

BUYER'S GUIDE

“Unlock Your Home Today with BluJ”



803.329.2585 | info@BluJAgency.com | BluJAgency.com

BUYER'S GUIDE

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MEET OUR TEAM



*Jerrienne
Jackson*

BROKER-IN-CHARGE

jbjackson@blujagency

803.378.8844



*Toni
Jones*

REALTOR®

tjones@blujagency.com

803.322.2705



*Katina.
Robinson*

REALTOR®

krobinson@blujagency

803.322.7311

BUILDING TRUST AND SHARING WHAT
WE KNOW – IT'S THE BLU J WAY.

*We take pleasure in the genuine experience we deliver to
our clients, the clarity we bring to the buying and selling
process, and the value we add to the places they call home.*



THE HOME BUYING PROCESS



BUT 1ST, GET PRE-APPROVED!

➤ KNOW YOUR FICO SCORE

Obtain your free credit report: annualcreditreport.com

➤ SAVE FOR A DOWN PAYMENT

➤ DECIDE HOW MUCH YOU CAN AFFORD

Know your monthly budget...don't become "house poor"

➤ GET PRE-APPROVED FOR A HOME LOAN

House shopping is an exciting time!
Get pre-approved for a loan first
so you can be ready to make an offer
when you find a home you love.

PRE-QUALIFIED VS PRE-APPROVED

What's the difference between being pre-qualified and pre-approved?

Pre-Qualified

In order to be pre-qualified, a lender may or may not check your credit score and won't require documentation, only going off what you tell them. This will give you an idea of what you could qualify for, but when you're serious about buying, you'll need to get pre-approved.

Pre-Approved

To be pre-approved, the lender will pull your credit and ask you for documentation to verify your finances. Before making an offer on a house, it is best to get pre-approved to show sellers your offer is serious and that a lender has already approved you for enough money to purchase the home.

WHICH LOAN IS RIGHT FOR YOU?

CONVENTIONAL LOAN

Issued by private lenders and are not backed by the federal government.

FHA LOAN

Loans designed for those with high debt-to-income ratios and low credit scores, and most commonly issued to first-time homebuyers. Offered by FHA-approved lenders only and backed by the Federal Housing Administration.

VA LOAN

Loans designated for veterans, spouses, and reservists, offered through private lenders and guaranteed by the U.S. Department of Veteran Affairs.

USDA LOAN

Loans for homebuyers in designated rural areas, backed by the U.S. Department of Agriculture.

TYPE OF LOAN	DOWN PAYMENT	TERMS	MORTGAGE INSURANCE	MINIMUM CREDIT SCORE
CONVENTIONAL	3 - 20%	15-30 Years	On down payments under 20%	620
FHA	3.5 - 20%	15-30 Years	For 11 years or life of the loan	580
VA	None	15-30 Years	None	640
USDA	None	15-30 Years	None	640

QUESTIONS TO ASK WHEN CHOOSING A LENDER

Interviewing lenders is an important step in determining what type of home loan is best for you. Not all lenders are the same, and the type of loans available, interest rates, and fees can vary. Here are some questions to consider when interviewing lenders:

- *Which types of home loans do you offer?*
- *What will my interest and annual percentage rates be?*
- *Do I qualify for any special programs or discounts?*
- *What estimated closing costs can I expect to pay?*
- *What is your average loan processing time?*

HOME LOAN APPLICATION DOCUMENTS CHECKLIST

To determine loan eligibility, lenders typically require the following types of documents from each applicant:

INCOME:

- Federal tax returns: last 2 years*
- W-2s: last 2 years*
- Recent pay stubs (covering the most recent 30 days)*
- Any additional income documentation: pension, retirement, child support, Social Security/disability income award letters, etc*
- If self-employed, a copy of most recent quarterly or year-to-date profit/loss statement*

ASSETS:

- Bank statements: 2 most recent checking and savings account statements*
- 401(k) or retirement account statement and summary*
- Other assets: statements and summaries of IRAs, stocks, bonds, etc.*

OTHER:

- Copy of driver's license or ID and Social Security card*
- Addresses for the past 2-5 years and landlord's contact info if applicable*
- Student loan statements: showing current and future payment amounts*
- Documents relating to any of the following if applicable: divorce, bankruptcy, collections, judgements or pending lawsuits*

FINDING YOUR DREAM HOME

Create a list of what you want in your new home. Include must haves as well as what you would like to have but aren't deal breakers.



HOUSE WANTS & NEEDS LIST

Determine the features you are looking for in your ideal home and prioritize which items are most important to you. No house is perfect, but this will help us find the best match for you.

TYPE OF HOME:

- Single Family Home Townhouse Condo

CONDITION OF HOME:

- Move-In Ready Some Work Needed is OK Fixer Upper

DESIRED FEATURES:

____ Bedrooms ____ Bathrooms ____ Car Garage _____ Small or Large Yard

Ideal Square Footage: _____

Desired Location/Neighborhood/School District _____

MUST HAVE

WOULD LIKE TO HAVE

HOUSE HUNTING TIPS



INVESTIGATE THE AREA

Drive around neighborhoods that interest you to get a feel of the area, how the homes are cared for, what traffic is like, etc.



ASK AROUND

Talk to family, friends and co-workers to see if anyone might know of a house for sale in an area you're interested in. One of them may even know of someone that's thinking about selling but hasn't put the house on the market yet.



KEEP AN OPEN MIND

Finding your dream home isn't always an easy task! Have a priorities list but keep an open mind when viewing houses.



TAKE PICTURES & NOTES

When you visit multiple houses it gets difficult to remember specific details about each one. Take photos and notes while touring houses so that you can reference them later when comparing the properties that you've seen.



BE READY TO MAKE AN OFFER

When you find a home you want to buy, keep in mind there may be others interested in it as well. Be ready to make a solid offer quickly in order to have the best chance at getting that home.

MAKING AN OFFER

When we have found a home that you're interested in buying, we will quickly and strategically place an offer. There are several factors to consider that can make your offer more enticing than other offers:

PUT IN A COMPETITIVE OFFER

We will decide on a reasonable offer price based on:

- *Current market conditions*
- *Comparable properties recently sold in the area*
- *The property value of the house*
- *The current condition of the house*

PAY IN CASH VS. LOAN

Paying in cash versus taking out a loan offers a faster closing timeline and less chances of issues arising, making it more appealing to sellers.

PUT DOWN A LARGER DEPOSIT

An offer that includes a larger earnest money deposit presents a more serious and competitive offer.

ASK FOR FEWER CONTINGENCIES

To make your offer more attractive, especially in a sellers market, do not ask for closing costs, include shorter inspection periods, and purchase your one-year home warranty.

OFFER A SHORTER CLOSING TIMELINE

An offer with a shorter timeframe for closing is generally more attractive to sellers over one with an extended time period with a house sale contingency. A typical closing timeframe is 30-45 days.

NEGOTIATIONS

The seller will review your offer and can respond in one of three ways: they can accept your offer as-is, reject it outright, or make a counteroffer with modified terms such as a higher price, different closing date, or other adjustments.

Negotiations may involve a series of counteroffers going back and forth between you and the seller until both parties reach an agreement or decide to walk away from the deal.

Once all negotiations are complete, and both parties are satisfied with the terms, we have an "executed contract" and you'll move forward with the closing process.

CONTRACT TO CLOSE

Once you the house is officially under contract. Here are the steps that follow:

PAY YOUR EARNEST MONEY

Your earnest money deposit will be put into an escrow account that is managed by a neutral third party (closing attorney) who holds the money until closing. They will manage all the funds and documents required for closing, and your deposit will go towards your final closing costs which is paid at closing.

SCHEDULE A HOME INSPECTION

Home inspections are optional but highly recommended to make sure that the home is in the condition for which it appears. Inspections are typically completed within 7-10 days after signing the sales agreement.

RENEGOTIATE, IF NECESSARY

The home inspection will tell you if there are any dangerous or costly defects in the home that need to be addressed. You can then choose to either back out of the deal completely, ask for the seller to make repairs, renegotiate a new/amend contract with seller, or purchase the property "As-Is".

COMPLETE YOUR MORTGAGE APPLICATION

Once you have an executed purchase contract, it's time to finalize your loan application and lock in your interest rate, if you haven't done so already. You may need to provide additional documentation to your lender upon request.

ORDER AN HOME APPRAISAL

An appraisal will be required by your lender to confirm that the home is indeed worth the loan amount. The appraisal takes into account factors such as similar property values, the home's age, location, size and condition to determine the current value of the property.

WHAT NOT TO DO DURING THE HOME BUYING PROCESS

It's extremely important not do any of the following until after the home buying process is complete:

- Buy or Lease a Car*
- Change Jobs*
- Miss a Bill Payment*
- Open a Line of Credit*
- Move Money Around*
- Make a Major Purchase*



Any of these types of changes could jeopardize your loan approval. It's standard procedure for lenders to also do a final credit check before closing.

HOMEOWNERS INSURANCE

WHY DO YOU NEED HOMEOWNERS INSURANCE?

Homeowners insurance protects your home and possessions against damage and theft and is required by lenders before finalizing your loan. Policies vary and are completely customizable, so it's recommended to get quotes from multiple companies to compare price, coverage and limits.

WHAT DOES THIS INSURANCE COVER?

Homeowners insurance typically covers destruction and damage to the interior and exterior of a home due to things like fire, hurricanes, lightning, or vandalism. It also covers loss or theft of possessions, and personal liability for harm to others.

WHAT DOESN'T IT COVER?

Most policies do not cover flood or earthquake damage, and you may need to purchase an additional policy for this type of coverage.

WHAT ARE POLICY RATES BASED ON?

Rates are mostly determined by the insurer's risk that you will file a claim. The risk is based on your personal history of claims, frequency and severity of claims, past history of claims on the home, as well as the neighborhood statistics and the home's condition.

HOW CAN YOU QUALIFY FOR DISCOUNTS?

Many insurance companies offer discounts to seniors, and also to customers who have multiple policies with them, like auto or health insurance. Having a security system, smoke alarms and carbon monoxide detectors can also lower annual premium rates. When getting quotes, be sure to ask each company about their discounts and cost savings options.

TITLE INSURANCE

WHAT IS TITLE INSURANCE?

Title insurance protects the lender and/or homeowner from financial loss against claims regarding the legal ownership of a home.

HOW DOES TITLE INSURANCE COVERAGE WORK?

There are two types of title insurance: one for lenders and another for homeowners. Lender's title insurance is required by lenders but it does not cover you. A separate homeowners policy is needed to protect yourself from a claim on your home, and from being held financially responsible for possible unpaid property taxes from previous owners.

IS A TITLE SEARCH SUFFICIENT?

While most lenders require a title search, the title insurance ensures that if anything is missed during the search, those insured will be protected if any legal issues arise.

HOW MUCH DOES TITLE INSURANCE COST?

Title insurance is a one-time fee that is paid at closing, which costs between \$500-\$3,500 depending on the state, insurance provider and the purchase price of the home. Some companies will offer a discount if you bundle the lender's and owner's policies, but typically the buyer purchases the lender's policy and the seller pays for the owner's policy.

FINAL STEPS BEFORE CLOSING

Insurance Requirements

Most lenders require both homeowner's insurance and title insurance. See following pages for more detailed information on each of these.

Closing Disclosure

At least 3 days before closing, lenders are required to provide you with a Closing Disclosure with your final loan terms and closing costs for you to review. Closing costs for the buyer typically range from 2-5% of the purchase price, which can include lender fees, lender's title insurance, and HOA dues if applicable.

Final Walk through

Within 24 hours of closing we will do a final walk through of the home before signing the final paperwork. This last step is to verify that no damage has been done to the property since the inspection, that any agreed upon repairs have been completed, and that nothing from the purchase agreement has been removed from the home. It is very important for you to conduct a final walk through!

Next Step: Closing!

CLEARED TO CLOSE

Closing is the final step of the buying process.

On the day of closing, both parties sign documents, funds are dispersed, and property ownership is formally transferred from the seller to the buyer.

You'll typically bring your down payment and closing costs to the closing table.

CLOSING DAY

Congratulations, you made it to closing!

On the day of closing you'll be going over and signing the final paperwork, and submitting a cashier's check (or previously arranged wire transfer) to pay the remaining down payment and closing costs.

ITEMS TO BRING TO CLOSING:

- ✓ *Government Issued Photo ID*
- ✓ *Certified Funds or Cashier's Check*
- ✓ *Final Purchase Agreement*
- ✓ *A bright smile!*

WELCOME HOME!

BUY WITH CONFIDENCE

BLU J AGENCY PLEDGE OF PERFORMANCE

- *Keep your personal information confidential, at all times*
- *Provide ready access to all Canopy MLS-listed properties*
- *Keep you aware of trends, property values, and neighborhoods in order for you to make informed decisions.*
- *Assist you in finding suitable properties that match your criteria, such as location, size, budget, and specific features.*
- *Arrange and accompany you to property showings, offering insights and answering questions about each property.*
- *Provide a comparative market analysis (CMA) to help you determine a fair offer price for the properties you're interested in.*
- *Manage and organize the extensive paperwork involved in a real estate transaction, ensuring all REALTOR documents and contracts are completed accurately and on time*
- *Provide you a list of qualified real estate vendors (attorneys, home inspectors, contractors, etc.)*
- *Provide guidance on mortgage options, connect you with lenders, and help you understand your financing choices.*
- *Communicate with you from day one until closing*

