



guide to BUYING A HOME

GilesTeamRealty.com

Prepare to Purchase Home Buying Guide



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Common Closing Costs for Buyers

You'll likely be responsible for a variety of fees and expenses that you and the seller will have to pay at the time of closing. Your lender must provide a good-faith estimate of all settlement costs. The title company or other entity conducting the closing will tell you the required amount for:

- Down payment
- Loan origination
- Points, or loan discount fees, which you pay to receive a lower interest rate
- Home inspection
- Appraisal
- Credit report
- Private mortgage insurance premium
- Insurance escrow for homeowner's insurance, if being paid as part of the mortgage
- Property tax escrow, if being paid as part of the mortgage. Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.
- Deed recording
- Title insurance policy premiums
- Land survey
- Notary fees
- Proration for your share of costs, such as utility bills and property taxes

A Note About Proration: Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, the gas company usually sends a bill each month for the gas used during the previous month. But assume you buy the home on the 6th of the month. You would owe the gas company for only the days from the 6th to the end of the month. The seller would owe for the first five days. The bill would be prorated for the number of days in the month, and then each person would be responsible for the days of his or her ownership.



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Lender Checklist: What You Need for a Mortgage

- ☐ W-2 forms — or business tax return forms if you're self-employed — for the last two or three years for every person signing the loan.
- ☐ Copies of at least one pay stub for each person signing the loan.
- ☐ Account numbers of all your credit cards and the amounts for any outstanding balances.
- ☐ Copies of two to four months of bank or credit union statements for both checking and savings accounts.
- ☐ Lender, loan number, and amount owed on other installment loans, such as student loans and car loans.
- ☐ Addresses where you've lived for the last five to seven years, with names of landlords if appropriate.
- ☐ Copies of brokerage account statements for two to four months, as well as a list of any other major assets of value, such as a boat, RV, or stocks or bonds not held in a brokerage account.
- ☐ Copies of your most recent 401(k) or other retirement account statement.
- ☐ Documentation to verify additional income, such as child support or a pension.
- ☐ Copies of personal tax forms for the last two to three years.



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8 Tips to Guide for Your Home Search

- 1. Research before you look.** Decide what features you most want to have in a home, what neighborhoods you prefer, and how much you'd be willing to spend each month for housing.
- 2. Be realistic.** It's OK to be picky, but don't be unrealistic with your expectations. There's no such thing as a perfect home. Use your list of priorities as a guide to evaluate each property.
- 3. Get your finances in order.** Review your credit report and be sure you have enough money to cover your down payment and closing costs. Then, talk to a lender and get prequalified for a mortgage. This will save you the heartache later of falling in love with a house you can't afford.
- 4. Don't ask too many people for opinions.** It will drive you crazy. Select one or two people to turn to if you feel you need a second opinion, but be ready to make the final decision on your own.
- 5. Decide your moving timeline.** When is your lease up? Are you allowed to sublet? How tight is the rental market in your area? All of these factors will help you determine when you should move.
- 6. Think long term.** Are you looking for a starter house with plans to move up in a few years, or do you hope to stay in this home for a longer period? This decision may dictate what type of home you'll buy as well as the type of mortgage terms that will best suit you.
- 7. Insist on a home inspection.** If possible, get a warranty from the seller to cover defects for one year.
- 8. Get help from a REALTOR®.** Hire a real estate professional who specializes in buyer representation. Unlike a listing agent, whose first duty is to the seller, a buyer's representative is working only for you. Buyer's reps are usually paid out of the seller's commission payment.

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Text KWGILESTEAM to 87778 to download my North Shore Real Estate App to always
know what homes/prices are available in any area.

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Tips for Buying in a Tight Market

Increase your chances of getting your dream house in a competitive housing market, and lower your chances of losing out to another buyer.

- 1. Get prequalified for a mortgage.** You'll be able to make a firm commitment to buy and your offer will be more desirable to the seller.
- 2. Stay in close contact with your real estate agent to find out about the newest listings.** Be ready to see a house as soon as it goes on the market — if it's a great home, it will go fast.
- 3. Scout out new listings yourself.** Look at Web sites such as REALTOR.com, browse your local newspaper's real estate section, and drive through the neighborhood to spot For Sale signs. If you see a home you like, write down the address and the name of the listing agent. Your real estate agent will schedule a showing.
- 4. Be ready to make a decision.** Spend a lot of time in advance deciding what you must have in a home so you won't be unsure when you have the chance to make an offer.
- 5. Bid competitively.** You may not want to start out offering the absolute highest price you can afford, but don't go too low to get a deal. In a tight market, you'll lose out.
- 6. Keep contingencies to a minimum.** Restrictions such as needing to sell your home before you move or wanting to delay the closing until a certain date can make your offer unappealing. In a tight market, you'll probably be able to sell your house rapidly. Or talk to your lender about getting a bridge loan to cover both mortgages for a short period.
- 7. Don't get caught in a buying frenzy.** Just because there's competition doesn't mean you should just buy it. And even though you want to make your offer attractive, don't neglect inspections that help ensure that your house is sound.



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Pros and Cons of Going Condo

Condominiums and townhouses offer an affordable option to single-family homes in many markets, and they're ideal for those who appreciate a maintenance-free lifestyle. But before you buy, make sure you do your legwork. These are some of the important elements to consider:

- **Storage.** Some condos have storage lockers, but usually there are no attics or basements to hold extra belongings.
- **Outdoor space.** Yards and outdoor areas are usually smaller in condos, so if you like to garden or entertain outdoors, this may not be a good fit. However, if you dread yard work, this may be the perfect option for you.
- **Amenities.** Many condo properties have swimming pools, fitness centers, and other facilities that would be very expensive in a single-family home.
- **Maintenance.** Many condos have onsite maintenance personnel to care for common areas, do repairs in your unit, and let in workers when you're not home — good news if you like to travel.
- **Security.** Keyed entries and even doormen are common in many condos. You're also closer to other people in case of an emergency.
- **Reserve funds and association fees.** Although fees generally help pay for amenities and provide savings for future repairs, you will have to pay the fees decided by the condo board, whether or not you're interested in the amenity.
- **Resale.** The ease of selling your unit may be dependent on what else is for sale in your building, since units are usually fairly similar.
- **Condo rules.** Although you have a vote, the rules of the condo association can affect your ability to use your property. For example, some condos prohibit home-based businesses. Others prohibit pets, or don't allow owners to rent out their units. Read the covenants, restrictions, and bylaws of the condo carefully before you make an offer.
- **Neighbors.** You're much closer to your neighbors in a condo or town home. If possible, try to meet your closest prospective neighbors.