

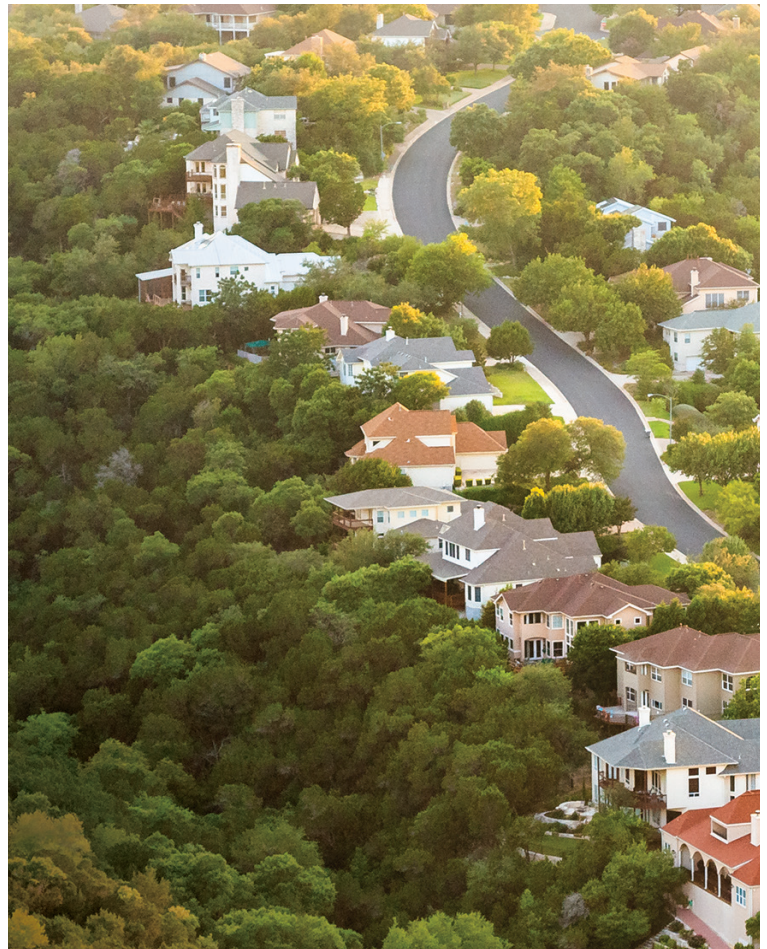
Your Home

A Simple Guide to Finding the Perfect Place to Call Home



# Owning a Home

A home is most likely the biggest purchase you'll make, and it marks a major life milestone. There's no scientific formula that tells someone when they're ready to buy, but when you feel it's time, you should take stock of your financial situation as well as your personal lifestyle. There are a number of advantages to homeownership, both tangible and intangible, that you'll want to consider.



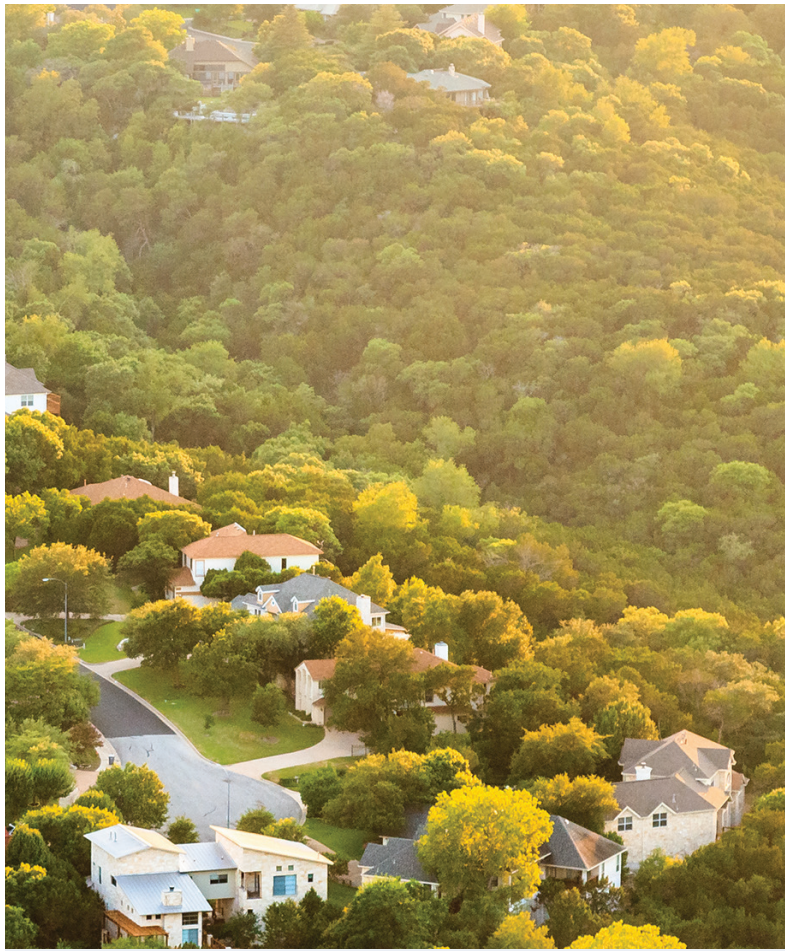
## **PERSONAL SATISFACTION**

For many people, home ownership makes life more enjoyable. Whether it's the pride that comes from improving and maintaining your home or the knowledge that your family will grow up in the neighborhood of your choice, homeownership is still part of the American Dream.



## **TAX ADVANTAGES**

Your real estate taxes and the interest on your mortgage are deductible from your income tax. For many buyers, that tax break can go a long way toward making home ownership just as affordable as renting.



### EQUITY

Because most homes increase in value, buyers steadily build equity. Equity creates wealth and can help you accomplish any number of financial goals, such as making other major purchases, paying for retirement or funding a child's education.



### PROTECTION FROM INFLATION

Once you purchase a home, most of your housing costs—your monthly mortgage—are not exposed to inflation. Your only housing expenses that will rise overtime with inflation are property taxes, home-owners insurance and maintenance costs.

## Who We Are

Parks has been in business for over 40 years and is honored to consistently be recognized for our excellence.

We're one of Nashville Business Journal's top-ranked residential brokerage firms, at the top of the charts for national independent firms, and we're highly ranked in the Real Trends Top 500 Report. Parks is recognized as a Top Workplace by *The Tennessean* because of our focus on our staff and agents.

## Global is the New Local

Parks is a member of Leading Real Estate Companies of the World, the world's largest global network of premier locally branded companies dominated by many of the world's most powerful independent luxury brokerages.

Leading RE and its luxury marketing division, Luxury Portfolio International, connects luxury sellers with high-end home buyers from around the world. So while the Parks brand is uniquely local, our reach is global.





# Buying a Home

On the surface, buying a home may seem like a relatively straightforward process. However there are dozens of variables in any transaction that can make home-buying quite complex. Being prepared and organized makes the process that much easier and more enjoyable. Here are the steps.

1



2



3

THE OFFER



p.14

Make an Offer

Negotiate

You have a contract-to-buy!

4

CONTRACT TO CLOSING



p.16

Inspect the Home

Tie up Loose Ends

You're ready to close!

5

CLOSING



p.18

The Closing Table

Closing Costs

YOU'RE A HOMEOWNER!

6

AFTER YOU BUY



p.20

Financial Discipline

Refinancing

Home Improvement



# 1 Prepare

---

## Assess Your Financial Situation

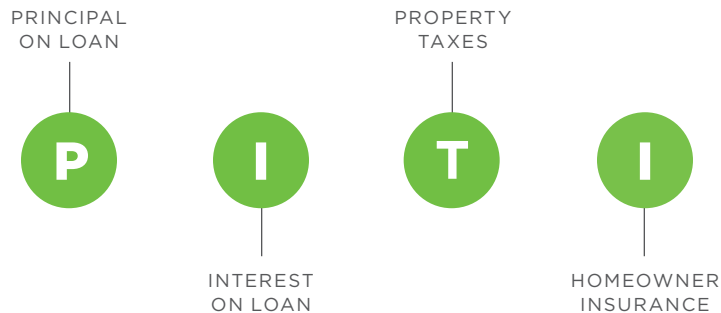
### FACTORS THAT AFFECT HOW MUCH YOU CAN AFFORD

#### Down Payment

The down payment is money you give the home seller. The remainder of the payment comes from your mortgage. Most loans today require a down payment of between 3.5% and 5.0%. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of additional loan programs and eliminate mortgage insurance (PMI). These key factors determine your ability to secure a home loan: Credit Report, Assets, Income, and Property Value.

## Mortgage Qualification

Most lenders require that your monthly payment range between 25-28% of your gross monthly income. Your mortgage payment to the lender includes the following items:



Your total monthly PITI and all debts (credit card, car loans, etc) should range between 33-38% of your gross monthly income.

## Closing Costs

You will be required to pay fees for loan processing and other closing costs. Typically, total closing costs will range between 2-3% of your mortgage loan.

## Up-Front Fees

Most monetary items will be paid at closing. However, there are certain costs, when purchasing a home, that may be paid “up-front”.

**Appraisal Fee:** If requiring a mortgage, lenders may ask for the appraisal fee before closing in order to secure your appraisal for loan approval. Fees will range from \$350-500 (estimated) depending on your lender, appraiser, or home size.

**Inspections:** All inspections requested by the buyer will need to be paid at the time of the inspection. Estimated home inspection fees range from \$250-600 depending on the size and general condition of the home. Septic system, radon, termite, mold, and structural inspections will incur additional charges over and above the “basic” home inspection.

**Home Owners Insurance:** Most lenders and insurance companies will ask for one year’s home owners insurance paid in full before the closing. Rates will vary depending on the value, location and type of home.

Homeowner’s insurance premiums will vary based on your deductible, credit history, your marital status, age and construction of home, roof condition, proximity of fire station, insurance score, location, how close you are to a body of water, claims history, pets, etc. It’s a good idea to shop around and we can give you referrals.

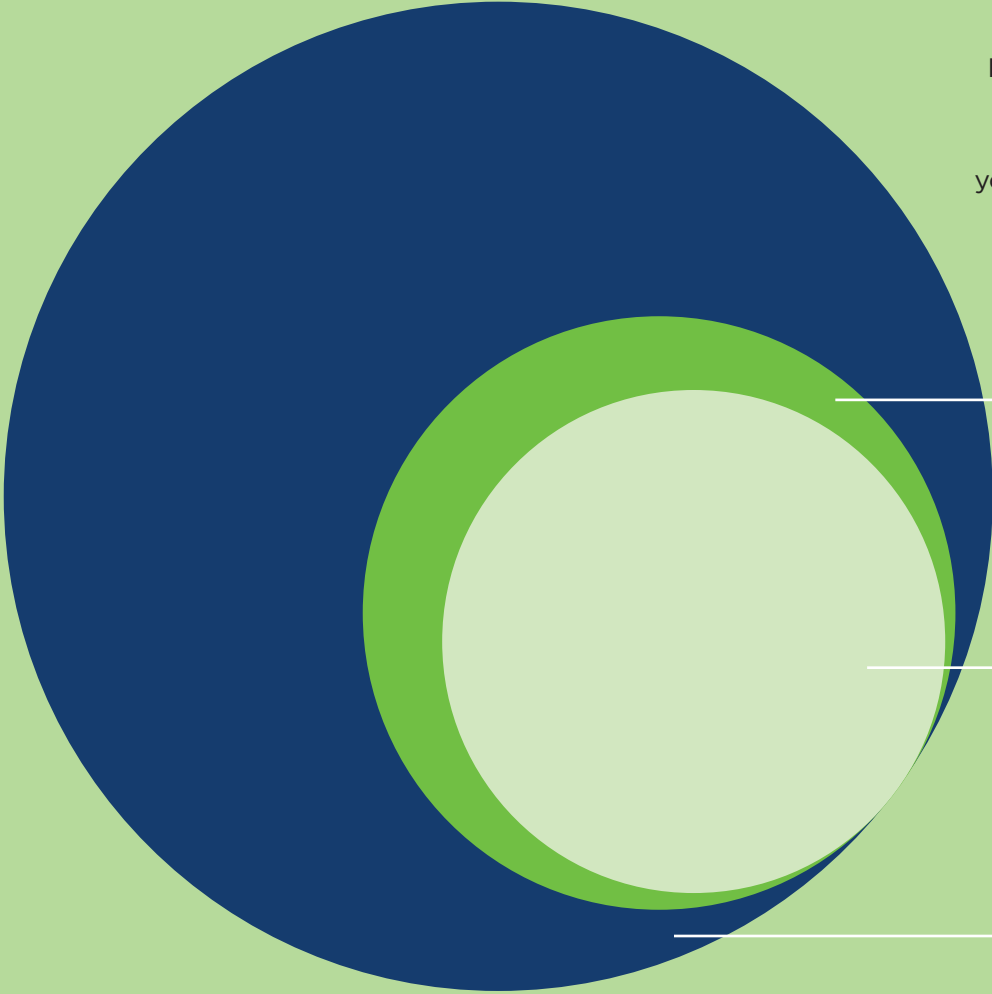
## FEEs ASSOCIATED WITH BUYING A HOME

1  
**AVERAGE CLOSING COSTS**  
Around 2-4% of mortgage loan

2  
**APPRAISAL FEE**  
Estimate of \$350-500

3  
**INSPECTIONS**  
Estimate of \$250-600

4  
**HOMEOWNERS INSURANCE**  
Approximately 1% of total home cost



In order to live comfortably, your debt-to-income percentage should be 33-38%. This includes your mortgage and all other debt. Your mortgage debt should be about 20-25% of your income.

**33-38%**

**Total Monthly PITI and All Debt**

**20-25%**

**Mortgage Debt**

**100%**

**Total Monthly Income**

## MORTGAGE MYTHS

### My credit isn't good enough.

Credit scores may range from 500 to 850, the majority of scores fall between 600 and 700.

Your credit score will significantly affect your loan approval and interest rate. The higher the score, the more options you will have when looking for a mortgage. However, this doesn't mean that you cannot purchase a home if you're on the low end of this scale.

There are many loan programs that allow for below average credit, and they're still affordable.

### Owning is more expensive.

Current data shows that if you bought a home today and lived there for seven years, you'd save 38% compared to renting. Why? Because you have inflation on your side.

When you own a home, you don't have to worry about the landlord raising your rent each year. Your monthly costs are essentially locked in for as long as you live there. As your home's value goes up and your mortgage principal goes down, that's money in your pocket down the road.

There are also numerous tax advantages of owning a home that you can't achieve if you're renting.

### You have to put 20% down.

Although it helps you keep a lower overall payment, 20% is definitely not a requirement anymore.

You can purchase a home with as little as 3% down, depending on your overall financial picture.

Putting at least 5-10% down opens up even more loan options for you.

If you or your spouse have been in the military, VA loans require zero down.



---

## Pre-Approval

Sellers need to know you are financially ready to buy. A pre-approval is a letter from an accredited source that shows you are eligible for a loan up to a particular amount. This letter must accompany any offer you make.

In today's home-buying environment, a mortgage pre-approval is not only essential, it is also incredibly easy to obtain—whether online, over the phone or in-person. A mortgage pre-approval lets you know exactly what you can afford to buy. It also demonstrates to a seller that you are a willing and able buyer, and it gives you a head start in getting an actual loan commitment.

### Why Pre-Approval Helps You

**Proper Expectations:** It gives you a payment range so you know exactly what you can afford to buy.

**Improved Standing:** A seller may choose to make concessions if they know that your financing is secured. This may make your offer more competitive.

**Better Choices:** You can select the best loan package without being under pressure.

Loan pre-approval with a lender establishes a maximum price range that you can afford, a maximum loan amount, and a total monthly payment. It will also include the total amount of cash needed to close.

### Talk to Your Agent About Local Lenders

Things to consider when choosing a lender:

- A lender's competence will dramatically affect the outcome of your home buying experience.
- Beware of some internet lenders. Faceless loan sources can create problems and delays.
- The best results come when a local lender is chosen. Your Realtor can be more of an advocate for you if there is a local person to go to in order to keep the process moving. In this competitive market with multiple offers rising, having a pre-approval from a local lender also paints a better picture of you to the seller of your dream home. If the lender is local, ask if their processor and underwriters are in-house too.
- Choose a lender who meets contract deadlines. When talking with potential lenders, ask what percentage of their loans close on time.
- There are several loan options and programs available that may suit your situation. Talking to a trusted lender is the best way to get the details on them as they can vary from month to month.



### NOTES

It usually takes less than 24 hours to receive a letter indicating you've been pre-approved.

A pre-approval is not a loan application or guarantee of a loan approval.



### LEGACY HOME LOANS

Legacy Home Loans is a mortgage lender serving the entire state of Tennessee with multiple loan programs for various borrower needs. They have a wide array of mortgage loan products, investment tools, and helpful articles to assist in providing quality service and individual attention.

Their mission is to serve their customers with honesty, integrity, and competence. Their goal is to provide home loans to their clients while providing them with the lowest interest rates and closing costs possible. Furthermore, they pledge to help borrowers overcome roadblocks that can arise while securing a loan.

Legacy Home Loans has a representative in every Parks office, making your home loan and home buying experience a breeze.



# TOP 10

## THINGS TO AVOID WHEN APPLYING FOR A REAL ESTATE LOAN

1

Changing jobs, becoming self-employed or quitting your job

2

Buying a new car.

3

Using credit cards excessively or letting your accounts fall behind.

4

Spending money you have set aside for closing.

5

Omitting debts or liabilities from your loan application.

6

Buying furniture.

7

Originating any inquiries into your credit.

8

Making non-payroll deposits without first checking with your loan officer.

9

Changing bank accounts.

10

Co-signing a loan for anyone.

These should be avoided until the closing is finalized.

Your lender will provide a “Good Faith Estimate” that should, based on the terms of your loan, outline your closing costs, estimated monthly payment, and down payment required, if any.

### ITEMS YOU MAY NEED TO PROVIDE FOR PRE-APPROVAL



Social Security Number



Two Most Recent Pay Stubs



Last Year's Tax Return



Two Most Recent Bank Statements



Last Year's W2

---

## Select Your Trusted Agent

With their experience and expertise, the agents at Parks will take the complexity out of the process of buying the home you want. Representing you and your interests, your agent will and keep the process going smoothly. The trust you develop in your agent will free you to make better decisions.

---

## Buyer Agreement

Upon being approved for your mortgage loan, your agent may provide a buyer's agency agreement. This establishes your designated agent for your home purchase. Your agent is legally and ethically obligated to serve your interests and act as an advocate on your behalf.





## CREATE A WISH LIST

Located inside your packet is a Wish List that includes information for you to fill out based on your wants. This includes the location, type of home, and features and amenities.



## 2 The Search

### Setting Your Priorities

Almost every home purchase involves some degree of compromise, which is why it is important to prioritize your wants and needs before you begin your search. There are many variables to consider, including your lifestyle, budget, and future plans.

Though you may fall in love with a home's living area, backyard, or roof deck, you also need to take into account what the community can offer you and your family—not only to ensure you live near great and useful amenities, but also to make certain you're paying the appropriate price for a listing. Your agent will help you with all of this.

## Establishing Your Expectations

### Location

Location matters. Each individual neighborhood offers its own unique flavor and sense of community. Consider the factors that are important to you. Look at the school systems available, your work commute, child care services, shopping and attractions, crime, water, and power. It's also good to know the ownership situation in the area you're looking at, such as is it mostly homeowners, renters, or newly built homes? This can affect home values and neighborhood growth. It can also give you an idea about who your neighbors might be.

### Size and Type

Each listing your agent shows you will have its own unique shape, size, and style, so it's important to know what you want in your home, what you can live with, and how much space you actually need.

A great diversity of housing exists:

- single-family homes
- gated communities
- bungalows
- condominiums
- rural
- duplexes
- lofts
- vacant land
- townhouses
- new-construction
- row houses
- cottages



### EXPLORE NEIGHBORHOODS

Visit [parksathome.com](https://www.parksathome.com) for more details on area neighborhoods and talk to your agent.

Other good online tools available are [greatschools.com](https://www.greatschools.com) and [livability.com](https://www.livability.com).

## WHICH NEIGHBORHOOD?



If you like a small town feel with some peace and privacy, you might try **Franklin**. No matter your preference, Tennessee has something to offer everyone.



**Murfreesboro** merges historical charm and modern convenience. Graceful structures dating back to the early 1800s blend with new shops, restaurants, and breweries.



The styles of homes in Tennessee are as diverse as its residents. How about a more charming neighborhood with some history and character like **12 South**?

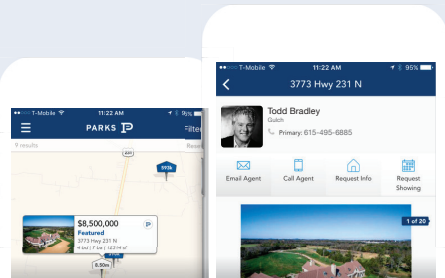
Visit [parksathome.com/lifestyles.php](https://www.parksathome.com/lifestyles.php) to find your perfect neighborhood.



## PARKS PERSONALIZED APP

Parks has developed a GPS-enabled home search app to make finding your new home even easier. Take that Sunday drive and use your smartphone to find out about a home in the Middle Tennessee area you're driving through. See photos, read descriptions, and more.

To download, go to  
[app.parksathome.com](http://app.parksathome.com)



## Condition

It's vital to discover which homes for sale are in prime condition and which will require some investment to fix.

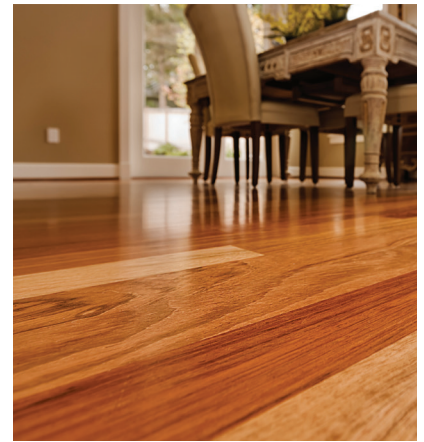
Problems to look for include:

**Foundation:** Any cracks, breaks, mold, and pests discovered near a home's foundation are big red flags.

**Power and Heat:** Faulty switches, poor wiring and insulation, low-performing air and heating systems, and window leaks are telltale signs of a residence that's in dire need of some serious updates.

**Exterior:** Closely inspect panel siding, roofing, window shutters, and holes and cracks in walls. Take a close look around the yard, at driveways, pools, sheds, and other outdoor areas for any potential defects.

**Odors:** Your sense of smell doesn't lie. If something in or around a real estate listing causes a physical reaction—whether it's general air quality or a specific problem area with mold—it may not be an ideal choice.



Being able to walk your dog and exercise in your neighborhood might be important to you. Amenities, like a fireplace, and quality materials, like hardwood floors, might be other features you want to tell your agent to look for.

## Features and Amenities

Garage parking, hardwood floors, a fireplace, a large yard, and convenience to parks. In the end, these are the kinds of details that drive the decision to purchase one home versus another. In creating this list, some things to consider are resale value, your daily routine, and the cost of making changes or additions down the road.

## Price

Narrow down your search by price point first so you only view homes for sale you can actually afford.

Parks agents have tools available to help you narrow down your initial search by affordability. However, this is the point at which your agent will encourage you to obtain an honest pre-approval from a local lender, such as Legacy, to set you in the right direction of determining the best home price range to suit you.

---

## View Listings

Using the guidelines you set forth, your agent will present you with available listings, or you can contact your agent about a listing you see online. In addition to price and property attributes, pay close attention to data like property taxes, market time, and monthly assessments for condos and town homes.

Your Parks agent will schedule showings and accompany you on each appointment.

## Open Houses

Remember, if you are attending Open Houses without your agent, be sure to mention that you are being represented by a Parks agent. This will save you from being inundated with calls from other agents trying to represent you. Ask your agent to supply you with some of his or her business cards to make the Open House sign-in process even easier.

## Compare Properties

Discuss each home you see with your agent and provide candid feedback. Your expectations and the marketplace will begin to converge and your agent will be able to adjust certain parameters such as location and features in order to present you with alternatives. When you find a home and are ready to make an offer, your agent will perform a Comparative Market Analysis or CMA. This report compares the subject property with other properties that are currently listed and recently sold to help you formulate your offer.



### QUESTIONS TO ASK IN TODAY'S MARKET

- How fast are homes selling in our local market?
- What kind of homes sell the fastest?
- Does the price per square foot make sense?
- Is the price appropriate for the condition of the home?
- Am I likely to face a multiple offer situation?
- What's the list-to-sales price ratio in the area you want to buy?



## 3 The Offer

---

### Make an Offer

To communicate your interest in purchasing a home, we will present the listing agent with a written offer in the form of a Tennessee Association of Realtors® (TAR) Purchase and Sale Agreement. It's a standard document approved by our local real estate board that specifies all of the terms and conditions of the purchase. When the seller accepts an offer it becomes a legal contract (called a Binding Agreement). The Purchase and Sale Agreement constitutes your offer to buy and, once accepted by the seller, becomes a legal contract.

Discuss your offer strategy with your agent. They will take you through the offer details before it's submitted to the seller.

### Negotiate

After we present your offer to the listing agent it will either be accepted, rejected, or the seller will make a counter-offer. This is when we will negotiate terms of the contract if necessary.



## Contingencies

If your offer states, “this offer is contingent upon (or subject to) a certain event,” you’re stating you will only complete the purchase if that event occurs. The following are some common contingencies contained in a purchase offer:

**Financing Contingency:** If financing the purchase, the contract will state that it is contingent on the home appraising for the contract price and financing.

**Inspection Contingency:** Have the property professionally inspected. Submit a list of repairs to the seller. The seller can make those repairs or refuse and cancel the contract. A satisfactory report by a home inspector within a certain time period after acceptance of the offer is an example. At this point, you may make repair requests.

**Home Sales Contingency:** Selling your current home.

**Job Contingency:** Getting the job you just interviewed for.

## Buying Power

You’re in a stronger bargaining position if:

1. You’re an all-cash buyer or you’re already pre-qualified for a mortgage.
2. You don’t have a present house that has to be sold before you can afford to buy.
3. You’re able to offer a significant earnest money deposit.

## Earnest/Trust Money

Trust Money is a deposit you give when making an offer on a house. A seller looks favorably on an offer accompanied by a deposit to show “good faith.” The seller’s Realtor or attorney usually holds the deposit. It can become part of your down payment.

When you write an offer, be prepared to pay an earnest money deposit. We deliver a copy of your earnest money check with any potential offer. This is to help guarantee to the homeowner that your intention is to purchase the property. The check will be deposited into an escrow account upon acceptance of offer.



## NEGOTIATION TACTICS IN REAL ESTATE DEALS

1

**Be quick on the uptake.** A quick response to counteroffers can make a deal. While getting the most out of your offer is important, making a counteroffer with terms that aren’t truly deal-breakers may land you re-house hunting if the delay allows another offer or starts a bidding war.

2

**Cut in the middle (wo)man.** Always use your agent to communicate with the seller. If your agent is out of the loop you could quickly create problems with the transaction, your lender, or overlook some tricky terminology that is legally binding you to this purchase.

3

**Check the comps.** It’s not always necessary to offer over asking price. Ask your agent for your CMA (comparative market analysis) and the full MLS listing details of multiple recent similar comparables. This will help you decide on an offer that is just right.

4

**Get the dirt on pendings.** Occasionally an area’s comps aren’t helpful, making it difficult to place a fair offer or negotiate. Ask your agent to call the listing agent of pending comps and ask some broad questions about the selling price and competition. You may get enough information to make an educated guess.

5

**Make your agent work for it.** Your agent’s presentation of your offer can set you apart from other buyers. Make sure you’re on the same page and communicating well so they can sell you to the seller.

6

**Crunch the numbers.** Get your lender to run a monthly payment calculation based on your offer, property taxes, and insurance so you know if your offer is going to be within your monthly comfort zone.



## 4 Contract to Closing

---

### Inspect the Home

Once a seller has accepted your offer to purchase their property, it's time to bring in a home inspector to ensure the property meets the required standards. Any serious issues that arise should be brought to the attention of the seller. Your agent will help you negotiate who should take care of the problems.

After the inspector has confirmed everything else looks in order and you and the seller are still intent on moving forward, it's time to start signing the paperwork.

---

## Tie Up Loose Ends

In a real estate transaction, there are dozens of loose ends to tie up between signing the contract and closing the sale. Parks pays attention to detail during this important phase in which we coordinate and oversee the following steps:

- Deliver earnest money to the seller or seller's agent.
- Recommend real estate attorneys, among which one of our partners is Solomon Parks.
- Obtain important documents, such as property disclosure forms and condominium documents, and deliver them to the buyer and buyer's attorney.
- Recommend mortgage brokers, such as Legacy Home Loans, and help expedite the loan-application process.
- Assure all contingencies have been met.
- Recommend service providers for moving, home-improvement, and repairs.
- Schedule a final walk-through. Both buyer and buyer's agent should be present.
- Coordinate and attend your closing.



### BEFORE CLOSING THE DEAL

1

Provide any additional documents requested by the lender.

2

Secure homeowner's insurance for your new property.

3

Arrange for utilities to be turned on the day of possession.

4

Arrange funding for closing costs.

5

Do a final walk-through on the property.





AFTER CLOSING,  
YOU ARE  
OFFICIALLY A  
**HOMEOWNER!**

# 5 Closing

---

## Mind the Details

You're on the cusp of closing the deal and owning your very own home, but it's important to pay attention to all of the minor details that need to be handled in order to make the purchase official. Thankfully, your agent can help you with these tasks, like facilitating paperwork between your mortgage lender and signing the requisite forms.

It's absolutely vital to double-check every document and agreement to make sure you and the seller are on the same page. Your agent will work diligently with you to get the deal past the finish line in a timely and efficient manner.

---

## The Closing Table

A "closing" is where you and the agent meet with a representative from the lending institution and a representative from the title company in order to transfer the property title. Most often in Tennessee this will not include the Seller as we close at separate locations on the same day.

### The Contract

The purchase agreement or contract you signed describes the property, states the purchase price and terms, sets forth the method of payment, and sets the date when the "closing" or actual transfer of the property title and keys will occur.

### The Financing

If financing the property, your lender will require you to sign a promissory note as evidence that you are personally

responsible for repaying the loan. You will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if you fail to make the payments.

### The Title Insurance

Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records. Title insurance, insurance against loss due to an unknown defect in a title or interest in real estate, is typically paid by the seller.

## Closing Costs

If the seller isn't covering at closing, you will be required to pay all fees and closing costs in the form of "guaranteed funds"

such as a Cashier's Check or wire transfer. Your lender or escrow office will notify you of the exact amount.



## 6 After You Buy

---

### Continued Support

You've started moving your things into your new home. There's still a few tasks to complete: setting up your utilities, getting your mail sent to your new address, and, more generally speaking, settling in to your new home. As with the closing process, this isn't something you have to go through alone. Our agents will be there for you to make sure the transition to your new property is a smooth, experience.

Moreover, our agents keep in touch with you to check in to see the progress you've made with your home.

As you're getting settled into your new home, we've provided a few situations you may encounter in the coming months and years that are important to think about.

---

## Financial Discipline

Buyers should definitely take the time to review and evaluate their finances after a home purchase. One important step to consider is setting up an automatic electronic payment with your mortgage lender, which lets you avoid costly penalties associated with late payments.

Also, make a plan for gradually rebuilding your savings account, which many buyers deplete in order to make their down payment and pay for moving costs. As a homeowner, it's more important than ever to have a cash reserve set aside for unanticipated maintenance that your home may require. In fact, a general rule of thumb is that homeowners should expect to spend about 1 to 3 percent of the cost of their home per year on maintenance and repairs.

---

## Refinancing

Keep an eye on interest rates even after you purchase your home. If rates go down, you may be able to save money by refinancing, which simply means you take out a new mortgage at a lower interest rate to replace your original loan. Another common situation that calls for

refinancing is the expiration of the initial, fixed-rate period on an Adjustable Rate Mortgage (ARM). If prevailing fixed rates are substantially lower than the rate your ARM will carry once it adjusts, then it might make sense to refinance into a fixed-rate loan.

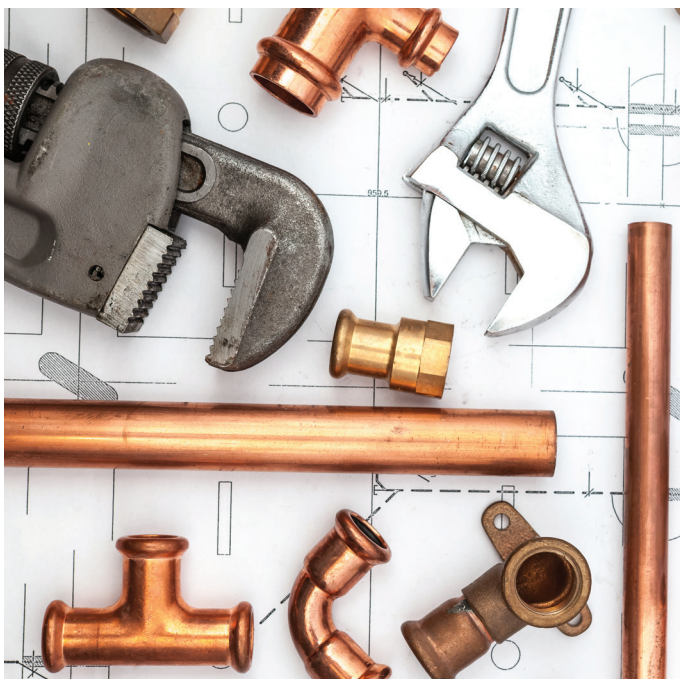
Today, many lenders offer no-cost refinancing, which basically means they take the costs and fees associated with refinancing and roll them into the interest rate. It's a way for homeowners to lower their monthly payment with little or no money out of pocket.

While refinancing a mortgage has become much easier in recent years, it is still a major financial transaction with important implications. So be just as diligent in a refinance as you were in securing your original mortgage. Our partner, Legacy, can assist you with your re-financing needs.

---

## Home Improvement

Whether it's a fresh coat of paint, new hardwood floors or a major kitchen remodel, most new homeowners have at least a few projects they want to undertake once they move in. Your agent can help you find a variety of service providers and tradesmen to perform work on your home.





[www.parksathome.com](http://www.parksathome.com)