



BUYER'S GUIDE

HOME
LUXURY REAL ESTATE



THE PROCESS

The home buying process can feel daunting to even Sellers who have bought and sold numerous properties.

At HOME, we are committed to assisting you through this journey.

Welcome HOME.



The Company

In the vibrant and ever changing Atlanta Real Estate market, having a dedicated professional on your side will make all the difference in your home buying experience. Buyers represented by an agent comprise over 80% of all home sales in Georgia.

Brokerage in Georgia

- Sales associates are licensed and are affiliated with a licensed broker, typically as independent contractors
 - Buyers and sellers interact with sales associates who are supported by their Broker
- Licensed brokers and sales associates are required by law, to be honest, truthful and to disclose materially adverse conditions relative to the purchase and sale of a property
- Georgia law defines working relationships between buyers, sellers and real estate brokers and how relationships are established

At HOME our Buyers agents are...

Connected

Our roots run deep in the Atlanta real estate community. We can provide insight on both listed and unlisted properties.

Skilled

The HOME agents are high level negotiators with outstanding ethics.

Knowledgeable

HOME agents will manage the real estate transaction from beginning to end. We have unmatched knowledge of the home buying process and are committed to a bespoke level of service for our clients.

Supported

At HOME we are focused on agent support. What that means to you, the Buyer, is that HOME agents are kept abreast of the latest market knowledge via networking and social media. This includes a dedicated Social Media coordinator. HOME agents have industry leading Broker support for questions or problems that may arise during the transaction. HOME agents enjoy a higher number of support staff per agent than any other firm in Atlanta.



The Agent

The internet is a great place to start your search for a home. Unfortunately, much of the online information may be incorrect or outdated. Your HOME agent has access to the most up to the minute information through the First Multiple Listing Service. Perhaps what has become even more important in today's competitive market are your agent's connections to properties that are not yet on the market and which may never come on the open market.



The Benefit of a Client Relationship Client or Customer?

CLIENT LEVEL SERVICE

- Evaluate the specific needs and wants of the buyer and locate properties and amenities that fit those specifications.
- Provide and interpret real estate statistics and information of the property.
- Assist with financing by referring to financing professional.
- Review and explain all legal documents. Give advice on structuring an appropriate offer to purchase the selected property.
- Recommend professionals such as lenders, inspectors, insurance agents, attorneys, etc.
- Monitor closing.
- Fairness, honesty, and care in answering questions.
- Treat all parties honestly.
- Disclose material defects known to be in the seller's property.
- Give advice and council.
- Assist the buyer in making an objective comparison of competing properties.
- Research selected properties to identify any problems or issues to help the client make an informed decision prior to making an offer.
- Help the buyer develop a negotiating strategy.
- Provide a CMA to help client decide what price to offer.
- Tell the buyer how long a property has been on the market.
- Indicate that the seller may take less than the listed price.
- Present the offer to the seller's agent and seller on the client's behalf.
- Keep client's bargaining position confidential.
- Use negotiating techniques that attempt to get the seller to accept a buyer's offer
- Promote the best interests of the buyer throughout the process.
- Keep the buyer's finances confidential, except as required by law.

CUSTOMER LEVEL SERVICE

- Identify properties and facilities such as schools, shopping centers, and places of worship.
- Provide real estate statistics and information of property.
- Assist with financing by referring to a financing professional.
- Provide preprinted real estate from contracts; act as a scribe in the preparation of form contracts.
- Locate relevant professionals such as lenders, inspectors, insurance agents, attorneys, etc.
- Monitor closing.
- Fairness, honesty, and care in answering questions.
- Treat all parties honestly.
- Disclose material defects known to be in the seller's property.

The Mortgage

The Mortgage industry is constantly evolving and changing. The variety of mortgage products is wide and deep. Your HOME agent has relationships with several lenders who specialize in various programs. Selecting the right mortgage is central to the home buying process. Most home loans fall into one of two general categories: fixed rate mortgages and adjustable rate mortgages. Within these categories you will find other basic programs such as government loans and flexible qualifying loans.

Pre-Approval vs. Pre-Qualification vs. Desktop Underwriting

1. PRE-QUALIFICATION

Pre-qualification is an important step before starting to look at properties.

Pre-qualification from a lender allows them to provide you with a letter documenting an estimate of what you can afford based on the information you have provided.

2. PRE- APPROVAL

Pre-approval means a lender has taken a detailed look into your financial situation and has committed to lend you a certain amount of money, pending specific property details. A pre-approval includes a credit check and a review of supporting documentation and therefore is more powerful than a Pre-qualification.

- You can confidently assess the properties that fall within your price range knowing you are approved for the price range in which you are looking
- Strengthen any offer you make. Sellers prefer pre-approval over pre-qualification
- Obtain a quick closing date
- Discover possible qualification issues early in the process.

3. PRE-CONTRACT DESKTOP UNDERWRITING

This gives you all of the advantages of pre-qualification and pre-approval with the added advantage of strengthened buyer confidence and the possibility of waiving the financing contingency from an offer. This can be especially beneficial in multiple offer situations and in a heated market with limited inventory.



The Finances

Dollars & Sense

Some of the Do's and Don'ts that come up Most During the Mortgage Process.

These Do's and Don'ts are just before and during the Mortgage Process. Once you have your loan, you can return to normal!

- Do continue making your rent payments
 - Do stay current on all of your existing credit cards and other accounts
 - Do keep working at your current employer (Yes, some people quit their jobs while getting a loan)
 - Do keep the same insurance company
 - Do continue using credit as usual (as long as "usual" means paying on time).
 - Do call your lender if you have questions or want to change your finances in any way
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- Don't make any major purchases (car, furniture, refrigerator, etc.)
 - Don't apply for new credit (even if you're "pre-approved")
 - Don't open a new credit card
 - Don't transfer credit card balances
 - Don't pay charge offs (unless your lender says to do it)
 - Don't pay off any collections (you guessed it - ask your lender first)
 - Don't close any credit card accounts
 - Don't increase your credit card debt
 - Don't change bank accounts
 - Don't consolidate debt or credit cards
 - Don't take out a new loan (yeah, people have done it)
 - Don't open a new cell phone account - or any new accounts!
 - Don't pay off loans or credit cards unless your lender says it's okay



The Checklists

PROCESS

1. Identify a buyer's agent and company
2. Sign a buyers brokerage agreement
3. Get lender recommendations from your HOME Agent
4. Interview lenders and get prequalified
5. Choose lender
6. Go through pre-approval process
7. Receive pre-approval letter from lender
8. Find the perfect home
9. Settle on a price and terms
10. Offer acceptance
11. Submit earnest money
12. Submit contract to closing attorney who will review title
13. Pay for your appraisal fee so that lender can order appraisal
14. The property inspection performed which may include additional:
 - Lead testing
 - Mold testing
 - Radon testing
 - Sewer scoping
15. Pool inspection if applicable (most home inspections do not include the pool, sprinkler systems or outdoor lighting)
16. Order survey
17. Review inspection report with your HOME agent
18. Review survey with your HOME agent
19. Negotiate an amendment to address concerns if needed
20. Contract with moving company
21. Provide additional documentation to lender as needed
22. Schedule closing time through your HOME agent
23. Set up utilities at your new home
24. Contract for homeowners insurance. Your HOME agent can provide recommendations.
25. Attend final walkthrough
26. Attend closing
27. Welcome HOME

LENDER

Be prepared for your lender to request various documents. Some loan programs allow for reduced documentation. During the loan process additional documentation may be required.

1. W-2 forms or 1099's for the last 2 years
2. Federal tax returns for the past 2 years
3. A copy of the lease agreement for your current home if applicable
4. A complete copy of any divorce settlement or custody agreement
5. Year to date pay stub
6. Pension or Social Security current year award level
7. Copy of last check or most recent bank statement showing receipt of funds
8. Self employed: Year-to-date Profit and Loss statement
9. Two most recent bank or brokerage statements for all accounts
10. Landlords name, address and telephone number for the last two years

For prequalification you will need to compile a list of all your current debt, minimum monthly payments, assets and income. During the pre-approval, desktop underwriting and approval process the lender will have access to this information via your credit report.

UTILITIES

Contact utility providers to establish service:

1. Electric
2. Gas
3. Water
4. Cable
5. Alarm
6. Internet
7. Landscaping service
8. Pool service
9. Home owners association

The Glossary

Adjustable Rate Mortgage

A mortgage in which the interest rate is adjusted periodically according to a pre-selected index.

Agency Disclosure

When you purchase a home in the state of Georgia, the relationship between brokers, buyers, and sellers must be disclosed to all parties in the real estate transaction. HOME Real Estate offers representation to both buyers and sellers. I can provide materials to help you decide the working relationship that best meets your needs. If you should decide that I will be representing you, Georgia law requires that you sign a Buyer Agency Agreement. This agreement explains my and your responsibilities in the purchase and how the transaction is handled if you purchase a home listed with us.

Alternative Financing

A home financing program that accommodates the borrowers with special qualifying factors, including unique employment, income or credit issues.

Annual Percentage Rate (APR)

A yearly percentage rate that expresses the total finance charge on a loan over its entire term. The APR includes the interest rate, fees, points and mortgage insurance, and is therefore a more complete measure of the loan's cost than the interest rate alone. The loan's interest rate, not its APR, is used to calculate the monthly principal and interest payment.

Appraisal

A report made by a qualified person setting forth an opinion or estimate of property value. The term also applies to the process by which this estimate is obtained.

Binding Agreement Date

The date that all parties have signed and initialed all of the contract documents and both parties have received a copy of the signed documents.

Bridge Loan

A form of second deed of trust or mortgage that is collateralized by the borrower's present home (which is usually for sale) in a manner that allows the proceeds to be used for closing on a new home before the present home is sold.

Closing

The consummation of a real estate transaction. The closing includes the delivery of a deed, financial adjustments, the signing of notes, and the disbursement of funds necessary to complete the sale and loan transaction.

Closing Costs

The costs paid by the mortgage borrower (and sometimes the seller) in addition to the purchase price of the property. These include the origination fee, discount points, appraisal, credit report, title insurance, attorney's fees, survey and prepaid items such as tax and insurance escrow payments.

Closing Date

Closing generally takes place from 30-60 days after acceptance of the contract to purchase. The date is negotiated and agreed upon in the contract.

Commitment Letter

A formal offer by a lender stating the terms under which it agrees to loan money to a home buyer.

Conventional Loan

A mortgage not obtained under a government insured program (such as FHA or VA).

Debt-to-Income Ratio

A formula lenders use to determine the loan amount for which you may qualify. Also known as "back-end ratio". Guidelines may vary depending on the loan program.

Deed

The legal document conveying title to a real property.

Discount Points

Allow you to "buy down" your interest rate at closing. One point equals 1% of your loan amount. The more points you pay, the lower your interest rate will be and the less you will have to pay each month.

Due Diligence Period

The Georgia Purchase and Sale Agreement provides an option for a specified period of time for the Purchaser to research any and all issues that may be of concern to them, including but not limited to home inspections, review of community Covenants and Restrictions, Schools, Traffic Commutes, etc. The purchaser must give notice prior to the end of the due diligence period if they do not wish to proceed with the transaction, at which time their Earnest Money is refunded to them.

Earnest Money

When the offer is written, the purchaser pays earnest money, or 1-2% of the purchase price (negotiable between the buyer and seller) to the seller. A personal check is acceptable. If the offer is accepted by the seller the earnest money is immediately deposited into the broker's escrow account. This is applied toward the purchaser's down payment and/or closing costs at the time of closing. If the offer is not accepted by the seller, the check is not deposited and returned to the purchaser instead.

Escrow

An item of value, money or documents, deposited with a third party, to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due, or the deposit of funds or documents with an attorney or escrow agent to be dispersed upon the closing of a sale of real estate. In some parts of the country, escrows of taxes and insurance premiums are called impounds or reserves.

Financing

Contracts are generally contingent upon the purchaser's ability to secure financing described in the contract within a specified period of time.

Fixed-Rate Mortgage

A mortgage which the interest rate and payments remain the same for the life of the loan.

Float the Rate

This term is used when a mortgage applicant chooses not to secure a rate lock, but instead allows the rate pricing to fluctuate until the applicant decides to lock in, usually no later than five days prior to closing.

Front-End Ratio

Also known as the housing expense-to-income ratio, it compares your proposed monthly home payment (PITI) to your household gross monthly income.

Good Faith Estimate

A document which tells borrowers the approximate cost they will pay at or before settlement, based on common practice in the locality. Under requirements of the Real Estate Settlement Procedures Act (RESPA), the mortgage banker or the mortgage broker, if any, must deliver the GFE to the applicant.

Government Loan

A mortgage insured by a government agency, such as FHA, VA, Farmers Home Administration, or a state bond program. The loans are generally made by private lenders, such as Academy Financial Services.

Home Mortgage Consultant

The Academy Financial Services representative to a homebuyer. Sometimes called a loan officer, account executive or sales representative.

Homeowners Insurance

(also called Hazard Insurance)
A real estate insurance policy required of the buyer protecting the property against loss caused by fire, some natural causes, vandalism, etc. The homeowners insurance policy may also include added coverage such as personal liability and theft away from the home.

HUD-1 Settlement Statement

A standard form used to disclose costs at closing.

Home Inspections

It is the purchaser's responsibility to have the heating, air conditioning, plumbing (including any septic tank system(s), pool and spa), electrical systems and any appliances remaining with the premises prior to closing. The seller's responsibility ends at closing. It is common practice for the Purchase and Sale Agreement to contain a contingency upon the purchaser obtaining a complete inspection of the structural aspects of the home, as well as the mechanical systems. A home inspector should give you an objective examination of the visible and accessible components of the home. You may select any inspector you like but your agent can also provide a list of proven inspectors from which to choose. You may also check websites which outline specific qualifications (www.gahi.com, www.ashigeorgia.com). The State of Georgia does not license home inspectors but there are certifications such as ASHI and CABO which help to ensure a qualified inspector.

Index

A published interest rate, such as the prime rate, LIBOR, T-Bill rate, or the 11th District COFI. Lenders use indexes to establish interest rates charged on mortgages or to compare investment returns. On ARMs, a predetermined margin is added to the index to compute the interest rate adjustment.

Interest

The cost of borrowing money (determined by your Interest Rate)

Interest Rate

The percentage of an amount of money which is paid for a specific time.

The Glossary

Interim Interest

The interest that accrues, on a per-diem basis, from the day of closing until the end of the month.

Legal Counsel

Most closings are handled by an Attorney that represents the Mortgage company processing your Loan. The Attorney's fee is included in the Closing Costs. The closing attorney is responsible for title examination, recording of the documents, generating a settlement statement and collecting and/or disbursing funds. If there is no mortgage company involved, the purchased may engage, at his/her expense, any attorney he/she chooses to handle the transaction.

Leverage

Using credit or borrowed money to increase the rate of return for an investment. For example, by purchasing a \$100,000 home with 10% down, you are using just \$10,000 to control the investment.

Lien

A legal claim or attachment against property as a security for payment of an obligation.

Loan Conditions

These are the terms under which the lender agrees to make the loan. They include the interest rate, length of loan agreement, and any requirements the borrower must meet prior to closing.

Loan Fees

Are up-front charges to cover the cost of originating, processing and closing your loan, among other things. An origination point is a loan fee that equals 1% of your loan amount. When considering a loan, keep in mind that rates, points and fees should be considered together. The interest rate alone only tells part of the story.

Loan Payment Reserves

A requirement of many loan programs that, in addition to funds for the down payment and other purchase-related costs, you have saved enough money to cover one or two months of mortgage payments after your closing. Reserve requirements for loan programs may vary.

Loan Settlement

The conclusion of the mortgage transaction. This includes the delivery of a deed, the signing of notes, and the disbursement of funds necessary to the mortgage loan transaction.

Loan-to-Value (LTV)

The ratio between the amount of a given mortgage loan and the lower sales price or appraised value.

Margin

The set percentage the lender adds to the index rate to determine the interest rate of an ARM.

Mortgage

The conveyance of an interest in real property given as security for the payment of a loan.

Mortgage Insurance

Provides partial protection to your lender in the event you fail to repay your mortgage. (Dependant upon your loan and the size of your down payment).

Mortgagor

The borrower in a mortgage transaction who pledges property as security for a debt.

Mortgage Specialist

The Academy Financial Services employee responsible for collecting the completed application with all the supporting documents before the entire loan packet is submitted to underwriting. Also known as the "processor".

Non-Conforming Loan

Conventional home mortgages not eligible for sale and delivery to either FNMA or FHLMC because of various reasons, including loan amount, loan characteristics or underwriting guidelines.

Note

A general term for any kind of paper or document signed by a borrower that is an acknowledgment of the debt, and it, be inference, a promise to pay. When the note is secured by a mortgage, it is called a mortgage note and the mortgagee (lender) is named as the payee.

Occupancy

Occupancy is typically at closing on vacant homes, but could be 2-3 days after the closing if the property is occupied. This period is usually rent free to the seller and is negotiated in the contract.

Origination Fee

The amount charged for services performed by the company handling the initial application and processing of the loan.

Points

A one-time charge by the lender to increase the yield of the loan, a point is 1% of the amount of the mortgage.

Pre-approval

A written commitment from a lender, subject to a property appraisal and other stated conditions, that lets you know exactly how much home you can afford.

Prepays

Closing costs related to the mortgage loan which are collected at loan closing - including per diem pre-paid interest and initial deposits of monthly escrows of taxes and insurance.

Primary Residence

A residence which the borrower intends to occupy as the principal residence.

Principal

The amount borrowed or remaining unpaid; also, the part of the monthly payment that reduces the outstanding balance of the mortgage.

Private Mortgage Insurance (PMI)

Insurance written by a private company protecting the mortgage lender against loss resulting from a mortgage default.

Purchase and Sale Agreement

The offer to purchase is usually prepared by the buyer's agent, and should cover all terms of the proposed transaction. (Must be accompanied by an earnest money check from the purchaser). Once the offer is fully negotiated, signed and delivered to all parties to the agreement, it is a legally binding (enforceable) contract. Both purchasers and sellers should make sure they understand all terms and conditions of the offer before signing it and should seek legal counsel if they have doubts.

Rate Cap

The limit of how much the interest rate may change on an ARM at each adjustment and over the life of the loan.

Rate Lock

The borrower or lender agree to protect the interest rates, points, and term of the loan while it is processed.

Taxes

Assessed by your local government and will likely be collected by your lender as part of your monthly payments and then paid annually or semi-annually on your behalf. This process is known as an escrow.

Title Insurance

An insurance policy that protects a lender and/or homebuyer (only if the homebuyer purchases a separate policy, called owner's coverage) against any loss resulting from a title error or dispute.

Truth-In-Lending Statement

A Federal law requiring full disclosure of credit terms using a standard format. This is intended to facilitate comparisons between the lending terms and financial institutions.

Underwriting

Analysis of risk, determination of loan eligibility, and setting of an appropriate rate and terms for a mortgage on a given property for given borrowers.



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