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**NASHKAP**  
GROUP

BUYER'S GUIDE

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COMPASS RE



# 4 Facts About Buying a Home

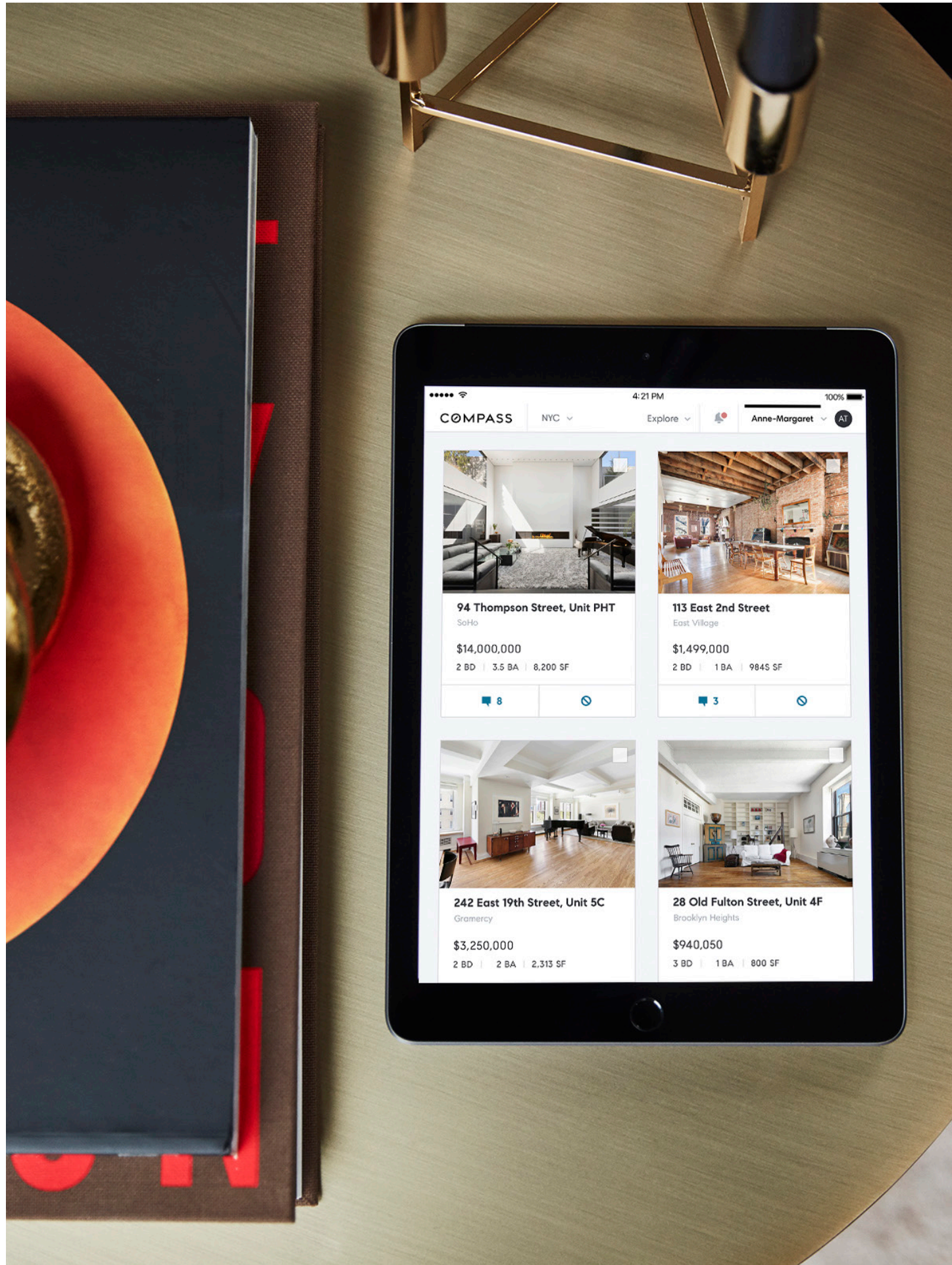
- 1. Buying a home in order to build equity is one of the main financial reasons prospective buyers jump into the market
- 2. Buying a home is now 38% cheaper than renting (www.forbes.com)
- 3. Property taxes and mortgage-interest costs are significant, but they are also deductible
- 4. The higher your marginal tax rate is, the bigger the deduction

# 4 Keys to Your First Home

- 1. Know What You Can Afford - how much cash you will need out of pocket for a down payment\*, monthly mortgage payment including taxes, interest, insurance and misc. fees
- 2. Know Where You Want To Be - learn about the neighborhood before you make an offer
- 3. Choose Your Property Type - learn about single family homes, townhomes, condominiums, and new construction homes
- 4. Obtain a Valid Pre-Approval Before You Make an Offer - a document verification, credit check and underwriting gives you and the seller confidence in your ability to close the deal once you find your perfect home

Downpayment Options\*\*

0% Down	3.5% Down Min	3% Down Min
The VA and USDA both offer a zero down loan program for individuals and/or properties that meet their criteria. Sometimes, loans require little or no cash out of pocket. Some HUD properties are available with as little as \$100 down.	The Federal Housing Administration loan program can allow as little as 3.5% down, and it is more lenient than most other programs on minimum credit scores and other factors.	Fannie Mae / Freddie Mac conventional loans are available with down payments as low as 3%. The minimum on these programs can change dependent on factors such as property type, credit score, occupancy, etc.



# Buying Process

## 01 Agent

Finding a Realtor® to purchase your home costs nothing, yet your real estate agent provides immeasurable and insurmountable benefits. As industry experts, your agent has extensive experience in the field and our geographical location, fully understanding the dynamics in this fast-paced, highly competitive market. You and your Realtor® work as a team identifying the lifestyle of your dreams.

## 02 Financing

You will need to secure a pre-qualification letter from a lender to facilitate your search and negotiate with confidence. Your Realtor® can refer you to lenders best qualified to assist.

## 03 Search

With many connections and resources, your Realtor® will work tirelessly to match all of your criteria. They will provide you with instant listings that are NOT already under contract.

## 04 Selection

Your Realtor® will assist by providing objective information about each property. They have exclusive access to property data such as sales and tax history and comparable home prices.

## 05 Negotiation

Your Realtor® is an experienced and powerful negotiator. Best practices and daily market fluctuations will help determine when and how to negotiate your selected home offer.

## 06 Due Diligence

There are significant steps to complete before the final purchase. Your Realtor® knows the most qualified professionals, coordinates appointments and provides all necessary information.

## 07 Closing

Your Realtor® will coordinate the closing and ensure that you're fully prepared to finalize the transaction. Following your closing, you have officially taken legal possession of your new home.



## Pre-Qualification Checklist

If you're not paying cash, you need to pre-qualify or get pre-approved with a lender first to determine the following:

- ☐ Maximum price range
- ☐ Maximum loan amount
- ☐ Total monthly payment
- ☐ Total cash amount needed to close

This a great time to shop interest rates and request a written good faith estimate to compare various loan offers and fees. Your agent may have other recommendations and can refer you to their referral lender.



# Official Loan Application Checklist

Required within five days of the contract acceptance, you will fill out a full loan application. This is when you will pay for the appraisal and credit report - costs that will be credited to you at closing.

- ☐ **Bank Statements**  
Last two months of checking/savings statements
- ☐ **Retirement Accounts**  
Last two months of retirement/pension and 401K statements
- ☐ **Pay Stubs**  
Two most recent employment pay stubs covering a minimum of 30 days
- ☐ **Signed Tax Returns**  
All pages of W-2's or 1099s from all employers in the last two years
- ☐ **Valid ID Copy**  
Driver's license, passport or a social security card
- ☐ **Earnest Money**  
Copy of check

If applicable:

- ☐ **Award Letters**
- ☐ **Divorce Documents**
- ☐ **Mortgage Statements**
- ☐ **Bankruptcy**

# Home Inspection Checklist

- ☐ **Plumbing, Electrical and Structural Issues**  
Although most issues can be fixed upon request, you want to be well-informed of these repairs needs and the home’s overall condition.
- ☐ **Radon Gas**  
If the test results show a radon gas level above the EPA recommended amount, a licensed company may install a radon abatement system.
- ☐ **Asbestos**  
Asbestos insulation materials might be found in an attic or exposed wall in homes constructed prior to 1980. If so, a further evaluation by an EPA-approved firm may be necessary.
- ☐ **Lead Based Paint**  
The majority of homes constructed prior to 1978 contain lead-based paint. Federal law requires that know hazards be disclosed before selling a house.
- ☐ **Toxic Mold & Fungus**  
If present, toxic mold can be alleviated by a licensed mold specialist.





# Closing Checklist

- ☐ **Utilities**  
Arrange for utilities to be turned on the day of possession
- ☐ **Transferred Funds**  
Be sure you have transferred funds to a local institution in order to obtain a cashier's check for closing
- ☐ **Valid I.D.**  
Bring a government issued photo I.D. such as a driver's license
- ☐ **Final Walk-Through**  
Prior to closing, a walk-through will be scheduled at your new home with your agent to ensure the house is in agreed upon condition.
- ☐ **Other**  
Provide any outstanding documents or paperwork that you have not yet provided to the title company or the mortgage loan officer.



# Closing Costs

Typically, home buyers will pay between 2 to 5% of the purchase price of the home in closing fees. The following is a list of the most common fees:

**Origination Fee:** percent of loan amount charged by lender to prepare the loan

**Points:** a point is equal to one percent of the loan amount

**Credit Report:** fact data mortgage credit report that is required on all mortgage loans

**Appraisal:** required to determine the property value

**Survey:** indicates what property is being used as security for the mortgage

**Attorney Fee:** retained to handle legal aspects and formal closing of the loan

**Title Insurance:** (Lender’s Coverage) insures the owner against title defects not revealed through normal title search and unrecorded claims

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**Recording Fees:** local municipality charge for the recording of the deed of trust

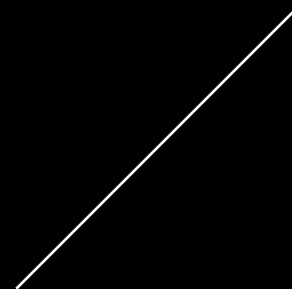
**Misc. Fees:** common fees charged by the lender such as a tax services, document prep, processing, underwriting and application

**Pro-Rata Interest:** interest on the loan from closing through the end of the month

**Home Insurance:** (often called fire & hazard insurance) required to protect the lender and homeowner against loss due to fire (first year’s premium charged at closing)

**Mortgage Insurance:** required on conventional loans made with less than 20% down (all FHA loans require this insurance regardless of the down payment amount)

**Escrows:** funds held in account by the lender to assure future payments for taxes and insurance (a minimum of two months taxes and insurance are charged at closing)



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