

# GUIDING YOU HOME

SS COMPASS



Congratulations on beginning your journey toward homeownership! Purchasing a home is a significant decision, and it's an absolute pleasure to guide and support you through every step of this exciting process.

As your dedicated buyer's agents, our primary goal is to make your home buying experience as seamless and successful as possible. You deserve comprehensive support tailored to your specific needs, desires, and dreams. Whether this is your first home purchase or you are a seasoned investor, we are here to provide expert advice, deep market insights, and a strategic approach to ensure you find the perfect home.

Together, we will navigate the complexities of the real estate market with ease. Our commitment to exceptional service means that we will be there to answer your questions, offer professional insights, and advocate on your behalf from the initial search through to closing.

Your journey to the right home should be as rewarding as the day you receive the keys to your new property. In the pages of this home buyer guide, you'll find essential information and resources designed to empower you with confidence as we move forward.

Feel free to reach out at any time as we embark on this adventure together. Here's to a smooth, successful, and enjoyable home-buying experience!



# THE HOME BUYING PROCESS AT A GLANCE

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Closing & Welcome Home!

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Contract to Close



# WHAT YOU CAN EXPECT

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**Detailed Market Knowledge:** You can count on our in-depth understanding of local real estate trends, pricing, and inventory to find you the best options.

**Skilled Negotiation:** Our negotiation skills ensure you're getting the most favorable terms and prices, a fundamental advantage in any real estate transaction.

**Dedication to Your Needs:** Like a dedicated coach, we prioritize truly understanding your specific needs and tailor the home search to fit those unique requirements.

**Responsiveness:** I am available to address your concerns and questions promptly, providing the attentive service you rightly expect.

**Professional Networks:** Our extensive network of contacts within the industry includes lenders, inspectors, contractors, and other agents, all to benefit your home buying experience.

**Educational Approach:** You'll be fully informed throughout the process. We believe in empowering clients with knowledge so that decision-making becomes a transparent and collaborative effort.

**Ethical Standards:** Honesty and integrity are the cornerstones of our service, ensuring you can trust the advice and guidance you receive.

**Problem-Solving Skills:** Any challenges that arise will be met with strategic problem-solving skills, designed to keep your purchase on track.

**Closing Expertise:** We oversee the complexities of the closing process, ensuring all the paperwork and legal details are handled efficiently and correctly.

**Persistence:** No matter the market conditions, we persistently advocate for your interests, relentlessly pursuing the best outcome for you.





# HOW DOES A BUYER'S AGENT GET PAID?

Typically, a buyer's agent is compensated through a commission, which is typically a percentage of the home's sale price. This commission is traditionally paid by the seller at the close of the transaction from the proceeds of the sale.

## **Here's the simplified process:**

**Commission Setup:** When a seller lists a home with a listing agent, they agree on a commission percentage to be paid upon the sale of the home. This commission is often split between the listing agent and the buyer's agent.

**But what happens if the seller isn't offering a commission? In some cases, for various reasons, a seller may choose not to provide a commission for the buyer's agent. Here are a few ways this situation is handled:**

**Negotiation:** It's often possible to negotiate the terms of the sale to include a commission. For example, if the seller's asking price is lower, some buyers choose to include the commission in their offer, effectively rolling the commission into their mortgage.

**Buyer-Paid Commission:** If the seller does not offer to pay the buyer's agent's commission, you as the buyer can agree to pay the commission directly. This would be detailed in the buyer agency agreement which we will go over together.

## **Tip:**

No matter what the situation, it's important to have a clear understanding with your agent about their commission structure before you start the home-buying process..



## STEP 1

# EXCLUSIVE BUYER BROKERAGE AGREEMENT - TRANSACTION BROKER

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Before we start seeing properties, I ask clients to sign this agreement that allows Compass and me, as your agent, to legally and exclusively represent you and your interests. It establishes a formal relationship between us and outlines the terms and conditions under which I will represent you with your property search.

## **Essential Components of Buyer Brokerage Agreement**

1. **Scope of Services:** Defines what services I will provide for you including property search, property showings, negotiation and assistance with the purchase process.
2. **Property Type and Location:** The agreement may include details about the type of property that you are interested in (e.g. single family, condo, commercial property, etc.) and the geographic area where you are looking to purchase. The agreement may or may not be property specific.
3. **Duration:** The agreement will specify the duration of the exclusive relationship. This is the period during which you are committed to working exclusively with me.
4. **Compensation:** The agreement specifies how Compass will be compensated as it relates to your representation. We recommend that you have a conversation with us in the beginning of your search, discuss options for payments and scenarios. We recommend we memorialize it in writing in this agreement.

We will review the agreement together before asking you to sign anything.



## STEP 2

# SPEAK WITH A LENDER

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Some buyers may already walk into the first consultation with a pre-approval letter from the lender they've decided to work with, others may not. I encourage each client to receive quotes from at least two different lenders, and I am happy to connect you with trusted lenders.

It is important to obtain a pre-approval letter from a lender before placing an offer, since this shows the seller and the listing agent that you have already started the process and are more likely to meet the proposed settlement date. In addition, a pre-approval letter and a good faith estimate from a lender will give you insight into the projected down payment, closing costs and expected monthly payment.



### **Documents to gather:**

- Two most recent pay stubs covering the last 30 days
- Federal Tax Returns for the past two years
- W-2's for the past two years
- Bank statements covering the last 60 days
- Retirement/401k statements for reserves



# LOAN TYPES



## QUICK TIP

Ask your lender about buying points to lower monthly payments

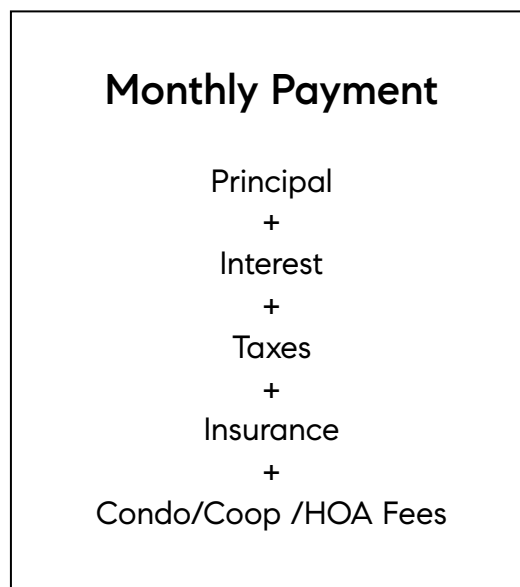
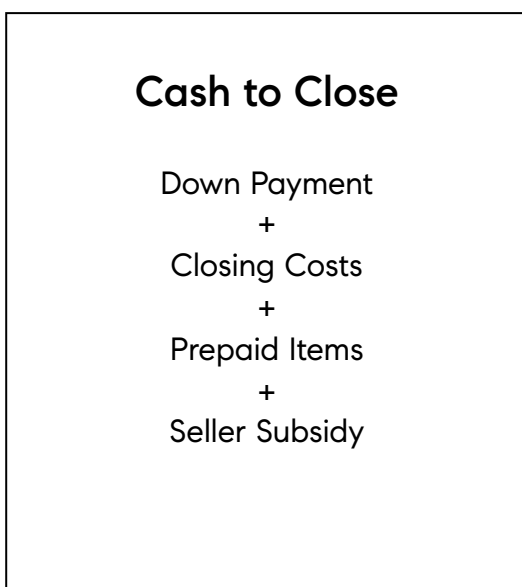
Loan Types	Loan Info	Down Payment*	Eligibility and Restrictions
<b>Conventional (Fixed)</b>	Typically 15–30 year fixed rate	3-20%	Good credit, proven steady income (2 years+ for independent contractors).
<b>Conventional (ARM)</b>	Typically 5–10 year fixed rate, followed by an adjustable rate for the rest of the term	3-20%	Slightly more lenient on credit.
<b>FHA</b>	Typically 30 year fixed rate	3.5%	Option for individuals with lower credit scores. Homeowner occupant only (no investors). Stringent home inspections. Condos must be FHA approved. May take longer to close.
<b>VA</b>	Typically 30 year fixed rate	Not Required	Veterans and spouses only. Homeowner occupant only (no investors). Home condition requirements. May take longer to close.

\*These are general guidelines, and can vary in some cases. Ask your lender for more information about down payment requirements for your loan program.



# FINANCIAL COMMITMENT OF PURCHASING A HOME

A major consideration of purchasing a home is the financial commitment. The two main factors are: (1) the cash needed to bring to settlement (2) the monthly payment.



## Cash to Close

The down payment and closing costs make up the total amount that buyers need to bring to closing.

## Down Payment

The down payment is the cash that you will contribute towards the purchase price. Traditionally, people put 20% of the purchase price down. However, current loan products allow you to put 10%, 5%, 3.5% (FHA), or even as low as 0% (VA/DC Opens Doors) down. Remember that the Earnest Money Deposit (EMD) goes towards the down payment.

## Gifts

A gift is defined as money coming from a direct relative. Depending on your lender and loan product, gifts may be permitted as long as they are accompanied by a letter that acknowledges the money is indeed a gift and not expected to be paid back.

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## Closing Costs

On top of the down payment, other costs will be paid at settlement. The costs typically include the following:

### Transfer Taxes

These are taxes paid to the district or state and are calculated based on the purchase price. Rates vary by state, city, and county.

### Loan Origination Fees

You may pay your lender a fee to create your loan package.

### Settlement Fees

There is a fee for the lawyers to draw up the paperwork and ensure the title work has been done.

### Title Insurance

Buyers are required to purchase title insurance for a lender if you are obtaining a loan. It is also recommended to purchase title insurance for yourself in case anyone claims the right to your property.

### Prepaid Items

Some items have been prepaid by the seller. These include but are not limited to taxes and condo fees. The buyer will pay the seller an amortized amount for the remainder of the period.

### Seller Concessions

You may have heard the phrase "seller paid closing costs", commonly referred to as a seller concession. The seller can provide a credit to help subsidize the closing cost amount of the transaction that only be applied to the closing cost portion. The buyer still provides the full amount of the downpayment. Depending on the loan program you are using, a seller concession can be as high as 3% (and sometimes 6%) of the purchase price. NOTE: The seller concession can not exceed the amount of the closing costs.



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## Monthly Payment

The monthly payment is mainly comprised of PITI, the contribution to the Principal, or the balance left on the loan, the Interest paid on the loan, and contributions towards Taxes and Insurance. If the home is a condo, coop, or belongs to a Home Owners' Association, monthly fees should be expected as well.

## Principal & Interest

The two elements of the mortgage payment that go directly to servicing your loan are principal and interest. The most typical kind of loan is a 30 year loan with a fixed interest rate, in which your monthly payments will be the same with each payment broken down by the lending institution to be applied to the principal amount of the loan as well as the interest charged for the use of the money.

## **Interest Rates**

The more money you put down, the better your interest rate will be. The interest rate is a large factor for your monthly payments, so don't be hesitant to ask lenders to play with different down payment scenarios and price points to create a monthly payment that works for you.

## **Taxes & Home Owner's Insurance**

Let's say you pay one-twelfth of the tax and home owner's insurance bills each month as part of your mortgage payment. If that's the case, this portion of the mortgage payment is put into an escrow account with the lender. When the bills are due, the lender will pay the taxes and home owner's insurance out of the escrow account, directly to the county or city for taxes and to the insurance agent for the home owner's insurance. Due to tax fluctuations, the monthly payment can still change over the life of the loan when the tax bill changes.

If you are putting down less than 20% as your down payment, the lender will require that you escrow funds for taxes and homeowners insurance on a monthly basis as part of the monthly mortgage payment. If you put down 20% or more, you have the option to escrow funds on a monthly basis or to pay the bills on your own when they are due.

## **Mortgage Insurance**

It is common for monthly payments to include mortgage insurance if the down payment for the original loan is less than 20%. Some lenders will provide options without paying mortgage insurance. Talk to your lender for more information.

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## **Existing & Future Debts**

A lender will consider debts that you may have in different ways. The main thing to remember is to not make any new big purchases or change jobs while going through the home buying process. It will cause a delay in settlement and often disqualify you from obtaining a loan. If you are thinking about a job change or large purchase, consult with us first!

## **Student Loans**

Lenders don't necessarily look at the remaining balance of student loan debt; they focus more on the monthly expense that you pay towards your student loan balance. Speaking to a lender sooner rather than later is the best way to understand how much your student loans will impact your qualifying mortgage loan amount.

## **Car Loans**

Any existing debt from a car purchase will be considered when a lender approves your loan. Make sure you do not purchase a new car during this process as the new debt will cause the lender to recalculate specific ratios.





## STEP 3

# SEARCHING FOR YOUR NEW HOME

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Together, we will search all available listings that meet your search criteria until we find the one that you can see yourself calling home. There is no "normal" timeline when searching for a home. It may take two weeks or ten months. I will be there every step of the way!

## Different Types of Listings

As soon as a budget has been identified, it's time to start searching for properties!

### Condominiums

Condos offer a low maintenance way of living. The individual units share responsibility for the interior common spaces, exterior maintenance, and roof of the building, while repairs and maintenance are paid from the reserve funds of the condominium association.

Condo fees are a major consideration when it comes to purchasing a condo. The fees for larger buildings can be as high as \$500+ per month while smaller buildings or row house conversions can be around \$200 per month.

### Co-Operatives (Coops)

Rather than paying rent that covers condo fees, residents of co-ops actually purchase a share of a corporation which owns the entire building. As part of the purchase, residents sign a property lease for their unit and have a common share interest in all of the communal spaces. Day to day living is much the same as condo living---the differences are more in the ownership structure and taxation.

Since the Co-op Corporation owns the entire building, co-op fees include real estate taxes for the entire building. Co-ops are more restrictive on lending and may have designated co-op lenders. Jocelyn will research which lenders work with the coop. You will need a pre-approval with a lender that is designated to lend money for the coop.

Additionally, the Co-op Board will require an interview with prospective buyers. Usually these interviews are more of an introduction to the building and board members, but they are also a great opportunity to ask any questions that you may have about the association or building.



## Single Family Homes

Single family homes can be detached homes, row houses, or townhouses. Depending on the community, there may be a Home Owners' Association that oversees the property and, therefore, will charge a fee. The fee is usually much less than a condo or coop fee because it doesn't cover building maintenance or insurance. The fee may sometimes include lawn and common area maintenance.

## Open Houses

Open houses are a convenient way for listing agents to show a property. Typically, open houses on Saturday and Sunday afternoons. While I try to accompany clients to all showings, feel free to walk into an open house if you are walking by. The agent may ask you to sign in. You can sign your name and then my name. The agent will follow up with me instead of bothering you.

## Online Searching

Many multiple listing service (MLS) databases, such as Zillow and Trulia, are available to you online. While actively finding listings to show you, feel free to perform your own search and send us any properties that you find interesting.

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## Apps

Here are mobile apps (Android and iOS) that we love to use:



### Compass

This app is your guide to finding a home you'll love.



### Compass Markets

This app provides the smartest and most relevant real estate data.







## STEP 4

# SUBMIT AN OFFER

So we've found your new home. Now what? Your offer will include various documents including your pre-approval letter from your lender. I will prepare the offer with you for your signed approval and will present the offer on your behalf to the listing agent.

### Components of an Offer

Contract to Purchase	Contingencies	Other Components
Price Closing Date Escrow Deposit Inspection Period Financing Period	Home Inspection Financing Appraisal *Community Approval	Disclosures/Disclaimers Pre-Approval Final Escrow Check/Funding from Lein Search *Estoppel Letter



## Contract to Purchase

This is the agreement between you and the sellers to purchase the property for a specific price. Other details defined in the contract of sale are the settlement company, date of settlement, and earnest money deposit amount.

Additionally, the buyer may request to purchase a home warranty or have the sellers purchase one on their behalf.

In order to determine a starting price for the contract, we will research recently sold comparable properties. When multiple offers have been submitted on the same property, the property will likely sell for over the listed sale price. In an escalation clause, two numbers are provided: an escalation factor and an escalation cap. The escalation cap is the absolute max you are willing to pay. The escalation factor is the amount over the next best offer you are willing to pay. The agent compares all of the escalation caps of the offers that were received. The highest cap is usually looked at first and compared to the next highest. The highest offer will pay the cap of the next best offer plus the escalation factor defined in the escalation clause. The listing agent always provides proof of the offer that made your offer escalate.

For example, your contract may offer the list price of \$350,000 with an escalation clause defining the cap as \$375,000 and factor as \$2,500. If the next best offer was \$360,000, your offer price would go to \$362,500.

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### Contingencies

Many potential contingencies may impact a contract. The main contingencies are home inspection, financing, and condo/coop/HOA document receipt and review. Other contingencies may be necessary per the seller.

Keep in mind that contingencies may be waived by the buyer. Waiving contingencies is usually done in a very competitive situation with multiple offers.

### Condo/Coop/HOA Docs

If the property under contract must follow Condo Association, Cooperative, or Home Owner Association rules and regulations, the buyer has the right to review the association documentation and can void the contract for any reason during this review. The documents will include a financial snapshot, rules and regulations, recent meeting minutes, and more.

### Additional Offer Components

These documents are either provided by the seller or prove that you are a qualified buyer.



## STEP 5

# ESCROW DEPOSIT

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The Escrow Deposit is the amount of money that the buyer will put in an escrow account held by the title company. The money will only be deposited if the contract is signed and agreed by both parties. This deposit will be due within 3 business days of your offer being accepted.

An appraisal contingency allows you to back out of the contract or re-negotiate the sales price based on a third party appraisal that defines the value of the property. For example, if the property is under contract for a sale price of \$415,000 and an appraisal values that house at \$410,000, the buyer can renegotiate to \$410,000 or back out of the contract without defaulting.

This contingency may also be waived. If the appraisal does not match or go over the sales price and the buyer is obtaining a loan, the buyer is required to provide the cash for the difference.



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## STEP 6

# HOME INSPECTION/ DISCLOSURES, REPORTS & REPAIRS

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The home inspection is a critical step in the home buying process that helps ensure that the property you are purchasing is in good condition and free from any significant defects or safety concerns. Your Agent will help guide you through this process and provide you with resources upon request:

- Hire an experienced, licensed home inspector.
- Schedule inspection in a timely manner and per contract inspection period
- The inspector will thoroughly examine the home's critical components, electrical systems, plumbing, heating and air conditioning, appliances, and more.
- The home inspection should be attended by you and your agent.
- Ask questions
- The inspector will provide a detailed inspection report that summarizes the findings
- Discuss the report with your agent and if necessary negotiate repairs or concessions

### **Disclosures/Disclaimers**

Depending on the county in Florida, disclosures or disclaimers will be provided. If the property was built prior to 1978, the offer will include a federal lead disclosure, which discusses the potential for lead to exist in the property and the health risks associated with a known lead presence.

### **Seller Disclosure**

The seller's disclosure is completed by the seller and provided to potential buyers. Its purpose is to inform buyers about the condition and history of the property being sold. In this disclosure the seller is expected to disclose information known about the property such as physical condition, repairs and renovations, environmental, pest, legal and neighborhood issues, and the existence of a homeowners' association.



## STEP 7

# LOAN, APPRAISAL & CLOSING

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### **Financing**

If you are securing a loan to buy a property, a financing contingency may be a part of the offer. This contingency will allow you to back out of a contract without penalty if you are unable to secure a loan. There are different forms depending on the type of loan: Conventional, FHA, or VA.

If you are obtaining a loan, this contingency can be waived in order to make an offer more competitive. If you and the lender are confident in your ability to obtain the loan, it is low risk. If for some reason, you cannot purchase the property because a loan cannot be obtained and there is no financing contingency, the purchaser will be in default and would lose the amount of the earnest money deposit.

### **Pre-Approval Letter from a Lender**

Proves to the seller that you have already gone through the basic checks with a lender and you are in good shape to ultimately be approved for a loan.

### **Financial Information Sheet**

This form will ask the buyer to fill out estimated salary, expense, asset, and liability information to “prove” you are in a stable financial state and can afford a mortgage.

### **Proof of Funds**

If an offer is all cash, a proof of funds may be requested in the form of a bank statement showing funds in excess of the purchase price are available.

If the offer is accepted, the seller will sign the contract. This is considered a ratified contract and you will be under contract. If the seller provides a counter, negotiations will commence.



## STEP 8

# WELCOME HOME!

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A fully executed contract is a contract signed by both parties and all parties have agreed upon the term of the contract. The effective date is the date on which both parties fully signed the contract. The effective date is the “clock starter” for all of the time-sensitive contingency deadlines. We will send a timeline of important dates shortly after the contract is fully executed.

Congratulations!



# KEY TERMS

## Appraisal

Assessment of the property's market value, for the purpose of obtaining a mortgage, performed by a licensed appraiser.

## Assessed Value

Value placed upon property for property tax purposes by the tax collector.

## Closing Costs

Expenses incidental to a sale of real estate, such as loan fees, appraisal fees, title insurance and escrow fees. These fees are included in the total price, not in addition .

## Contingency

Certain criteria that have to be met in order to finalize the sale.

## Debt-to-income ratio

The percentage of an individual's monthly gross income relative to the amount of debt owed.

## Escrow

A neutral third party that handles the transfer of any money during the sale of a home from initial deposit to final funding and closing.

## Home/Flood Insurance

Any property that has a mortgage is required to obtain insurance. (It is also wise for homeowners who pay cash for a home.) Florida has several increased risks for insurance companies which include hurricanes, sink holes, and flooding. It may be necessary to allot more of your housing budget toward insurance than in other states, so it is important to include this figure in your monthly payment calculations.

## Inspection

A licensed professional conducts a formal review of the property to find visible issues that need to be repaired. Buyers typically make their offers contingent on an inspection, but sellers can conduct a pre-offer inspection to appeal to buyers. The buyer may choose to do additional inspections like radon and a sewer scope.

## Pre-Approved

Advanced approval from a bank or other lending institution for a home mortgage.

## Pre-Qualified

Potential buyers provide an overall financial picture and mortgage brokers provide an estimate of what level of loan you will likely be pre-approved for.

## Lien Search

A background check on the property and the seller to ensure there are no outstanding debts or claims upon the property.

## Title Insurance

Insurance to protect the buyer and lender against losses arising from disputes over the ownership of a property.

## Recording Fees

A fee paid to the local government to officially report a sale of a home; usually paid by the buyer.



# A Word From Our Clients

This team made my homebuying experience absolutely flawless from start to finish. I felt like I had my hand held. I highly recommend Jorge Braham and Kelsie Frisch for your future home buying experience.

— JERRI M.

They were an amazing Team to work with. Deanna and Jorge communicated and keep me up to date from selling to closing.

— ANGELO P.

Jorge is quite simply top notch! He is passionate and amazing at his job. Great communication, professional, and personable. Also he takes your any concern that you might have, and takes care of them right away.

— GINGER D.

Authentic-Trustworthy-Outstanding people. Many other words, but you get the picture!!! Great choice to do business with!!!

— JOHN S.



Absolutely phenomenal job by Jorge and Kelsie! My home was sold within just weeks of going on the market. They made it painless and nearly effortless on my part while also selling at a great price. I cannot recommend them enough!

— CAROLINE S.

One of the best realtors I've come to know treats you as if you're family and really makes you feel comfortable with buying a home always keeps your best interest first I honestly would never use anybody else if I ever decided to sale and buy again. I'm truly grateful for all he has done for me and Wife.

— TONE C.

Jorge was very efficient, attentive, and professional. Sold my home timely and went exactly as he had described.

— MATTHEW W.

Great experience working with the team. In fact, working with them on 3 deals. They are very effective and on top of everything.

— LIZ. C





**Thank you  
We look forward to assisting you  
with achieving your real estate  
goals.**

**Jorge Braham  
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**COMPASS**