

7 Reasons to Own a Home

The Survey of Consumer Finances from the Federal Reserve found that the median net worth of a homeowner was \$231,400—a 15% increase since 2013. At the same time, the median net worth of renters decreased by 5% (\$5,200 today compared to \$5,500 in 2013). Now is a great time to own a home. Here are seven additional reasons to purchase a house, courtesy of the National Association of Realtors®.

1. Tax benefits.

The U.S. Tax Code lets you deduct the interest you pay on your mortgage, your property taxes and some of the costs involved in buying a home.

2. Appreciation.

Historically, real estate has had a long-term, stable growth in value. In fact, median single-family existing-home sale prices have increased on average 5.2% each year from 1972 through 2014, according to the National Association of Realtors®. The recent housing crisis has caused some to question the long-term value of real estate, but even in the most recent 10 years, which included quite a few very bad years for housing, values are still up 7% on a cumulative basis. In addition, the number of U.S. households is expected to rise 10-15% percent over the next decade, creating continued high demand for housing.

3. Equity.

Money paid for rent is money that you'll never see again, but mortgage payments let you build equity ownership interest in your home.

4. Savings.

Building equity in your home is a ready-made savings plan. And when you sell, you can generally take up to \$250,000 (\$500,000 for a married couple) as gain without owing any federal income tax.

5. Predictability.

Unlike rent, your fixed-rate mortgage payments don't rise over the years so your housing costs may actually decline as you own the home longer.

However, keep in mind that property taxes and insurance costs will likely increase.

6. Freedom.

The home is yours. You can decorate any way you want and choose the types of upgrades and new amenities that appeal to your lifestyle.

7. Stability.

Remaining in one neighborhood for several years allows you and your family time to build long-lasting relationships within the community. It also offers children the benefit of educational and social continuity.



THE HIDDEN VALUE OF HOMEOWNERSHIP

Owning a home doesn't just help you build wealth. It also impacts your life and your children's lives. Here are some of the specific benefits homeowners may enjoy over renters:



Homeowners are healthier and live longer.



Owning a home reduces the likelihood of divorce.



Homeowners are less likely to suffer from depression.



City homeowners are less likely to be victims of crime.



Children of homeowners often achieve a higher level of education.



Children of homeowners are likely to earn more over their lifetimes.



Children of homeowners have significantly lower teen dropout and pregnancy rates.



Homeowners are more likely to be involved in neighborhood groups.



Homeowners have a better understanding of politics and are more likely to vote.

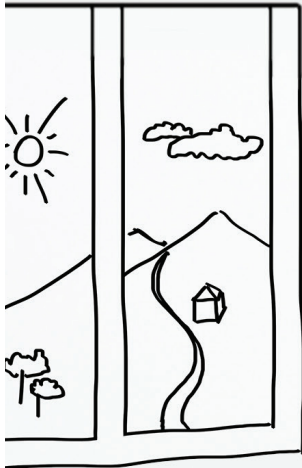
Sources: National Association of Realtors®, Journal of Epidemiology and Community Health



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How to Save for Your First Home

Want to buy your first home but need help coming up with the down payment? Consider these tips to set you on the right path.



1. Figure out what you can afford. Be realistic and factor in the monthly costs for repairs, property taxes and more you'll face as a homeowner.

5. Pay off credit cards, auto loans and any personal loans. This will make it easier to get a mortgage at a lower rate.

2. Talk to your Realtor about special financing programs. Many programs for first-timers offer lower down payments and/or provide down-payment assistance.

6. Pay your down-payment fund first. Start a separate home-buying account and set up an automated transfer that moves a portion of each paycheck there as soon as the check is deposited.



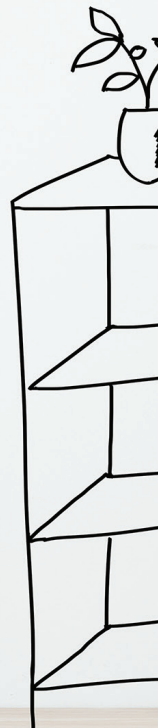
3. Based on your research, determine how much you'll need to save. Include closing costs in the figure.

7. Look for creative ways to save faster. Cut back on luxuries and other costs where you can. Put windfalls, such as tax refunds, into your home-buying account. Consider working a part-time job.

4. Create a timeline for buying a home and then a budget to get you to your goal.




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Sources: [Investopedia.com](https://www.investopedia.com), [forbes.com](https://www.forbes.com), [The Motley Fool](https://www.themotleyfool.com).
Resources: [floridahousing.org](https://www.floridahousing.org), [downpaymentresource.com](https://www.downpaymentresource.com)

Five Steps for Buying Your First Home



Purchasing a home isn't the easiest thing in the world. If you want the best chance of getting a home at a great price, you need to prepare in advance. Check out these 5 tips to ensure you're ready for your new home purchase.

1. Get your finances in order. Your credit score should be 700-plus, your source of income should be stable, your debt-to-income ratio should be less than 45%, and you should have a big chunk of money in the bank to cover the down payment and closing costs and have some money left over.

2. Don't rush it. If you're under the pressure of a big life event, recognize that you're probably creating an artificial timeline for yourself. If you're on a deadline to move out of a rental, set up a month-to-month lease instead of racing against the clock.

3. Know what you want from the house itself and know what a good, reasonable deal is. Pick out specific neighborhoods and home types and analyze them in advance. Make sure you look at houses that have recently sold, not those that are currently on the market.

4. When you start looking at homes, consider location-related features like your commute time, the parking situation, the school district and property taxes. Know where you stand on HOA communities and factor any HOA fees into your monthly budget.

5. Once all these things are in order (and you've picked out your real estate agent and have been preapproved for a loan), you're as ready as you'll ever be. Keep your eyes open for a good deal, and don't hesitate when that deal pops up.

Reprinted with permission from "First-Time Home Buyer: The Complete Playbook to Avoid Rookie Mistakes" by Scott Trench and Mindy Jensen.



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HOW A REAL ESTATE TRANSACTION WORKS



**Buyer's
Realtor®**



**Seller's
Realtor**



SELLER

LOAN EVALUATION

Before making an offer, smart buyers apply to at least three lending sources to determine how much they can afford to spend and the best interest rate.

OFFER PRESENTED

Buyer's Realtor presents buyer's offer to seller's Realtor, who conveys it to seller.

GOOD FAITH DEPOSIT

Along with the offer, buyer submits "earnest money," or good faith, deposit to cement the deal. Deposit is held in escrow to be applied toward the down payment.

SALES AGREEMENT EXECUTED

PURCHASE NEGOTIATION

Working through their Realtors, seller and buyer negotiate final sales price, sales terms and any contingencies buyer may request, such as whether sale is contingent on inspections, appraisal, attorney's review, etc.

SELLER'S DISCLOSURE

Seller discloses issues that may materially affect the value of the property and which are not readily evident.

LOAN APPLICATION PROCESSED

Lender conducts extensive review of buyer's credit report, employment, source of down payment, property appraisal, etc.



TITLE SEARCH

Concurrent with the loan process, closing agent confirms seller has clear right to sell property and establishes facts, such as whether there are restrictive covenants on the use of the property.

CLOSING DOCUMENTS ISSUED

Lender provides loan estimate and closing disclosure detailing all terms and costs.



CONTINGENCIES SATISFIED

Once financing is complete and other hurdles are removed, contingencies may drop off.



FINAL WALK-THROUGH

1-2 days before closing, buyer confirms that the home is in the same condition as when purchase offer signed and all elements that are to be conveyed are still in place.

CLOSING

Buyer and seller sign documents and complete sale.



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16 Questions to Ask When Choosing a Lender

Loan terms, rates and products can vary significantly from one lending company to the next. Plus, how do you handle closings in the age of COVID-19?



General questions:

- What are the most popular mortgages you offer? Why are they so popular?
- Are your rates, terms, fees and closing costs negotiable?
- Do you offer discounts for inspections, homeownership classes or automatic payment set-up?
- Will I have to buy private mortgage insurance? If so, how much will it cost and how long will it be required?
- What escrow requirements do you have?
- What kind of bill-pay options do you offer?
- Do you do remote closings?
- Explain the process of closing with social distancing.

Loan-specific questions:

- What would be included in my mortgage payment (homeowner's insurance, property taxes, etc.)?
- Which type of mortgage plan would you recommend for my situation?
- Who will service this loan—your bank or another company?
- How long will the rate on this loan be locked-in? Will I be able to obtain a lower rate if the market rate drops during the lock-in period?
- How long will the loan approval process take?
- How long will it take to close the loan?
- Are there any charges or penalties for prepaying this loan?
- How much will I be paying in total over the life of this loan?



A BUYERS' GUIDE TO

CLOSING COSTS



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Origination Fee – Payment to lender to evaluate your credit and underwrite and process loan.

Discount Points – Paid to lender at closing to reduce interest rate over life of mortgage.

PMI or Mortgage Insurance – Required if down payment is less than 20%. Protects lender if you default.

Appraisal Fee – Paid to appraiser to confirm home's fair market value.

Title Search – Covers cost to confirm seller owns property, and it is free from liens.

Title Insurance – Protects lender and (optionally) you if title claim surfaces later.

Termite Inspection Fee – Inspection required to certify home is free of termite damage.

Survey Fee – Charge to verify property boundaries.

Flood Certification Fee – Covers cost to determine if home is in federally designated flood zone. If it is, lender will require you to purchase flood insurance. Some lenders also charge a separate flood monitoring fee to check for flood map updates.

Closing Cost Details

Loan Costs

A. Origination Charges	\$1,002
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097

B. Services You Cannot Shop For

Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110

C. Services You Can Shop For

Pest Inspection Fee	\$135
Survey Fee	\$65
Title – Insurance Binder	\$700
Title – Lender's Title Policy	\$535
Title – Settlement Agent Fee	\$502
Title – Title Search	\$1,261

D. TOTAL LOAN COSTS (A + B + C)

	\$5,672
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Other Costs

E. Taxes and Other Government Fees	\$85
Recording Fees and Other Taxes	\$85
Transfer Taxes	

F. Prepays

Homeowner's Insurance Premium (6 months)	\$605
Mortgage Insurance Premium (months)	\$605
Prepaid Interest (\$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes (months)	

G. Initial Escrow Payment at Closing

Homeowner's Insurance	\$100.83 per month for 2 mo.	\$202
Mortgage Insurance	per month for mo.	
Property Taxes	\$105.30 per month for 2 mo.	\$211

H. Other

Title – Owner's Title Policy (optional)	\$1,017
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I. TOTAL OTHER COSTS (E + F + G + H)

	\$2,382
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J. TOTAL CLOSING COSTS

	\$8,054
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D + I

	\$8,054
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Lender Credits

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Calculating Cash to Close

Total Closing Costs (J)	\$8,054
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Closing Costs Financed (Paid from your Loan Amount)	\$0
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Down Payment/Funds from Borrower	\$18,000
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Deposit	\$10,000
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Funds for Borrower	\$0
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Seller Credits	\$0
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Adjustments and Other Credits	\$0
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Estimated Cash to Close	\$16,054
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Prepaid Interest – Covers mortgage interest due between date of closing and first mortgage payment.

Prorated Property Tax – Covers property taxes from date of closing to end of tax year.

Homeowners' Insurance – Typically, you'll pay full first-year cost upfront at closing.

Homeowners' Association Transfer Fee – Paid on properties governed by associations to transfer ownership documents to you.

Initial Escrow – Lender may require first two months of next year's homeowners' insurance, flood insurance and property taxes to build up reserve.

Closing or Settlement Fee – Paid to title company, attorney or escrow company that conducts closing.

Recording Fee – Paid to state to record transfer of property from one owner to another.

Transfer Tax – Paid to state, based on the amount of the mortgage.

Sources: Bankrate.com, consumerfinance.gov

20 Questions TO ASK WHEN BUYING A CONDO



Considering a condominium? Take the time to research the community, talk to residents, review the condominium documents and study other data to answer these questions:

1. Condition? What's the condition of the unit you're considering—the building—the entire complex?



2. Common Areas? Are common areas well-maintained?

3. For Sale? How many condos are for sale? (A large percentage could be sign of problems.)

4. Owner Occupied? What percentage of the units are owner-occupied? (Lenders may balk if the majority are rented.)

5. Condo Fees? How much are the condo/association fees and what do they cover?



6. Reserves? Does the association have adequate reserves for emergencies and renovations? (If not, you could face a special assessment.)

7. Board Temperament? What's the temperament of the condo board? (Board minutes could reveal controversies.)



8. Lawsuits? Are there pending lawsuits against the association or judgments you might have to help pay?

9. Insurance? What does the association's insurance cover? (You may need supplemental insurance to protect everything else.)

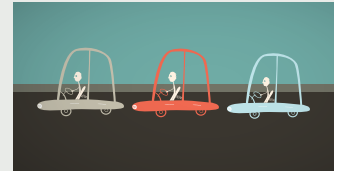
10. Debt How much outstanding debt does the association have?



11. Arrears? What percentage of the units are in arrears on their dues?

12. Assessments? Does the seller owe back fees or assessments that may become your responsibility when you buy?

13. Neighborhood? What's the neighborhood like? (Ask neighbors and walk the area at night and on weekends to check when residents are home.)



14. Parking? Does the unit come with reserved parking?

15. Guest Parking? Is there adequate additional parking for guests?

16. Storage? Will you have extra storage space for bikes, paddleboards and the like?

17. Management? Is the association managed by a qualified professional company?

18. Complaints? Does management handle owners' requests and complaints quickly?

19. Rent? Do association rules limit your ability to rent the unit?

20. Restrictions? Will restrictions prevent you from changing visible elements such as the color of the front door or your window coverings?

7

WINNING TIPS FOR BUYERS

Concerned that you could be in a bidding war? Use these strategies to increase your odds of getting your offer accepted.

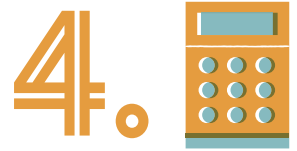


1. Encourage your agent to reach out to the listing agent to find out what the seller is looking for, such as a quick close, an above asking-price offer or a waived contingency. This will help you and your agent craft a competitive offer.



2. Make a cash offer. If you're not in a position to pay cash, get preapproved for a mortgage and have your preapproval letter in hand.

3. Pay attention to the listing agent's request. Many times, they will have you submit your highest and best offer. Ask your agent for some strategies on handling this type of offer.



4. Consider waiving contingencies. If you are financing, check with your lender.



5. Figure out where you can be flexible. You'll need to move quickly, so know your must-haves versus your nice-to-haves before you start your search.



6. Don't get emotional. Trust your agent to walk you through each step in the buying process.



7. Be available. Respond to inquiries quickly and ask your real estate agent to check in regularly with the listing agent to monitor the seller's progress.



10 Most Common Flaws Found During Home Inspections

In a study of more than 50,000 residences, here are the top 10 defects found during home inspections.



54.9% OF REPORTS

Doors need adjusting/servicing

54.8% OF REPORTS

Faucets and shower heads need servicing

54.5% OF REPORTS

Exterior caulking/sealant missing

53.7% OF REPORTS

Outlet or light switch problems



48% OF REPORTS

No circuit breaker (GFCI) protection

45.1% OF REPORTS

Missing or defective smoke alarms

45% OF REPORTS

Cosmetic sheetrock cracks or nail pops

40.5% OF REPORTS

Fixtures and/or bulb problems

33.9% OF REPORTS

Interior caulking, grout and sealer are missing.

33.9% OF REPORTS

Electrical service panel problems




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Source: Study of 50,000 home inspections by RepairPricer.com

Protecting Your Identity When Buying a Home

Thieves are using ever-more sophisticated scams to steal your identity and, ultimately, your down payment. To help protect yourself, consider these suggestions:

- 
- ⦿ Install malware protection software on your computer to help block online attacks.
 - ⦿ Create strong passwords for your computer and smart devices and change them regularly.
 - ⦿ Add lock-out software that blocks access to your computer when you're not using it.
 - ⦿ Never access or send financial or personal information when connected to a free Wi-Fi hub or charging station.
 - ⦿ Seek referrals before choosing a lender. And never send sensitive information without first meeting the lender in person.
 - ⦿ Never open suspicious emails or attachments, even if they appear to be from your lender or Realtor®.
 - ⦿ Use caution if posting information about your purchase on social media, where it can be mined by scammers.
 - ⦿ Never email sensitive information. Instead, send it by courier, drop off the documents in person or use a secure, encrypted document-sharing platform.
 - ⦿ Ask your Realtor and lender who will have access to your personal information and how it will be disposed of if it's not needed when your transaction is complete. Will it be shredded or stored in a secure location?
 - ⦿ Work only with a lender who uses dual controls on wire transfers so no money can be moved until two employees independently approve the transfer.
 - ⦿ Never wire funds until you have phoned a trusted source to confirm that all the information in the wiring instructions is accurate.
 - ⦿ Always be on the lookout for scams and impersonators.

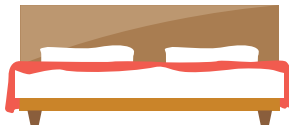
Sources: Florida Realtors, Federal Trade Commission, National Association of Realtors.


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Common Expenses for New Home Buyers

\$635

Bedroom furnishings



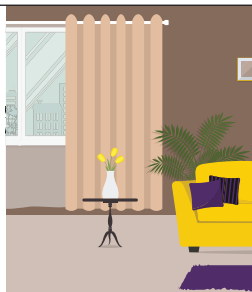
\$575

Washer and dryer



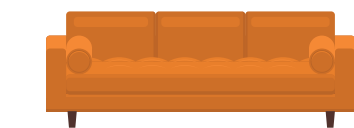
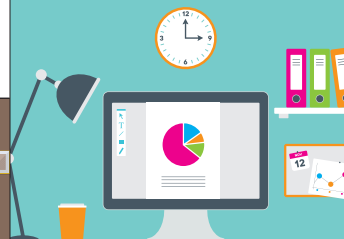
\$215

Window Covers



\$300

Computer system



\$724

Sofas

\$1,704

Other appliances

\$270

New fence



\$1,172

Other furnishings

\$2,106

Outside addition or alterations



\$150

New plumbing fixtures



\$687

Living room chairs and tables



\$345

Dining room furniture and kitchen furniture



\$515

Lawnmowers and yard equipment



\$1,203

Other upgrades and repairs

Source: HousingEconomics.com



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18 TIPS TO PROTECT YOUR NEW HOME



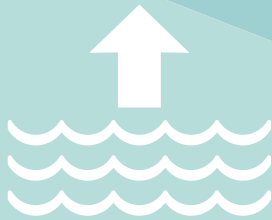
FIRE PROTECTION

1. Install smoke/carbon monoxide alarms on every level. Test monthly and replace batteries each year.
2. Buy an ABC multipurpose fire extinguisher for the kitchen, where half of all fires occur. Check pressure annually.
3. Plug major appliances into wall outlets, not extension cords, which can overheat.
4. Create escape plans for all rooms and place escape ladders in upstairs bedrooms.



BURGLARY PROTECTION

5. Change locks on exterior doors and confirm that all doors and windows lock securely.
6. Add security bars to sliding glass doors.
7. Trim shrubs near home to reduce spots where burglars might hide.
8. Install motion-detector lighting to illuminate dark areas.
9. Consider adding a home alarm system.



FLOOD PROTECTION

10. Place wireless water alarms under washing machine and sinks.
11. Install flood-safe hoses on washing machine.
12. When leaving on trips, turn off water at main valve to prevent floods.
13. Confirm that homeowners' insurance covers water and mold damage due to leaks and sewer backups. Some policies don't.



STORM PROTECTION

14. Trim trees and shrubs so weakened branches won't fall on home or be propelled into windows by high winds.
15. Install downspout extensions to carry heavy rains away from the foundation.
16. If you evacuate when a dangerous storm hits, turn off utilities to deter flooding and fires. (ready.gov/utility-shut-safety)



WEAR-AND-TEAR PROTECTION

17. Inspect inside and outside of home monthly for signs of damage.
18. Repair/replace broken items before small problems become serious ones.



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7 TIPS FOR A SMOOTH MOVE

Memorial Day to Labor Day is peak moving season with more than 65% of relocations happening during the summer months. Take the stress out of your move with these tips from the Professional Movers Association of Florida.

1. Plan your move in advance so you have time to evaluate your options, and make a decision based on overall value (quality low stress move, insurance/valuation to protect your move).

2. Confirm that each mover considered carries commercial general liability insurance, automobile liability, cargo liability and workers' compensation. This can be verified by a certificate of insurance.

3. Check if the moving company is licensed by Florida Department of Agriculture and Consumer Services by visiting floridaconsumerhelp.com.

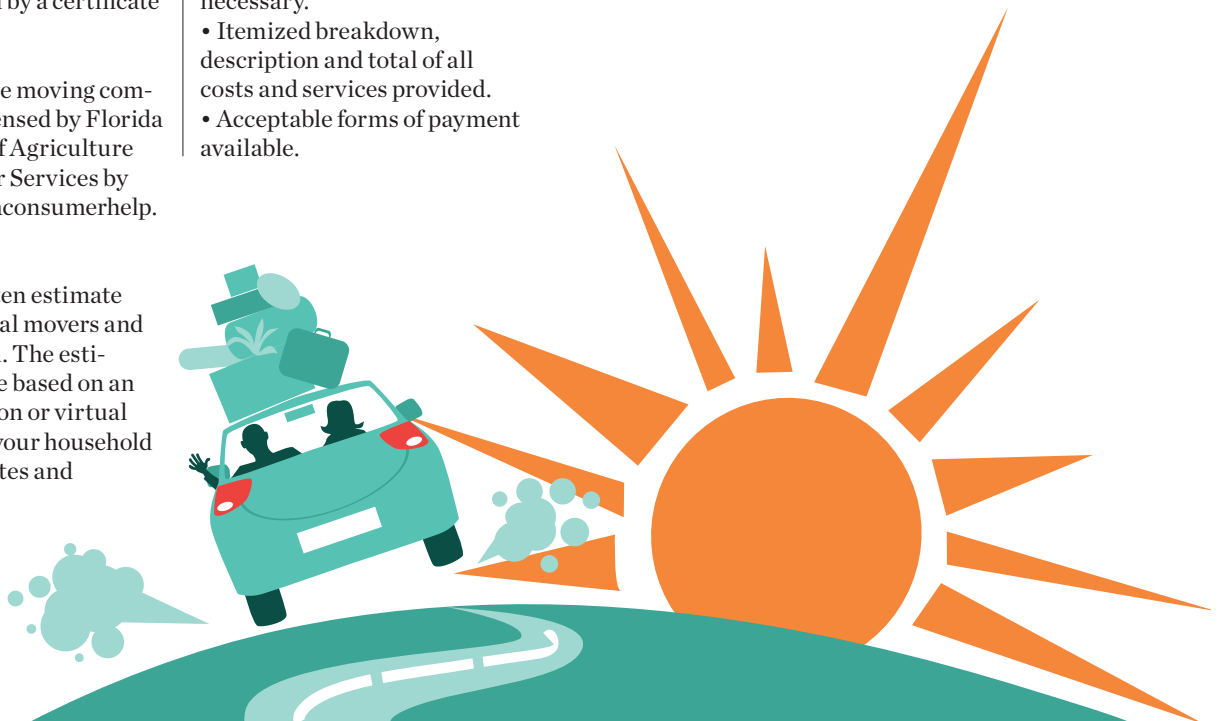
4. Get a written estimate from several movers and compare them. The estimate should be based on an actual in-person or virtual inspection of your household goods. Estimates and Contract for Services must include:

- Name, telephone number, physical address and state registration number of the mover.
- Date the contract or estimate was prepared and proposed date of the actual move.
- Appropriate pickup and delivery address, name and telephone numbers of the shipper.
- Name, telephone number and physical address where the goods will be held, if necessary.
- Itemized breakdown, description and total of all costs and services provided.
- Acceptable forms of payment available.

5. Determine if the company is a moving broker or moving company. A broker arranges for the transport of your household goods for a fee and sells your move to a moving company—which significantly reduces a consumer's available funds for the actual cost of the relocation services. Often, the consumer is not aware their move is being sold to another company.

6. Check your homeowners or rental insurance policies for moving coverage.

7. Accidents happen, even with the best movers. Discuss valuation with your mover; know the difference between released value at 60 cents per pound and full value protection.



For additional moving tips, visit Professional Movers Association of Florida, Florida Department of Agriculture and Consumer Services and Better Business Bureau online. Consumers who fall victim to moving fraud, contact Florida Department of Agriculture and Consumer Services at 1-800-HELP-FLA (435-7352).



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18 REASONS TO WORK WITH A REALTOR[®]

SHOWINGS

Prepares showing COVID protocols for safety precautions

CURATE

Assists in curating lists of available homes and schedules viewing appointments (both virtual and physical)

MLS

Lists your home in the MLS and in numerous other listing portals and online publications

ACCESS

Coordinates and provides access to homes with all of the features you want

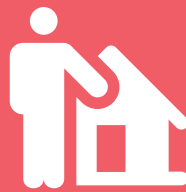


NEGOTIATE

Negotiates terms of sale or purchase, including repairs or concessions

GUIDANCE

Gives guidance on how to accurately price your home



Markets your property through social media, video, networking and pitch sessions with other Realtors



RESEARCH

Provides market research on neighborhoods, local amenities and applicable HOA or CDD governance structures

CLOSINGS

Coordinates closing with lender, title company, customer and all parties in a transaction



PRE-QUALIFY

Pre-qualifies prospects for safety and to protect customers' time and personal property

RECOMMENDATIONS

Gives property preparation recommendations

ANALYZE COMPS

Analyzes comparable home sales and assists you in making an offer on your new home

OPEN HOUSES

Conducts virtual and in-person open houses to get your home sold



INSPECTIONS

Coordinates all requested inspections at the property and provides access for the appraiser and others as needed



CONTRACT

Assists, coordinates and delivers contract to seller/buyer

WALK-THROUGH

Accompanies buyer to the final walk-through



SUPPORT

Offers support before, during and after the closing

CODE OF ETHICS

Adheres to a strict code of ethics

