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## **Homebuyer's Guide**

Do You Preparing To Buy?

### **Essential Information**

Became educated consumer is the best way to approach your purchasing or decided to investigate home ownership and It is very important to educate yourself on the process and requirements before you begin looking for a home. As many people believe that renting is cheaper than buying, or that you have to be a Permanent Resident of the United States or have an exorbitant down payment to buy a house. The reality is that you only need a work permit, and in some cases, the starter costs of renting may almost be the same as that of a down payment for a house. Stay informed by talking with people who have already gone through the process, by attending home-buying seminars, and by visiting Eagle King Realty's Real Estate office. You can find the very useful information by visiting [www.Eagleking.com](http://www.Eagleking.com) or calling (617) 376-8085.

### **Choosing Real Estate Professional**

Choosing to buy a home is one of important decisions of your life and that's why it is in your best interest to associate yourself with a good real estate agent who has experience, who works in the area where you would like to live, and with whom you feel comfortable. If you choose Eagle King Realty's agent, rest assured that you will be dealing with a true

Professional who will provide you personalized service and answer any questions or concerns you may have.

During your first meeting, Our Professional Agent will typically talk to you about the neighborhood where you want to live and the prices of the homes, as well as the transportation, schools and surrounding areas. Your Professional Agent can also assist you in the process of talking with a mortgage representative to potentially secure a "mortgage pre-approval". It is helpful to get pre-approved for a mortgage before looking for your home because you will know the amount of money you will have to spend, and how much you can afford to pay monthly.

### **Your Saving & Credit**

It is important to develop a financial plan and that is not only save money for the down payment, but for other costs that will come along later like the credit check fee, the mortgage application fee and the closing costs. Having an established credit history is an important step in a smooth home buying process. Build a good credit history by trying to diversify how you pay for things and don't pay for everything in cash. Pay your bills on time, limit your debt, reduce the amount of credit cards you have and use them responsibly. It is also important to review your credit report - a record of past and current debt that states when, how and if you paid. Make sure that the information contained in your credit report is accurate. You will have the opportunity to correct any errors. Our Professional can provide you with assistance in securing a copy of your credit report for review.

Your credit history is one document that gives the mortgage lender confidence in you. The better your credit history, the better your credit score; and the better your credit score, the higher the trust level of the lender, which may translate into more mortgage options for you.

The best approach in buying a home is to gain an understanding of how a home is financed, the process of obtaining financial assistance toward your home ownership and the costs that you should be prepared for. There are crucial elements to be aware of: (1) Mortgage Pre-approval, (2) the Down Payment, (3) Mortgage Options and (4) Closing Costs

### **Mortgage Per-approval**

A pre-approval is a calculation that tells you the amount you'll be able to finance through a loan and what your monthly payment will be. A pre-approval also provides the "seller" some comfort that you have the financial means to purchase their home.

Once you know the amount of money the bank will lend you and need to determine how much cash you should save for the down payment. It also will help define the types of homes that are within your budget. Bear in mind that your monthly costs not only consist of mortgage payments, but will also include at a minimum real estate taxes, homeowner's insurance and utilities.

Securing mortgage financing is an important in the real estate purchase process. There are lots of options to explore to find the fit that's right for you and you can take towards

figuring out how much you can afford to make your home search more effective, even before contacting a financial lender. Our Professional Agent can help you in making sense of the financing process and guide you in sorting through your options.

### **The Down Payment**

A down payment is generally the money you pay up front toward your new house. Typically, the more cash you pay as a down payment, the less you will have to pay each month on the mortgage, and the lower the interest costs will be over the life of the mortgage. Many people make a down payment of 5% to 20% of the sales price of the home, but the right percentage for you depends on your situation. There also are certain loans available for 5% down payments or under. One thing that is certain is that saving the money for the down payment can be a challenge. This is why there are so many mortgage options available and our Professional Agent is a good resource to help you choose the one that best corresponds to your personal situation.

### **The Mortgage**

The types of home financing options available to you toward the attainment of your new home are varied, depending on your personal financial situation and unique needs. The best resource available to you in determining your financing option is our Professional agent who can guide you through contacting a financial lender and help you in gauging what you can afford to spend on a home and financing available to you.

### **Here are some typical financing:-**

#### **Adjustable Rate Mortgage (ARM)**

This is a type of mortgage in which the interest rate is tied to a certain economic index and may adjust at certain times. Overall, your monthly payment may go up or down at intervals specified in the disclosure associated with this type of mortgage, depending on the current interest rate.

#### **Fixed Rate Mortgage (FRM)**

This is a type of mortgage in which the interest rate does not change during the entire term of the loan. This means that the monthly payments for principal and interest are also fixed for the life of the loan

#### **Conventional Mortgages**

Generally, mortgages that are not part of a government-housing program, typically have a limit of \$322,700, and are not insured by the federal government

#### **Jumbo Mortgage**

Generally, mortgages that typically exceed \$322,700 and are not insured by the federal government. These loans usually command higher interest rates.

### **Government Backet Loans**

There are two types of government-backed loans, the FHA and the VA. FHA loans are insured by HUD (the Department of Housing and Urban Development of the United States) and VA is insured by the Veterans Administration.

### **Closing & Any Additional Costs**

Closing is when ownership of new home is officially transferred from the seller to you. Sometimes sellers will pay closing costs. If not, you need to be prepared to pay this additional cost, which can range to be an additional two to five percent of the home purchase price. These costs can vary from state to state. Some other costs that you can gather more information on, as well as general estimates, to prepare your personal finances, typically include Good faith deposit: This deposit shows the sellers that you are really interested in buying their home and that you are willing to make them an offer. This deposit can vary between 1 and 10% of sales price depending on the market and can be applied to the down payment, Mortgage application and credit report fees.

### **Search Your Dream House**

Narrowing your home search down with knowledge about how much you can afford to spend, having an idea of what specific features you want versus need in your new home, can also help yourself and our Professional Agents in guiding you through the process to a successful and happy outcome. With this information in hand, our Professional Agents can give you information on houses for sale and will take you to see those that interest you. Our Professional Agents will discuss with you of each house. Don't be afraid to ask all the questions you want. Because, that one of these houses could be your future home. While searching for your new home, our Professional Agents can assist you in fine tuning your search criteria and find the home of your dreams by visiting "Open Houses". Visiting an "Open House" will involve you personally touring houses for sale and getting a first hand view of the home and property. You may want to visit open houses on your own or you may want to go with our professional Agents so that you get a better feel for the market, the neighborhood and the styles of houses available to you.

### **Ask Yourself "What features are most important to me?"**

1. How many bedrooms? How many bathrooms?
2. Does it have a garden, a fireplace, a yard or a garage?
3. Do I want a newly constructed house or a house that has been lived in before?
4. Is it near a specific school, my job, or public transportation?
5. What is the school district like?
6. Are there kids in the neighborhood who are the same age as my own?

7. Does this house need a lot of repairs?

### **The Offer**

When find your perfect home you will need to make the seller an offer in writing. Offer is the first step toward negotiating a sales contract with the seller and is much more complicated than simply determining a price. Because of the large amount of money involved, both the buyer and the seller should protect their investments and limit their risk. Therefore, when you make an offer, typically you not only specify the price you are willing to pay, but also the details of the purchase such as (1)How you intend to finance the home, (2)Amount of the down payment, (3)Who pays the closing costs, (4)What inspections will be performed, (5)Whether personal property is included in the purchase, (6)Terms of cancellation and any repairs you want done, (7)Date you will take physical ownership and possession of the property and how to settle disputes should they occur (8) Contingencies (When something goes wrong, you can cancel the contract without penalty. If you cancel a contract without having agreed upon conditions and contingencies, you could find yourself forfeiting your good faith deposit and the money you spent to inspect the property, as well as other damages. For this and other reasons, it is highly recommended that you retain an attorney. Your attorney will advise you as to what you should include in your offer to protect yourself.). Before making an offer, thoroughly evaluate the property as following: -

- (1) Property Conditions, how the property compares with the rest of the neighborhood.
- (2)Home Improvements, what the previous owners have done to the house to determine if these improvements warrant the asking price and/or were done correctly.
- (3)Market Conditions, When market is "hot" it is often considered a "seller's market". This may give the buyer less room to negotiate his/her ideal price because there may be other people willing to pay more for the home. When market is "slow" then it is considered a "buyer's market". In times like these, houses often sit for longer periods of time without receiving acceptable offers, so when reasonable offers do come in, sellers may be more willing to negotiate
- (4)Seller Motivation, If the seller needs to sell quickly due to their personal situation, they may be more willing to negotiate.

After submitted your offer, you must await the response from the seller. The seller could accept, reject or ponder your offer. Often, the seller will counter your offer with higher amount. This begins the process of price negotiation that may continue until both parties either agree on a price or decide to go their separate ways

### **The Good Faith Deposit**

When you submitting your offer you must provide the amount of your "good faith" deposit that is designed to, among other things, demonstrate to the seller the seriousness of your offer. This is one of the additional costs mentioned earlier. This money is only deposited once the offer has been negotiated and accepted by both parties.

### **House Inspection**

When there is a serious interest in a property and an offer has been made, an inspection is often ordered. The seller should have the property available for inspection by a professional.

In a typical inspection, experts examine the existing conditions of the property and may be required by law, but the elements of an inspection may vary according to region and state and/or your agreement.

The most common type of inspection is the General Home Inspection. A home inspector can provide you with a complete service, which may cover many areas of the home - from the basement to the attic, as well as the exterior of the home, walls, chimneys, and fixed appliances such as refrigerators and stoves.

Other specific elements that can be included in an inspection are the following (this is not a complete list):

Termite inspection

Plumbing

Water Quality

Lead

Radon

Septic Tank

Asbestos

Electricity

### **Indispensable Insurance**

Before a mortgage company will approve your lending arrangement and allow you to close on your new home, they will typically ask you to show proof of title, title insurance, and homeowner's insurance. Our Professional Agents or your mortgage representative can help explain the details, and your attorney can provide counsel on title issues and title insurance

### **The Final Walk Through**

Before the closing takes place and the property is transferred, your Professional Agents may visit your future house with your family. The "Final walk-through" provides a valuable opportunity to ensure that the house has been left in the expected condition.

You should take this moment to make sure that all the items the owner agreed to leave behind are still there, such as kitchen appliances, and even furniture and accessories, depending on the details of the final sales contract. Discuss any problem with your

Professional Agents and with your attorney. In some cases, you "as the buyer" can ask for a discount or credit at the closing to cover any missing item or last-minute damage to the property.

### **The Closing**

Your Professional Agent and your attorney to go over the elements of the "closing" that you can be fully prepared. The closing process varies according to the area of the country (and can even vary within the same state).

Generally, the seller is required to provide clean title to the property at closing. Your Professional Agents, mortgage lender representative and your real estate attorney/legal counsel can best guide you through this process, making sure that all documents are provided and steps followed

### **Marking Your Dreams Come True**

Finding your new home can be a rewarding experience, especially when you have a real estate professional at your side, working and negotiating on your behalf, and guiding you throughout the real estate process. We know that you're looking for more than just a roof over your head. You're looking for a home to express your lifestyle and values, a place to spend time with family and friends, a place to retreat at the end of the day and our Professionals can help you achieve those dreams. Although the real estate process can be complex, Our Professional Agents want to share their knowledge, experience and patience with you in achieving those goals.

**Good Luck!**

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