit one time and find the best rate across multiple lenders. Generally, you want to look for homes valued between two and three times your gross income, but a financing professional can help determine the size of loan for which you'll qualify. A lender will generally ask you to gather the documentation for a pre-approval, such as W-2s, pay stub copies, account numbers, and copies of two to four months of bank or credit union statements.

EXPLORE CREATIVE FINANCING

"Ask your lender about all options and programs before you make a decision."



- **LOOK INTO A SHORT TERM SECOND MORTGAGE**

If you qualify for a short-term second mortgage, this would give you money to make a larger down payment. This may be possible if you're in good financial standing, with a strong income and little debt. Such arrangements may also help you avoid jumbo loan restrictions and/or minimize the amount of private mortgage insurance you have to pay.

- **INVESTIGATE LOCAL PROGRAMS**

These programs give qualified applicants loans or grants to cover all or part of your required down payment. National programs include the Nehemiah program, Getdownpayment.com, and the American Dream Down Payment Fund from the Department of Housing and Urban Development.

- **EXPLORE SELLER FINANCING**

If you don't know the answer to a question, ask your agent! That is what they are there for. More likely than not, they will have all the information you need. And if they don't, they will know where to find it!

- **ASK FAMILY FOR HELP**

Perhaps a family member will loan you money for the down payment or act as a cosigner for the mortgage. Lenders often like to have a cosigner if you have a minimal credit history.

- **CONSIDER HOUSE HACKING**

Purchase a single-family home, duplex, or multi-unit with a tenant (or plans to obtain a tenant). Rent out a room, half the house, garage, or create a studio apartment out of existing space. The rent should cover the majority of the mortgage, and you live for free!





HOW DO I START MY HOME SEARCH?

"Find a reputable Realtor that you can trust!"



- **BE PREPARED FOR CHANGE**

If you find the perfect home now, don't risk losing it because you're trying to guess where the housing market and interest rates are going. Those factors usually don't change fast enough to make a difference in an individual home's price.

- **GET EXCITED**

Once you are qualified to buy, start thinking like a homeowner! Start packing up personal items, researching the responsibilities of homeownership, and get ready to make one of the most exciting purchases of your life!

- **MAKE AN OFFER**

Remember, it's unlikely that your offer will be the only one on the table. Do what you can to ensure it's most appealing to a seller. Negotiation is definitely a part of the real estate process, but trying to "win" by getting an extra-low price or refusing to budge may cost you the home you love. Have your finances, hand money, pre-approval, and mindset ready to make an offer quickly if needed!

- **FIND A GOOD AGENT**

The internet is flooded with real estate agents from many different brokerages, including nationwide chains to small local companies. Keller Williams is the largest realty business in the world with over 180,000 agents. Our office here in Warner Robins GA has over 200 Realtors and is involved in 2 out of 3 transactions in this area. When you hire me you do not just hire an agent you hire a team of Realtors that will put your best interests ahead of their own.

- **DISCUSS MUST-HAVES & WANTS**

Compile a list of three or four neighborhoods you'd like to live in, taking into account nearby schools, recreational facilities, area expansion plans, and safety. If it's in the right location, the yard may be a bit smaller than you had hoped. The kitchen may be perfect, but the roof needs repair. Make a list of your top priorities and focus on the things that are most important to you. Let the minor ones go.

- **PINPOINT YOUR PRICE RANGE**

This is where talking to your mortgage lender comes in handy! Once you have figured out what you are qualified to spend, be sure you are confident with the mortgage payment including taxes, insurance, HOA fees and keep your search within the range that you are comfortable in.





ARE YOU READY TO MAKE AN OFFER?

"Be both excited for the future & prepared for dissappointments."



- **CHOOSE A GREAT MORTGAGE LENDER**

Generally, it's best to get rates and quotes from three different financial institutions. Lending is a competitive market, smaller banks and credit unions may offer different rates depending on their need for loans and ability to lend in different situations. Ask around and do your research before making your decision!

- **ASK QUESTIONS**

If you don't know the answer to a question, ask your agent! That is what they are there for. More likely than not, they will have all the information you need. And if they don't, they will know where to find it!

- **HAVE A HOME WISH LIST**

Get familiar with your must-haves/and wants. Make a checklist in order of priority. When considering a home, you may have to make concessions, as no home is perfect. If you know the deal breakers, compromising will be a lot easier.

- **KEEP YOUR FINANCES CONSISTENT**

If you are using a lender to fund your purchase, even the smallest financial change can break a deal. Banks like consistency and your financial profile should stay the same from contract to close. Ask your lender before considering a career change, buying a car, financing furniture, or accepting/spending large amounts of money.



- **BE PREPARED FOR ALL SITUATIONS**

When it comes to purchasing a home, anything can happen. Sometimes, even the best offers don't get accepted, solid deals fall through, sellers get cold feet, inspections go badly, negotiations get ugly, and mortgages fall apart. Hopefully, you have chosen a good lender and great real estate agent to represent you and do their best to prevent any of these things from happening. However, it doesn't hurt to be prepared. Be aware of the possible hiccups, and understand that no home sale is certain until close!



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REAL ESTATE
Each Office Independently Owned and Operated.



WHY USE A REALTOR?

"Why not? Our commission is paid at closing!"

• ETHICAL TREATMENT

Every REALTOR® must adhere to a strict code of ethics, which is based on professionalism and the protection of the public. As a REALTOR®'s client, you can expect honest and ethical treatment in all transaction-related matters. The first obligation is to you, the client.

• PRIVILEGED KNOWLEDGE

Sometimes properties are available but not actively advertised. A REALTOR® can help you find opportunities not listed on home search sites and can help you avoid out-of-date listings that might be showing up as available online but are no longer on the market.

• NEGOTIATION EXPERIENCE

There are many factors up for discussion in a deal. A REALTOR® will look at every angle from your perspective, including crafting a competitive offer.

• EXPERT EXPERIENCE

Buying a home usually requires dozens of forms, reports, disclosures, and other technical documents. A knowledgeable expert will help you prepare the best deal, and avoid delays or costly mistakes. Also, there's a lot of jargon involved, so you want to work with a professional who can speak the language.

• OBJECTIVE OPINION

REALTORS® can provide local information on utilities, zoning, schools, and more. They also have objective information about each property. REALTORS® can use information you provide them, along with data to help you determine if the property has what you need. They also assist in executing a purchase agreement that allows enough time for you to complete inspections and investigations of the property before you are bound to complete the purchase.

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