

Your ERA American Real Estate salesperson is dedicated to helping you find and purchase the house that will make your family happy. Count on your salesperson to do everything it takes.

Basically, that process will include:

01. Prequalifying you.
02. Interviewing you to understand your needs and preferences.
03. Familiarizing you with communities.
04. Educating you about the market.
05. Screening the market in person and by computer for homes that would be of interest to you.
06. Showing you these homes.
07. Describing the purchase and negotiation process.
08. Preparing a contract with you and presenting your offer to the sellers.
09. Informing you of requirements a seller may have, such as a closing date.
10. Providing you with financing information and sources.
11. Providing you with names of professionals and service companies that you may need, such as attorneys and inspectors.
12. Accompanying you on the walk-through inspection before the closing.
13. Being present at the closing and providing clarification.



TOP TEN REASONS TO BUY A HOME

- 1 Quality of Life** - Home ownership is part of a better quality of life for most buyers. The quality of our living situation directly impacts how we feel.
- 2 Avoid the Tax Man | Tax Deductions** - Buying a home helps you avoid the tax man with tax deductions for both mortgage interest and property taxes. Property taxes and qualified interest are deductible on an individual's federal income tax return.
- 3 Spend Money to Make Money** - With an ERA American Real Estate advisor, home ownership and the potential for appreciation means that ultimately you have the opportunity to get a return on your investment.
- 4 Deferred Gain and Capital Gain Treatment** - A homeowner can exclude up to \$500,000 of capital gain tax if married and filing jointly or up to \$250,000 if single or filing separately when you sell your home. The home must have been the taxpayer's principal resident for two of the past five years. On investments, you can defer taxes by completing a 1031 Exchange to purchase when selling.
- 5 Principal Accumulation** - As a homeowner, a portion of each amortized mortgage payment typically goes to principal, which in the long run is an investment.
- 6 It's The American Dream** - Owning a home is THE American Dream. We work with many first time home-buyers, 2nd home buyers, and investors to make their real estate dreams come true.
- 7 Independence** - For many homeowners, one of the greatest freedoms is acquired through home ownership. They can get rid of their landlord and are no longer surrounded by neighbors in an apartment with thin walls. The freedom to do whatever they wish with their homes is a big incentive for many new homeowners.
- 8 Leverage** - At the current low interest rates, you can put your money to work somewhere else. These days you can still purchase a home for as little as 0% down.
- 9 Why rent when you can own?** The real cost of renting at \$700 per month with 6% rental increase per year means you will pay \$110,719 over 10 years. It would be nice to pay yourself for a change.
- 10 Because you get to work with ERA American!**



AMERICAN
REAL ESTATE

5 BUYING TIPS WHEN PURCHASING A HOME

These 5 buying tips will save you time, money, and headaches.

1

Get Pre-Qualified – before you can seriously consider purchasing a home, it's important to know exactly how much you can afford. This can be the scariest part of the buying process for some. It's perfectly natural to be nervous, but we can put you in touch with someone you can trust to help get you pre-qualified.

2

Always Think Resale – In the US, due to the mobility of our economy, the length of ownership is about 5 to 7 years. This is important to keep in mind when looking for your next home. For instance, homes backing up to a busy street or railroad sell for less, and take longer to sell than other homes in the neighborhood.

3

Aesthetics Can Be Changed – flooring, light fixtures, plumbing, paint colors and wallpaper can all be changed. Don't let the lime green wallpaper turn you off of your potential dream home. Think of how much fun it will be to make a home yours.

4

Don't WAIT! – Too often, we have seen home buyers fall in love with a property, wait a few days to make a decision because they are nervous, and the home that they fell in love with SOLD! If you love the home, don't wait for someone else to live in YOUR home – be prepared to write an offer!







5

Compare Sales – to determine the best price to offer, or to know if the asking price is correct, look at the sales of similar homes sold within the past few months. Market knowledge is important to determining a purchase price. Why is this important? Market price determines market value. Market price is what you or another willing, ready and qualified buyer will pay for a property *and* what the seller will accept for it. A negotiated, signed contract determines a market price. This price will then influence the market value of future sales. Price is determined by local supply and demand, the property's condition and what other similar properties have sold for without adding in the value component. Your ERA American trusted advisor can help with market knowledge necessary in determining a market price.



AMERICAN
REAL ESTATE

10 Steps to Buying a Home

-  01 Get pre-qualified with a lending specialist
-  02 Shop for your dream home with an ERA American Real Estate trusted advisor
-  03 Choose a Top 3 list
-  04 Place an offer on #1
-  05 Be prepared for a counter offer
-  06 Sign and date the effective contract
-  07 Order inspections and negotiate repairs per contract
-  08 Order appraisal and turn in all required documents
-  09 Walk through property to ensure requested repairs are completed
-  10 After final approval, go to closing to sign and own your new home

In addition to the 10 steps to buying a home you will need to consider the following up-front costs in order to determine if you have the appropriate cash reserves to get started:

Earnest Money

Typically 1% of sales price.

(Amount of earnest money is negotiable and varies with the value of the property)

Inspection Fee

\$400-\$1000

Appraisal

\$625-\$825

Credit Report

\$40 - \$75

Now that you know the upfront costs, let's explore what you need in order to determine your buying power and how to get pre-qualified for financing.

LIVE YOUR AMERICAN DREAM

eraREAL.com



AMERICAN
REAL ESTATE

THE PRE-QUALIFICATION & pre-approval process

Now that you know you want to buy a house, how do you know how much you can afford and if you qualify for a loan? The way to get started is to go through the pre-qualification and pre-approval process with a lending specialist.

Pre-Qualified



VS.



Fast, brief estimate of your buying power

By phone or online

1st step in home buying process.

Overall financial picture

Minimal credit review.

Gather basic information.

Gives you a price range to shop

No cost involved

A 'guesstimate' – not a sure thing

Pre-Approved

Thorough, precise approval of loan amount

Meeting plus paperwork

1st step in the loan process.

In-depth look at financial

Full credit report.

Detailed information with verification

Specific mortgage amount for which you qualify

Some fees such as credit check

A loan commitment letter

3 factors that affect what you can afford:

1

Down Payment

Do you have enough liquid cash to make a down payment? How much?

2

Ability to Qualify

Are you able to qualify for a loan? Determined by one of the two processes discussed above.

3

Closing Costs

Associated costs to close a home, such as survey fees, title insurance, etc..



How much is a down payment?

Most loans today require a down payment. However, some loans may start as low as 0%.

The required down payment depends on the type and terms of the loan. A good rule of thumb is 3% to 20%.

If you are able to come up with 20-25% down, you will eliminate mortgage insurance!



1

Down Payment

0%

V.A.

3.5%

F.H.A.

3-20%

Conventional

What does my monthly mortgage payment include?

Most lenders require that your monthly payment range between 29 – 36% of your gross monthly income. Your mortgage payment to the lender includes the following:

- The principal on the loan (P)
- The interest on the loan (I)
- Property Taxes (T)
- The homeowner's insurance (I)

This is what we call PITI. Your total monthly PITI and all debt (from installments to revolving charge accounts) should range between 36-45% of your gross monthly income. These key factors determine your ability to secure a home loan: credit, assets, income, debt ratios.



2

Ability to Qualify

36-45%

of gross monthly income

How much are closing costs?

There are certain fees required for acquiring a loan as well as other closing costs. These fees must be paid in full at the closing unless you are able to include them in your financing. Typically closing costs will range between 3-6% of your mortgage loan.

Your ERA American Real Estate professional will provide you with an estimated cost sheet that explains the fees associated with purchasing a home.



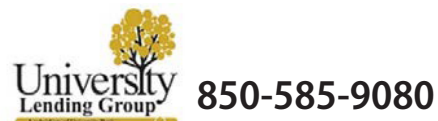
3

Closing Costs

3-6%

of mortgage loan

Where to get started? Call one of our business partners:



ESTIMATED CLOSING COSTS



Type of Closing Cost

Estimated Cost

Origination Fee.....	Maximum 1% of Loan
Discount Points	A Percentage of Loan Amount
Appraisal Fee	\$625 - \$825
Credit Report	\$40 - \$75
Title Insurance.....	Approximately 1% of Loan Amount
Intangible Tax20 Per \$100 of Loan Amount
Documentary Stamps (Mortgage)35 Per \$100 of Sales Price
Doc Stamps on Deed.....	.70 Per \$100 of Sales Price
Recording Fees.....	Approximately \$250
Flood Certification.....	Approximately \$29
Survey	Approximately \$500 to \$1000
Termite Inspection.....	Approximately \$150 - \$250
Tax Service Fee.....	Approximately \$100
Underwriting Fee.....	Approximately \$300
Prepaid Item: Hazard Insurance	1 Year + 3 months
Prepaid Item: Property Taxes.....	2 Months to 4 Months
Prepaid Item: Prepaid Interest.....	30 Days
VA Funding Fee.....	0-3.6% of Loan Amount
FHA Mortgage Insurance Premium (MIP)	1.75% of Loan (Monthly Renewal Approx. .80% of Loan
CONV Private Mortgage Insurance (PMI).....	Monthly Renewal Fee: Loan Amount X Rate
	.78 .52 .32
	95% 90% 85%

VA Funding Fee Criteria

(Please note: The veteran is not allowed to pay Doc Stamps on the Deed, Lenders Charges and Termite.)

TRANSACTION:	BORROWER IS:	ENTITLEMENT:	MANDATORY:	DOWN PAYMENT		
				0-4.99%	5-9.99%	>10%
Purchase	Veteran	1st Time Use		*2.30%	1.65%	1.40%
	Veteran	Subsequent Use		3.60%	1.65%	1.40%
	Reservist/NG	1st Time Use		2.30%	1.65%	1.40%
	Reservist/NG	Subsequent Use		3.60%	1.65%	1.40%
Cast-out Refinance (Regardless of LTV)	Veteran	1st Time Use		*2.30%		
	Veteran	Subsequent Use		3.60%		
	Reservist/NG	1st Time Use		2.30%		
	Reservist/NG	Subsequent Use		3.60%		
Assumption	Vet/Reserve/NG	Any Use		.50%		





AMERICAN
REAL ESTATE

HOW MUCH HOME YOU CAN AFFORD

Use the following chart to determine your monthly principal and interest payments at various interest rates for either a 15-year or 30-year loan

INTEREST RATE FACTORS PER \$1,000

Interest Rate	Term: 15 Years	Term: 30 years	Interest Rate	Term: 15 Years	Term: 30 years
5.0%	7.91	5.37	7.75%	9.41	7.16
5.25%	8.04	5.52	8.0%	9.56	7.34
5.5%	8.17	5.68	8.25%	9.70	7.51
5.75%	8.30	5.84	8.5%	9.85	7.69
6.0%	8.44	6.00	8.75%	9.99	7.87
6.25%	8.57	6.16	9.0%	10.14	8.05
6.5%	8.71	6.32	9.25%	10.29	8.23
6.75%	8.85	6.48	9.5%	10.44	8.41
7.0%	8.99	6.65	9.75%	10.59	8.59
7.25%	9.13	6.82	10.0%	10.75	8.77

1. Find the appropriate interest rate from the chart above.
2. Look across the column to the appropriate term to determine your interest rate factor.
3. Multiply the interest rate factor by your loan amount in \$1,000s.

EXAMPLE CALCULATION: (Values from table above)

Interest Rate = 6.5%
Desired Term = 30 years
Interest Rate Factor Per \$1,000 = 6.32

Mortgage Loan Amount

\$400,000

Monthly Principal & Interest (P & I)

(400 x 6.32) =

\$2528

Add your monthly insurance premium and your property tax to your principal and interest to determine your total monthly payment.

The above information is provided as a guide. We strongly recommend that you contact our lending specialist to determine exactly how much home you can afford.



AMERICAN
REAL ESTATE

RENT vs. OWN ANALYSIS

	Rent	Purchase
Monthly Payment	\$2,500	\$400,000
Principal & Interest		\$2,400
Taxes		\$325
Insurance		\$250
Maintenance		\$150
ANNUAL COST	\$24,000	\$30,000

Cash out of pocket In 5 Years assuming an annual rent increase of 5%	\$150,000	
Cash out of pocket in 5 Years to Purchase assuming a 3% down payment		\$153,000

	Cash Return upon Sale	
Sales Price at 5% annual appreciation, less closing costs		\$472,000
Loan Payoff		\$364,000
Rent VS Purchase Profit after 5 years	\$0	\$108,000





Use this checklist to gather the information a lender may need for loan approval

Following is the information you need to provide during the loan application process (these documents are often uploaded online to the lending specialist through a secured link):

General

- Non-expired Government ID and Social Security Number
- Name and complete address for past 2 years of residence

Income

- Employment history, including names, addresses, phone numbers for the past 2 years.
- Copies of your most recent pay stubs and W-2 forms (past 2 years).
- Verification of other income (social security, child support, retirement, alimony).
- Copies of signed tax returns including all schedules (past 2 years).
- Social Security & Pension Award letters.
- If you have rental property income: Copies of all signed lease agreements.

Assets

- Copies of all bank statements from checking/savings accounts (past 2 months).
- CD certificates and statements for retirement accounts (most recent 2 months or quarterly statement).
- Gift funds will need gift letter of proof of gift.

Creditors

- Credit cards (current balances and monthly payments).
- Installment loans (car, student, etc.).
- Mortgage loans (property address, lender with address, account numbers, monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale for properties sold..
- Childcare expense/support (name, address, phone number). [VA loans only]

Other

- Bankruptcy - bring discharge and schedule of creditors.
- Adverse credit - bring letters of explanation.
- Divorce - bring your Divorce Decrees, child support documentation, property settlements, quitclaim deeds, modifications, etc.
- VA only - bring Form DD214, Certificate of Eligibility, and/or disability letter.
- Retires - bring retirement and/or Social Security Award Letter.



It is my job to know the market and ask you the right questions to get you the property you want and need. When you ask me a question that I cannot answer immediately, it will be researched and thoughtfully answered. If you want my opinion, you will get it. If you prefer to keep your own counsel, that is up to you. A first-time home buyer requires far more detail than a seasoned buyer. You set the parameters and the pace.

As your Real Estate Professional in this purchase transaction, I will:

1. Initial Consultation:

- Meet with you to discuss your preferences, needs, and budget that will help us build a strategic purchasing plan.
- Identify the key features and requirements for the desired property.
- Give you written materials that help acquaint you with the home buying process in Northwest Florida. Each area and state has its unique “quirks”.
- Provide you with a copy of the standard contracts and addenda we use and answer any questions you may have.
- Be honest and trustworthy.
- Timely communicate with you through out the process and beyond.

2. Market Analysis:

- Conduct a market analysis of your chosen areas to provide insights into current market conditions.
- Share information on property values, trends, and potential areas of interest.
- Provide area information and available sites that may be helpful in making your decision.

3. Financing Consultation:

- Assist you in understanding budget and financing options.
- Provide you with a list of trusted mortgage lenders and mortgage originators.
- Provide guidance on obtaining pre-approval for a mortgage.
- Discuss closing costs and provide you with an Estimated Cost WorkSheet of all required and/or negotiable costs to you.

4. Property Search:

- Conduct a comprehensive search for properties that meet your criteria.
- Utilize multiple listing services (MLS), online platforms, and personal networks for property discovery.
- Create an automated search that will alert you and me to new and revised listings.

5. Property Showings:

- Schedule and coordinate property showings based on your availability.
- Accompany you to each showing, providing information on the property and addressing any questions.
- When possible, provide off-market, builder or private owner properties.

6. Needs Assessment:

- Continuously assess and refine your needs and preferences based on property viewings.

7. Market Updates:

- Provide regular updates on new listings, price reductions, and market trends to keep you informed.

8. Comparative Market Analysis (CMA):

- Prepare and present comparable properties to help you make informed decisions.

9. Offer Preparation:

- Prepare an Estimated Cost Worksheet for each offer and counter offer.
- Provide guidance on offer terms, contingencies, and negotiation strategies.
- Compare what is offered in the MLS to the offer we are presenting to ensure our offer is complete and concise.
- Prepare and review the purchase agreement and other relevant documents.
- Ensure all contract terms align with your requests and comply with local real estate laws.

10. Negotiation:

- Negotiate with sellers or their agents to achieve favorable terms that meet your needs.
- Manage counteroffers, multiple offers and collaborate with you to reach a mutually acceptable agreement.

11. Due Diligence:

- Guide you through the due diligence process, including inspections, appraisals, insurance, surveys, title insurance, and obtaining repair estimates.
- Help address any concerns or negotiate repairs if needed.
- Provide you with a list of contractual deadlines to keep you in compliance prior to closing.

12. Coordination with Professionals:

- Coordinate with other professionals involved, such as inspectors, appraisers, mortgage lenders, and attorneys/title agents
- Facilitate communication between all parties to ensure a smooth transaction.
- If you need recommendations for moving companies, daycare, private schools, renovations post-closing, I am happy to provide references to you.

13. Closing Preparation:

- Assist in preparing for the closing, reviewing closing documents, and coordinating necessary paperwork.
- Confirm that all conditions for closing are met by using our follow-up system for a successful closing.
- Obtain keys and remotes and ensure they are available at closing or when funding has been completed.

14. Closing Representation:

- Attend the closing with you.
- Provide support, answer questions, and ensure a successful transfer of ownership.

15. Post-Closing Support:

- Offer post-closing support to address any remaining questions or concerns.



- Ensure a smooth transition for the buyer into their new home. I will keep in touch; this is my profession

16. Have fun during the process and after closing:

- Buying a property is not stressful with me. Whatever bumps come along I am used to and will do my best to navigate around them so you never feel it.

As the prospective buyers of property and in consideration of the above, you will:

1. Sign an Exclusive Buyer Broker Agreement with me.
2. Promptly notify me if my performance is not meeting your standards.
3. Agree to purchase through me. This includes new construction, for sale by owners, unlisted properties and any property you wish to view.
4. Inform me of any changes or adjustments to your moving plan, including dates, financing, cash requirements to close, and most importantly, any wishes and wants for your new home.
5. Follow the 10 Commandments of Buying a Home (attached)
6. Be ready to make an offer when most of your wants and needs have been met. Understand that you will be receiving information on ALL available properties within your criteria, including new construction.
7. Refer me to your friends and family
8. Have fun!

Buyer: _____ Date: _____

Buyer: _____ Date: _____

Agent: _____ Date: _____