



BUYERS GUIDE

A COMPLETE GUIDE TO
THE HOME BUYING PROCESS

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Starting the Journey of Obtaining Home Ownership

At the Incorvaia Team, we've made it our goal to become masters of the home-buying process and we are here for you. Helping people like you buy their homes over the last 18 years has allowed us to master the skills of the process. Our professionalism, consistency, and dedication is what drives us to help serve you!

This guide is information gathered over our experience in real estate that will help answer your questions and help you fill any blanks all while making this process easier for you.

Once you have gone through this guide and you still feel like you have questions or need clarification, let us know. Helping people is our passion as we are community market leaders. Let us help provide you an amazing service as we help you through one of the biggest journeys one can go on.

Hoping to help in any way possible,

Best,
The Incorvaia Team



Time for You to Buy a Home

As this can be a very stressful time, we want to ensure your confidence in us to let you know we are here to help the process run effortlessly and smoothly; always putting you and your family first. This is something we are passionate about and enjoy doing; therefore, we are happy to help guide you through entirety of the process.

Our goal as the communities market leader is to provide those in our community with an immaculate service. With our years of combined work, digital marketing strategies, online platform, and hearts that care more about serving you than selling you, we ensure you have our full integrity in this process.

"LOVE WHAT YOU DO, AND OTHERS WILL TOO"

Goals and Objectives

What is the reason you are buying? Is it because you have to sell your home? Are you looking to upgrade? Are you looking to downgrade? Do you need to relocate for a job? Are you moving to be closer to family? Are you moving to be in a nicer area or closer to better schools? This is all very important in order to reason with us on why you are moving and what you are looking for. When we know what you are looking for we can better accommodate you and your needs! *'Why'* is it that you are wanting to buy right now?



WRITE IT OUT

For us to better understand what you are looking for, we want to cover the basics and ensure that you do to by explaining the reasonings behind your move. Fill out the boxes below and elaborate for better communication in this process!

I **want** to buy a house because...



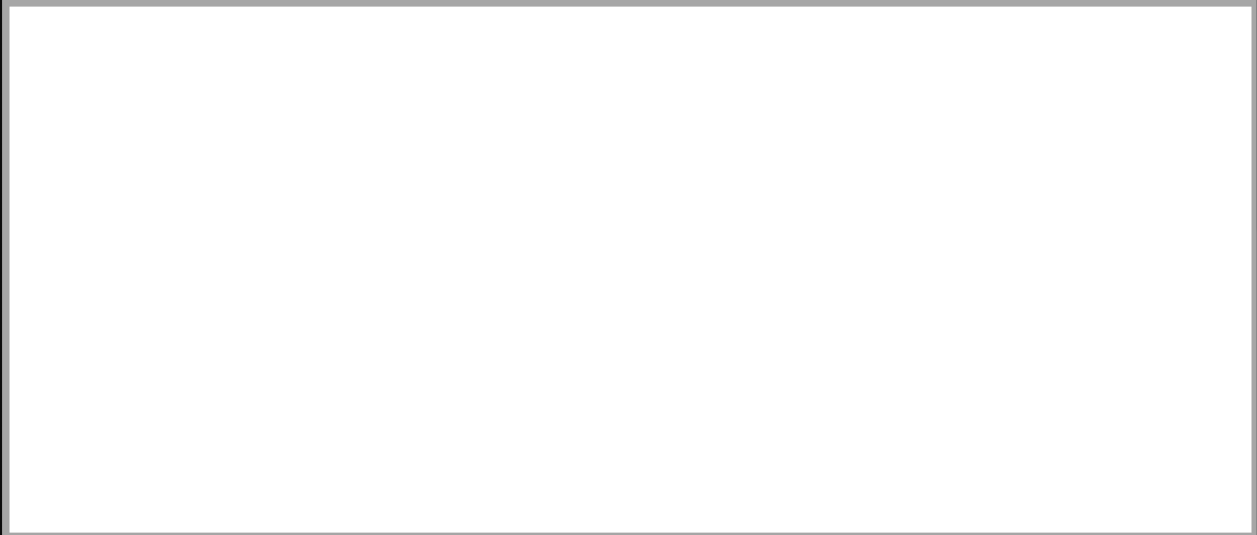
Owning a house would make me **feel**...



GETTING DOWN TO IT

Yes, knowing your why is extremely important, but so is having a vision in mind. Being verbal about what assets and characteristics of a home are important to relay over to your agent so we have the same idea in mind when looking for that perfect home. Do you need land for outdoor amenities? As you a chef and love a gourmet kitchen? Let us know so we can find this dream and make it a reality!

the features of the home most **important** to me are...



it's **important** for my house to be...



WHAT TO EXPECT

GETTING FROM POINT A TO POINT Z

1. Initial Consultation

We will discuss your goals and how we can help you achieve them. We love meeting in person, and we also have virtual options.

2. Mortgage Pre-Approval

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.

4. Showings

Working around your schedule, we will make appointments at the homes you have chosen to see.

5. Drafting an Offer

We will discuss the terms of your offer and compile them into a contract.

6. The Negotiation

We will fight for every penny as though it was our money.

7. Managing the Details

We manage all the details necessary to get you to the finish line.

8. Closing

You will receive keys and become the owner of your new home, yay!

9. After Closing

We pride ourselves on maintaining life-long relationships with our clients and continuing to bring value to you.

It is Not Like the Year 2008

Our housing market is nothing like it was over 10+ years ago. There are many similarities in today's housing market to the Great Recession. Let's compare the markets in order to better educate ourselves on what we should expect.

The Great Recession – the recession that started with a housing and mortgage crisis; effected many people from losing their jobs, homes, etc. Today, we face a very different challenge: an external health crisis that caused a pause in the economy and a major shutdown in many parts of the country.

As there are many similarities with the markets; however, there are also many differences.

1. Home Price Appreciation

When we look at appreciation in the visual here, there's a big difference between the 6 years prior to the housing crash and the most recent 6-year period. Leading up to the crash, we had much higher appreciation in this country than we had coming into this year. In fact, the highest level of appreciation most recently is below the lowest level we saw leading up to the crash. Prices were rising going into this economic slowdown, but not at the rate they were climbing back when we had runaway appreciation.



It is Not Like the Year 2008

2. Mortgage Credit Availability

The Mortgage Credit Availability Index is a monthly measure by the Mortgage Bankers Association that gauges the level of difficulty to secure a loan. The higher the index, the easier it is to get a loan; the lower the index, the harder. Today we're nowhere near the levels seen before the housing crash when it was very easy to get approved for a mortgage. After the crash, however, lending standards tightened and have remained that way ever since.

3. Number of Homes for Sale

One of the causes of the housing crash in 2008 was an oversupply of homes for sale. Today, as shown in the next image, we see a much different picture. We don't have enough homes on the market for the number of people who want to buy them. Across the country, we have less than 6 months of inventory – an undersupply of homes available for buyers.

4. Use of Home Equity

The next chart shows the difference in how people are accessing the equity in their homes today as compared to the period leading up to the housing crash. Back then, consumers were harvesting equity from their homes (through cash-out refinances) and using it to finance high-end lifestyles. Today, consumers are treating the equity in their homes much more responsibly.

5. Home Equity Earned

Today, 58.7% of homes across the country have at least 60% equity. In 2008, homeowners walked away when they owed more than what their homes were worth. With the equity homeowners have now, they're much less likely to foreclose on their homes.

If you're considering buying a home this year, there's no need to fear the market. We're not in a housing crisis, and this is nothing like 2008.

TOTAL HOME EQUITY CASHED OUT

Years	Dollars	Years	Dollars
2005	\$263B	2017	\$71B
2006	\$321B	2018	\$87B
2007	\$240B	2019	\$89B
Total	\$824B	Total	\$247B

The Internet

Today's everyday reality is pretty different than it looked at the beginning of the year. We're getting used to doing a lot of things virtually, from how we work remotely to how we engage with our friends and neighbors. One of the big changes we're adapting to is how the common real estate transaction is being revised.

Technology is making it possible for many to continue the quest for homeownership, an essential need for all, especially through the evolving health crisis.

While all regulations vary by state and locality, here's a look at some of the new elements of the process (at least in the near-term), due to the country's revised guidelines and protocols, and what you may need to know about each one if you're thinking of buying or selling a home. Every market is different, so staying in touch about how these protocols continue to change is more important today than ever before.

1. Virtual Consultations: Instead of heading into an office, you can meet with real estate and lending professionals through video chat. We can still work together to get the process started remotely.

2. Home Searches & Virtual Showings: According to the National Association of Realtors (NAR), the Internet is one of the three most popular information sources buyers use when searching for homes. Real estate professionals have access to listing information and can help you request a virtual showing when you're ready to start looking. This means you can walk through digital tours of homes on your wish list while keeping you and your family

3. Document Signing: Although this is another area that varies by state, today more portions of the transaction are being done digitally. In many areas, agents and loan officers can set up accounts where you can upload the required documentation and sign electronically right from your home computer.

4. Sending Money: Whether you need to pay for an appraisal or submit closing costs, there are options available. Depending on the transaction and local regulations, you may be able to pay some fees by credit card, and most banks will also allow you to wire funds from your account. Sometimes you can send a check by mail, and in some states, a mobile escrow agent can pick up a check from your home.

5. Closing Process: Again, depending on your area, a mobile notary may be able to bring the required documents to your home before the closing. If your state requires an attorney to be present, check with your legal counsel to see what options are available. Also, depending on the title company, REALTOR Magazine indicates some are allowing drive-thru closings, which is like doing a transaction at a bank window.

Although these virtual processes are starting to become more widely accepted, it does not mean that this is the way things are going to get done permanently. Under the current circumstances, however, technology is making it possible to continue much of the real estate transaction today.



Financing Processes

Before you start looking at homes for sale, get your financial house in order. If you don't know your credit score, now's a good time to check it. If you think it doesn't look right, request your free credit annual report from www.myFICO.com and fix any errors you spot!

Finding a Lender

Not every lender is right for you. We have compiled a list of questions to help in the decision making process. Here are a few:

- Google your prospective lender and check reviews and testimonials.
- Ask what their current turn time is and does that work for you?
- What types of loans programs do they offer and specialize in?
- What are the fees associated with the loan they are offering?

We also have preferred lenders and we can provide that list upon request.

Basic Information You Will Need to Apply

Depending on your situation you may need additional documentation, such as retirement and pension papers, divorce decree, or child support orders.

However, this short list will be a great start:

- Past 2 Pay Stubs
- Past 2 Bank Statements (All Pages)
- Past 2 Years Tax Returns
- Past 2 Years W2's and/or 1099's
- Driver's License
- Social Security Card

Payment over Purchase Price

Of course the purchase price of your new home is important, but at the end of the day you will be living with the monthly payment. Work with your lender to determine what you can comfortably afford.

Pre-Approved vs. Pre-Qualified

A Pre-Qualification is an informal you "might qualify for", non-committal determination by the lender or mortgage broker.

A Pre-Approval is a formal determination in writing, on a loan amount up to a specified amount from the lender or mortgage broker. This gives you more negotiating power and leverage.

All About Escrow

Before you start looking at homes for sale, get your financial house in order. If you don't know your credit score, now's a good time to check it. If you think it doesn't look right, request your free credit annual report from www.myFICO.com and fix any errors you spot!

Day 1: Open Escrow

Your contract is accepted!! Pop some champagne!

Day 2: Earnest Money Due

Earnest Money is due upon acceptance of your offer and the opening of escrow. This is your 'good faith' deposit.

Day 3: Seller Disclosures Due

The seller is contractually obligated to disclose all material facts (eg., any leaks, insurance claims, major renovations/repairs, etc) and the paperwork is due 3 days after opening escrow.

Day 10: Physical Inspection Period Ends

You have 10 days (by default unless otherwise negotiated) to conduct any and all inspections and decide if you would like to negotiate repairs and move forward. During this time you can back out and still have rights to your deposit.

Day 27: Loan Contingency Period Ends

Your lender has 3 days prior to close to collect documentation and decide if you are fully approved or not. If they claim you are not, you can still backout as long as it's prior to 3 days before closing, and you'll still have rights to your deposit.

Day 28: Final Walkthrough

Just a few days before escrow closes, you'll walk through the property to ensure all requested repairs are done, and to make sure the property is in the same condition as it was when you submitted the offer.

Day 30: Closing

The papers are signed and the deed is recorded. You will receive keys and become the owner of your new home!

COSTS WHEN BUYING

Earnest Money Deposit (due immediately at contract acceptance)

Typically the EMD amount is determined based on the purchase price in our market. It's common for 1-2% of the purchase price. It can be delivered by wire (usually there's a \$20-30 fee included), cashier's check or personal check. This will become part of your downpayment and is not an additional fee.

Down Payment (due at close of escrow)

The amount you will need for a downpayment is determined by the type of loan you qualify for. FHA is a minimum of 3.5% whereas conventional loans can range anywhere from 3 - 20%. Ask your preferred lender for options available.

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 at time appraisal is ordered)

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 \$400 - \$1000.

Closing Costs (due at close of escrow)

Closing costs are the fees included for escrow, title and lender services. They range from 2 - 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) if these services are completed, even if you do not end up buying the home.

CLOSING COSTS

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

Escrow Fees

Paid to the escrow firm for their services.

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. Typically paid for by seller, but is negotiable.

Property Taxes

You will typically pay six months of county property taxes up front.

Recording Fees

Paid to the city or county to record your deed in public records.

Home Warranty

If this is not provided by the seller, you may choose to purchase one.

Homeowners Association Dues and Transfer Fees

If your home has a homeowner's association, you will pay 1 - 6 month's dues upfront at closing. There may also be a transfer fee, and responsibility would be determined during contract negotiations.

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

After Escrow 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 recommend that you call the utility companies 1 - 2 weeks before closing to schedule the transfer of service into your name and start service the day of closing.

- GAS
- ELECTRIC
- INTERNET
- WATER
- TRASH

Update Change of Address at Post Office

This can either be done at the local post office, or by visiting the link: <https://moversguide.usps.com/mgo/disclaimer>. Please note there is a \$1.05 processing fee with the online option.

Guess what?

With your consent, we will send an intro postcard to your new neighbors! We'll leave it to you to have the housewarming party :)

Register Your Home Warranty

Among the piles of paperwork, you'll receive your home warranty which you can register online. If you cannot find it, simply call us and we will send you in the right direction.

COMMANDMENTS OF BUYING A HOME

1

Thou shalt not change jobs, become self employed or quit your job.

6

Thou shalt not buy furniture even if the payment is deferred until after closing.

2

Thou shalt not buy a new car, van or truck (you may end up living in it).

7

Thou shalt not allow any additional inquiries on your credit except for insurance purposes.

3

Thou shalt not use charge cards excessively or let your accounts fall behind.

8

Thou shalt not make large deposits without first checking with _____.

4

Thou shalt not spend money you have set aside for closing.

9

Thou shalt not change bank accounts.

5

Thou shalt not omit debts or liabilities from your loan application.

10

Thou shalt not co-sign on a loan for anyone. If you have ANY questions, or recently broke a "commandment", call/email _____.



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For more information about buying or selling your home, contact us today!

 <https://www.youtube.com/c/realtycle2486>

 www.facebook.com/realtycle/

 [Instagram.com/_realtycle](https://www.instagram.com/_realtycle)

 <https://www.linkedin.com/in/realtycle/>

AIM YOUR
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