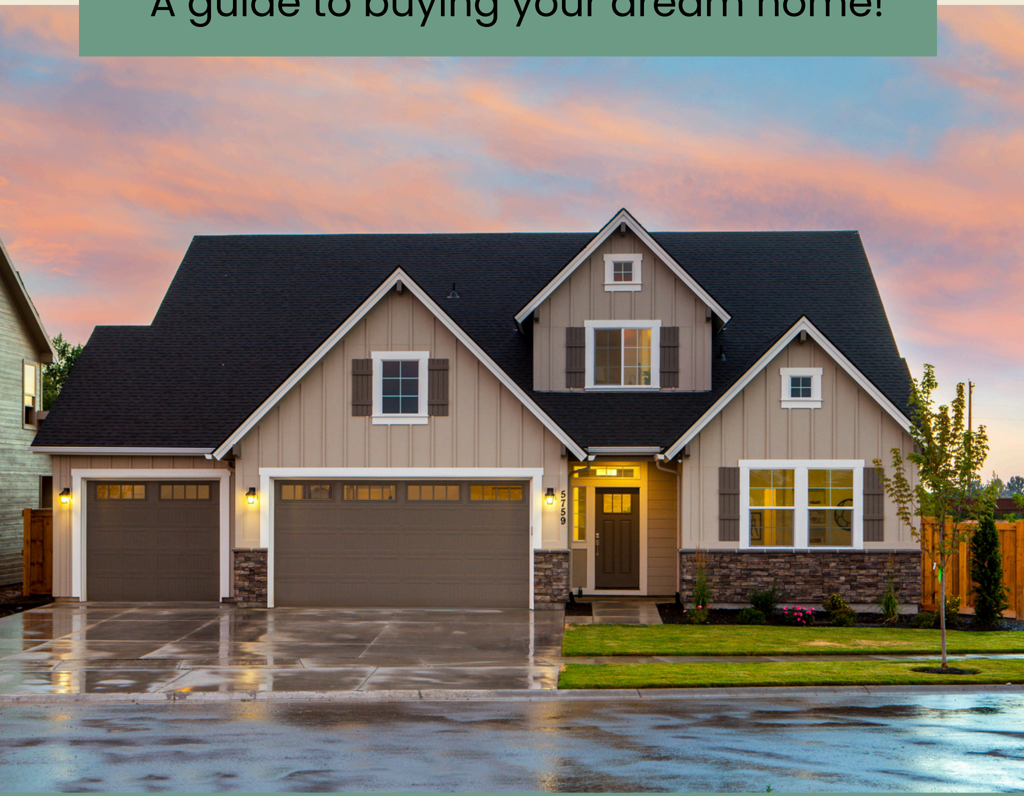
Home Buyer's Guide

A guide to buying your dream home!



TWO LANE REALTY

"Where Every Road Leads to a New Beginning"

Sierra Carter

Broker - Owner

334-360-0042

Soldwithsierra.org

Hey there, future homeowner! 👋 Are you ready to turn the key on your dream home in Alabama? Whether you've never bought a house before or you're just unsure where to start, this guide will walk you through every single step of the process. And the best part? When you work with me, I'll make sure you feel confident, informed, and excited about every move you make!

Let’s Talk Budget

Buying a home starts with knowing what you can afford. Trust me, you don’t want to fall in love with a house that’s out of your price range! So, the first thing we do is figure out your budget.

Income and Expenses

Your mortgage lender will sit down (or chat!) and go over your income, your monthly expenses (like car payments, groceries, and any debt), and your savings. This way, you’ll know how much you can comfortably spend on a home without stretching yourself too thin.

Down Payment

You’ll usually need to save up 3-20% of the home’s price to put down upfront. Don’t have a big chunk of savings? That’s okay! There are some loan options for first-time buyers that let you pay as little as 3% down. Your lender will help you figure out what’s best for your situation.

Monthly Payments

Your mortgage payment is the monthly amount you’ll pay back to the bank for your loan. But remember, there are also things like property taxes, homeowners insurance, and maintenance costs (hello, leaky faucets!) to consider. Make sure your lender helps you understand the full cost of owning a home so there are no surprises.

I can help connect you with trusted local lenders who will work with your budget and offer competitive rates. Together, we’ll make sure you’re in great financial shape before diving into house hunting.

Pre-Approval

"Your Golden Ticket"

Before we start touring homes, you'll need to get *pre-approved* for a mortgage. This shows sellers that you're serious and that the bank is willing to give you a loan. It's like getting the thumbs-up from the bank!

What's the process?

You'll need to submit paperwork like pay stubs, bank statements, and your credit score to a lender. I've got a list of great local lenders who know how to work with first-time buyers in Alabama.

Why does this matter?

Getting pre-approved helps us avoid wasting time looking at homes outside your price range and gives you a stronger negotiating position when it's time to make an offer.

It's ok to shop rates and terms with a couple lenders then choose the one that works best for your needs and that you work best with. Understanding is key. This is a major purchase, so make sure they can answer all your questions and explain thoroughly. Once you have done your research, be decisive on who you will go with.

Choosing Your *Loan Type*

Conventional

- A standard mortgage not insured or guaranteed by any government agency.
- Down Payment: Typically requires a down payment of at least 3% to 20%.
- Private Mortgage Insurance (PMI): Required if the down payment is less than 20%.

FHA

- Insured by the FHA, suitable for buyers with lower credit scores and smaller down payments.
- Down Payment: As low as 3.5%.
- PMI: Required, but premiums may be higher than conventional loans.

VA

- Available to eligible veterans, active-duty service members, and surviving spouses.
- Down Payment: Typically 0% down payment required.
- PMI: Not required; instead, there's a funding fee.

USDA

- Backed by the U.S. Department of Agriculture, designed for low-to-moderate-income homebuyers in rural areas.
- Down Payment: Usually 0% down payment required.
- PMI: Required, but premiums are typically lower than other loans

I am not a mortgage lender, and the information provided is for general purposes only. Please consult a licensed mortgage professional for personalized advice.

Finding the Right *Agent*

HIRING THE RIGHT REAL ESTATE AGENT IS A VITAL PART OF THE HOME BUYING JOURNEY. LET'S BREAK DOWN HOW A BUYER'S AGENT CAN HELP YOU ALONG THE PROCESS.

- **Guidance from an Expert**: A Realtor provides profound insights into the real estate market, guiding you through complexities and offering informed decision-making. They navigate legal contracts to safeguard your interests, ensuring a fair deal when acquiring a home.

- **Market Expertise**: Leveraging their knowledge, Realtors offer valuable insights into prevailing market trends, pricing dynamics, and property values.

- **Negotiation Proficiency**: Realtors excel in negotiation, advocating for your best interests to secure optimal deals, prices, and terms, whether you're buying or selling.

- **Professional Network**: With an extensive network, Realtors connect you with reliable professionals, simplifying the entire process—from mortgage brokers to repair companies.

- **Streamlined Paperwork**: Real estate transactions involve significant paperwork, and Realtors ensure accurate and timely completion, minimizing the risk of errors.

- **Time Efficiency**: Your Realtor takes care of time-consuming tasks such as property searches, viewings, and inspections, allowing you to focus on other priorities.

- **Access to Listings:** Realtors have access to a vast database, offering a broader range of property options matching your criteria.

- **Objective Counsel**: Your Realtor provides unbiased advice, presenting both pros and cons of a property, ensuring your decisions align with long-term goals.

- **Closing Support**: From the initial consultation to the closing table, a Realtor provides steadfast support, ensuring a smooth and successful real estate transaction.

Let’s Find Your Dream Home

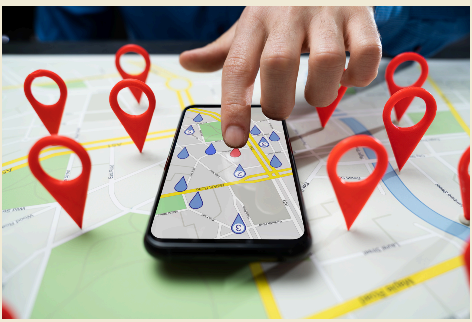
This is where the real excitement starts. We’ll get out there and start looking at homes that fit your budget and your must-have list. This step is more than just browsing pretty pictures online – we’ll hit the streets and tour homes together!

Making a Wishlist

Before we start looking, I’ll ask you a bunch of questions to figure out what you want in a home.

- How many bedrooms and bathrooms?
- Do you want a backyard for BBQs or room for a home office?
- Need to be close to schools or work?

I’ll take notes on everything that matters to you.



Touring Homes

When we tour homes, I’ll not only point out the beautiful features but also look at potential problems.

I’ll check for things like roof age, water stains that could signal leaks, the condition of appliances, and more. This way, you’ll have a better idea of what repairs or upgrades might be needed.

I’m here to help you see beyond the paint colors and make sure you’re investing in a solid home.

Start searching for homes now at Soldwithsierra.org

Buyer Agency Agreement

Before we hit the road to start touring homes, there's one important step that every buyer across the nation must now take—signing a Buyer Agency Agreement. This new regulation from the National Association of Realtors (NAR) ensures that both you (the buyer) and I (your real estate agent) are on the same page about how I'll be representing you throughout your home-buying journey.

What is a Buyer Agency Agreement?

A Buyer Agency Agreement is a legal document that shows:

- **Representation**: It clarifies that I'm your agent and will represent your best interests, not the seller's.
- **Responsibilities:** The agreement spells out the services I'll provide, like searching for homes, setting up tours, negotiating offers, and guiding you through inspections and closing.
- **Exclusive Relationship**: Once signed, I am your exclusive agent. This means I'm committed to you, and in turn, you agree to work with me to find your home.

Why is this Agreement Important?

- **Trust and Commitment**: It ensures that you get my full attention and expertise. With the agreement in place, you know I'm working solely for you and not the seller.
- **It's Now Mandatory**: As of 2024, this agreement is required for all real estate agents across the nation before any home tours can take place. That means no matter where you're buying—Coffee County, Geneva County, or anywhere in the U.S.—the process is the same.
- **Clear Expectations**: This agreement lays out everything in writing, so there's no confusion. It protects both you and me throughout the home-buying process.

Making The Offer

You've found a house you love – yay!
Now it's time to make an offer. I'll guide you through this process to make sure your offer stands out, while also getting you the best deal.

Offer Price:
I'll help you decide on a fair offer by looking at comparable homes in the area (called "comps"). This ensures you're not overpaying and gives us a strong case to present to the seller.

Market Conditions:
Whether it's a buyer's market (more homes for sale) or a seller's market (more people buying), I'll help strategize the best approach.

Negotiating:
If the seller makes a counteroffer (which often happens), I'll handle the back-and-forth negotiations to make sure we land the best deal for you. You'll never feel left in the dark!

Related *Expenses*

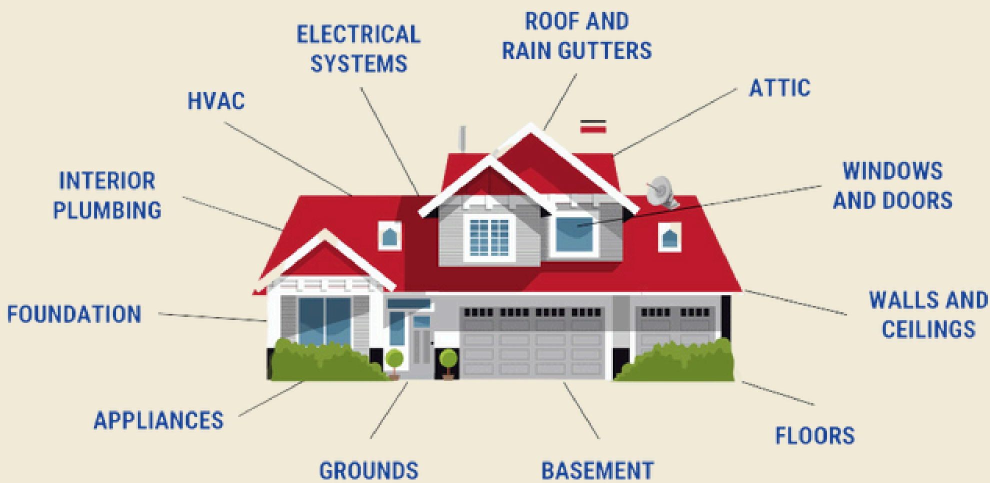
- **Earnest Money Deposit**: A deposit made by the buyer to demonstrate commitment to the purchase, that will be held in escrow. Can be any amount acceptable to buyer.
- **Down Payment**: A percentage of the home's purchase price paid upfront. Some loans can be as low a 0% of the loan amount but 20% is encouraged.
- **Home Inspection**: The cost of hiring a professional inspector to assess the condition of the property. Approx. $300-$600
- **Closing Costs**: The estimated closing costs as a percentage of the purchase price is typically 3% and typical in the following.
    - **Lender Fees**: These can range from .05-1% of the loan amount and may include loan origination fees, underwriting fees, and discount points.
    - **Appraisal Fee**: The fee for a professional appraisal to determine the property's market value. The fee can be around $600 for most homes. Complex and luxury homes can be up to a couple $1,000.
    - **Title and Escrow Fees**: These typically range from 1% to 2% and cover the costs associated with title searches, title insurance, and escrow services.
    - **Recording Fees**: These fees, charged by local governments, can vary but generally make up a small percentage of the overall closing costs.
    - **Homeowner's Insurance**: Insurance coverage to protect the property and its contents.
    - **Private Mortgage Insurance (PMI)**: Required for buyers with a down payment less than 20% to protect the lender in case of default. Will also be included within your monthly mortgage payment.
- **Property Taxes**: Annual taxes levied by the local government based on the property's assessed value. Will be pro-rated.
- **Survey Fee**: The cost of a property survey to determine property boundaries and features. Prices vary.
- **Homeowner's Association (HOA) Fees**: Monthly or annual fees for properties located in managed communities. Will be pro-rated.
- **Utility Connection Fees**: Fees associated with connecting utilities such as water, electricity, and gas.
- **Moving Costs**: Expenses related to hiring movers, renting a moving truck, or renting a storage unit. This can be thousands of dollars depending on your choice, distance and length of time involved.
- **Home Warranty**: Optional coverage providing protection for major home systems and appliances. Typically $700.
- **Home Maintenance Fund**: A reserve you maintain for immediate or future repairs and maintenance.
- **Closing Day Expenses**: Miscellaneous costs that may arise on the closing day, such as notary fees or courier charges.

Home Inspections

After your offer is accepted, we'll schedule a home inspection. This is a super important step because it's where we uncover any potential issues the house might have.

What's inspected?

A licensed inspector will check things like the roof, plumbing, electrical systems, foundation, and more. If the inspector finds any big problems (like a roof that needs replacing), we can ask the seller to fix them before closing or negotiate a lower price.



I'm Your Eyes and Ears.

It is very common for home inspections to be several pages long with a lot of noted recommended repairs. Do not let this scare you! I'll review the inspection report with you to explain any concerns in plain English. If the inspector flags something serious, I'll help you decide whether to move forward or walk away. We'll always have a Plan B!

Finalizing Your *Mortgage*

Once the inspection is good and the seller agrees to any repairs, it's time to wrap up your mortgage. The lender will ask for some final documents, and then they'll "underwrite" your loan (a fancy way of saying they're making sure everything is in order).

The appraisal: The bank will also send an appraiser to check that the home is worth the amount you're paying. I'll make sure this goes smoothly and keep you informed.

Mortgage Timeline

Closing Day

Closing day is when you officially become a homeowner! You'll sign a bunch of documents, pay your down payment and closing costs, and then you'll get the keys to your new home. 🎉

What to Expect on Closing Day:

- Be sure to bring two forms of ID for closing attorney to verify your identity.
- Pay your "cash to close": This will be the amount of money you bring to closing to successfully close on your home. It can be in the form of a cashier's check or money order.
- Title transfer: The closing attorney will ensure everything is legally sound and that the title is clear (meaning there's no one else who can claim ownership of your home).
- Obtain keys!

I'll be right there with you to make sure every "i" is dotted and "t" is crossed. After all the hard work, you'll finally have the keys in hand!

Home Buying Process

Overview of the Complete Homebuying Journey:

1. Speak to Mortgage Lender
   - Figure out best loan type
   - Get pre-approved
2. Find a Buyer's Agent
   - Sign Buyer Agency Agreement
   - Discuss home wish list
3. Start Touring Homes
4. Make an Offer
   - Counter offer as necessary
5. Officially Under Contract
6. Ask Mortgage Lender to Order Appraisal
7. Schedule All Home Inspections
   - Home Inspection
   - Septic Inspection
   - Well Inspection
   - Roof Inspection
   - Structural/Foundation Inspection
8. Review Inspection Results
   - Ask for repairs
9. Secure Financing
   - AKA "Underwriting"
10. Closing Day!

Thank You!

Thank you for taking the time to read through my home buying guide. I hope it answered all the questions you had.

If there is anything else you still have questions about, please feel free to reach out at any time!

Sierra Carter

Broker - Owner

334-360-0042

Soldwithsierra.org

A Little About Me

Hey there! I'm a Geneva County native, proud mom of two wild boys, and a real estate agent since August 2022. I started my own brokerage because I wanted to give my clients a more personal, tailored experience. Real estate is my passion, and I'm here to make sure you get the best deal, the best home, & have a little fun along the way. Let's find your dream home together-I'll bring the expertise, and you bring the excitement!

TWO LANE REALTY

"Where Every Road Leads to a New Beginning"

TWO LANE REALTY